

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

FEBRUARY 29, 1988

A special meeting of the Board of Directors of Wells Rural Electric Company was held in the Wells office and called to order February 29, 1988, at 10:00 A.M. The meeting was presided over by President Vernon Dalton.

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

Present from the staff were Dan Kessler, Warren Linnell, Buddy Welsh, Paul Johnson, and Clay Fitch.

Dan Kessler reported on the pending 120kV Line Sale. A letter was received from Newmont Gold Company consenting to the sale of the 120kV line. Also received was a letter from Bob Vaughan, WREC attorney, outlining suggested procedures to be followed in regard to Wells Rural Electric selling the transmission line to Sierra Pacific Power Company. Approval of the 120kV Transmission Line Purchase Agreement was requested, as well as the letter to Newmont Gold Company asking that Wells Rural negotiate with Newmont in regard to the subject of acceleration of payment of the credits against billings (paragraph 8) applicable to Newmont Gold Company under its agreement with Wells Rural Electric Company dated April 29, 1983. It was noted that CFC and REA have to grant approval of a release of lien on the facilities described in the Purchase Agreement. (Exhibits I and II)

The next business to come before the meeting concerned the matter of the Transmission Facilities Purchase Agreement between Wells Rural Electric Company and Sierra Pacific Power Company, (herein the "AGREEMENT") the final Board approval of the same, and approval of matters relating thereto. It was recognized by the Board that there had been lengthy discussions concerning the matters at prior meetings, and in particular the reasons for the proposed sale which are: (a) it provides a manner, through additional agreements between the Bonneville Power Administration (hereinafter called "BPA") and Sierra Pacific Power Company (herein "SIERRA") to obtain approximately 45 megawatts of capacity which is needed by Wells Rural Electric Company (herein "WELLS") to serve its increasing loads in the Carlin, Nevada area; (b) it provides delivery by BPA near to WELLS's load center in the Carlin area rather than the