

A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF WELLS RURAL ELECTRIC COMPANY

September 25, 1985

A special meeting of the board of directors of Wells Rural Electric Company was held in the Wells office pursuant to written waiver of notice of meeting signed by all of the directors, a copy of which is attached hereto. Meeting was called to order on Wednesday, September 25, 1985 at 1:00 o'clock p.m. and presided over by President Vernon Dalton.

Directors present were Wanda Borden, Larry Bradshaw, Ferris Brough, Ray Crawford, Vernon Dalton, Daryl Eriksen, Lois Nannini, Vernon Scott, Leslie Sharp, and Claudia Wines. Mary Wright was not present.

Present from the staff were Dan Kessler, Clay Fitch, Warren Linnell, Don McDonald, Bob Vaughan, Company Attorney, and Terri Seal.

REA Loan Documents:

Bob Vaughan explained in depth the terms of the REA notes, contracts, deeds of trust, and loan agreements.

The next matter to come before the meeting concerned the matter of the REA and CFC loans designated as "H4" and "K6". After a review of the documents, a thorough discussion of the matter and advice from the company attorney and staff members it was, ON MOTION BY DIRECTOR DARYL ERIKSEN, SECONDED BY DIRECTOR VERNON SCOTT, AND PASSED BY A VOTE OF 9 IN FAVOR AND NONE OPPOSED: Exhibit I

1. RESOLVED: That the Cooperative borrow from United States of America an additional amount not to exceed \$3,313,000.00; and
2. RESOLVED: That the Cooperative borrow from the National Rural Utilities Cooperative Finance Corporation (CFC), from time to time as determined by the officers or proper persons designated by the board of directors of the Cooperative, an aggregate amount not to exceed \$613,979.00, 7% of which amount shall be used for the purchase of Capital Term Certificates of the series being issued by CFC at the time of the initial advance of loan funds on account of such loans; and
3. RESOLVED: That the Cooperative construct and operate additional electric transmission, distribution and services lines, together with all necessary appurtenances, along such routes as shall be approved by the Administrator of the Rural Electrification Administration or the Governor of National Rural Utilities Cooperative Finance Corporation; and
4. RESOLVED: That the president or vice-president is authorized on behalf of the Cooperative to execute and deliver under its corporate seal, which the secretary is directed to affix and attest:
 - (a) as many counterparts respectively as shall be deemed advisable of two agreements with United States of America, acting through the Administrator of the Rural Electrification Administration, substantially in the forms of the REA loan agreements submitted to this meeting, and of the CFC loan agreement also substantially in the form submitted to this meeting; and
 - (b)(1) a note payable to the order of United States in the principal amount of \$1,981,000.00, bearing interest at the rate of two per centum per annum and providing for the payment of the indebtedness evidenced thereby within 35 years after the date thereof, substantially in the form of the REA note submitted to this meeting; and
 - (b)(2) a note payable to the order of United States in the principal amount of \$1,332,000.00, bearing interest at the rate of five per centum per annum and providing for the payment of the indebtedness evidenced thereby within 35 years after the date thereof, substantially in the form of the REA note submitted to this meeting; and
 - (c) a promissory note or notes payable to the order of the National Rural Utilities Cooperative Finance Corporation, in the aggregate principal amount of \$613,979.00, bearing interest at the interest rate referred to therein and providing for the payment of the indebtedness evidenced thereby within 35 years after the date thereof, substantially in the form of the note presented to this meeting; and
5. RESOLVED: That the officers of the Cooperative be, and each of them is authorized in the name and on behalf of the Cooperative, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions.

All documents were signed. Bob Vaughan explained that approval from Utah PSC was needed and would take approximately 30 days. Then the note can be dated and sent back to REA. Someone from Bob

Vaughan's firm must go to the three county seats and two State Capitols to check the records. He stated it would be approximately 45 days to 2 months before funds could be drawn.

Pine Valley Telephone:

Bob Vaughan informed the board of the legal consequences of putting in an electric power line over the Pine Valley phone system.

He proposed that the company have each and everyone of the telephone users on the system sign an agreement that provides they will waive any damages from interruption in the utilization of the telephone line. He also proposed that before energization, the telephone line needs to be cut into short segments or grounded at certain intervals for safety reasons. Therefore, an additional agreement giving WREC the authority to do this will need to be signed by the owners of the phone company.

Vaughan also informed the board of a problem with one of the Pine Valley residence concerning his contract. He will not sign the contract with paragraph 10 included, which deals with legal fees and costs.

After a thorough discussion A MOTION WAS MADE BY DARYL ERIKSEN TO DELETE FROM THE PINE VALLEY PROJECT CONSUMER CONTRACTS PARAGRAPH 10 RELATING TO LEGAL FEES AND COSTS. FERRIS BROUGH SECONDED, MOTION PASSED UNANIMOUSLY.

The next business to come before the meeting concerned the Pine Valley contracts and agreements. After a thorough discussion and on advice of the company attorney IT WAS ON MOTION DULY MADE BY DIRECTOR VERNON SCOTT, SECONDED BY CLAUDIA WINES AND PASSED UNANIMOUSLY AS FOLLOWS:

"RESOLVED: That each and every of the following resolutions are contingent upon prior to the 3rd day of October, 1985:

1. Sufficient of the prospective consumers in the Pine Valley Project having executed and delivered to the Company Agreements for Electric Service and adequate rights of way to make the project feasible; and
2. A majority of the owners and interested parties in and to the Pine Valley telephone system executing and delivering agreements permitting the Company, prior to energization, to cut, ground or take any other necessary safety measures, without liability to the Company.

BE IT FURTHER RESOLVED: That, subject to the contingencies being timely met, the bid of Power Line Construction Company, for the construction of the line erection and materials for the Pine Valley Project is hereby accepted;

BE IT FURTHER RESOLVED: That, subject to the contingencies being timely met, the Contract documents for the construction of the line erection and materials for the Pine Valley Project hereinbefore described, wherein the total contract price is \$1,116,627.00, be and the same are hereby approved;

BE IT FURTHER RESOLVED: That, subject to the Contingencies being timely met, the officers of the Company be, and each of them is authorized in the name and on behalf of the Company, to execute said contract documents and all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting as may be necessary or appropriate in

BE IT FURTHER RESOLVED: That the approval date of the contract, pursuant to the terms of the contract documents shall be the date that all of the Contingencies have been met and the contract documents have been executed by the officers of the Company."

Bob Vaughan left the meeting at this time.

A short recess was called at 2:30 p.m.

Called back to order 2:45 p.m.

Board Committees:

Dan Kessler reported that the Executive Committee had met and assigned the new Board Committees. A list showing each committee and its members was distributed.

Telecommunications:

Dan Kessler reported that a proposal from Southern Engineering had been received to do the telecommunications feasibility study and compile a random survey for a \$3,000.00 fee. Southern Engineering has been involved with telecommunications from the beginning and have the expertise to do this kind of study.

After a thorough discussion of the matter WANDA BORDEN MADE THE MOTION TO PAY SOUTHERN ENGINEERING \$3,000.00 TO DO A FEASIBILITY STUDY AND RANDOM SURVEY ON TELECOMMUNICATIONS. VERNON SCOTT SECONDED, MOTION PASSED UNANIMOUSLY.

Daryl Eriksen suggested that the Member Relations Committee get involved with Southern Engineering and their telecommunications study.

Geothermal Heat Pipes:

Dan Kessler reported that Bob Hope, Architect, had phoned and wanted to know if the board would be interested in installing geothermal heat pipes under the sidewalks of the new building to keep the snow and ice off. The cost would be approximately \$10,000.00.

After a thorough discussion WANDA BORDEN MADE THE MOTION TO INSTALL GEOTHERMAL HEAT UNDER THE SIDEWALKS FOR APPROXIMATELY \$10,000.00. FERRIS BROUGHT SECONDED, MOTION PASSED UNANIMOUSLY.

Howard Stanley - REA:

Dan Kessler reported that Howard Stanley from REA was here to inspect the REA Form 605's, (Work Order Reimbursement). He stated that there was no reason to submit the L-6 loan package at this time. He said the amount remaining under the transmission purpose, and the distribution purpose of our current loan package, amounts to approximately 3 million dollars. It could be transferred to the current two year work plan, and we wouldn't have to apply for another loan at this time.

Bob Hope - Plaque:

Bob Hope is preparing the plaque that will be in the new building and wanted to know if the board wanted to name the building after anyone. It was the consensus of the board that the building belongs to the consumers and should not be named after any one person.

Wells Progress:

Daryl Eriksen reported on the stockholders meeting of the Wells Progress. The discussion pertained to the lawsuit brought against the Wells Progress by Harry Copelan. It was proposed that each stockholder contribute \$85.00 to pay Stuart Wilson so the lawsuit could be settled. There was also discussion on the sale of the Progress to Duane and Kathy Showalter.

After a thorough discussion of the matter IT WAS ON MOTION BY LARRY BRADSHAW TO CONTRIBUTE \$85.00 TO SETTLE THE LAWSUIT. LOIS NANNINI SECONDED, MOTION PASSED UNANIMOUSLY.

RAY CRAWFORD MOVED TO SIGN THE AGREEMENT FOR THE SALE OF THE WELLS PROGRESS TO DUANE AND KATHY SHOWALTER. WANDA BORDEN SECONDED, MOTION PASSED UNANIMOUSLY.

MEETING ADJOURNED AT 3:40 p.m.

D. Vernon Dalton, President

Wanda Borden, Secretary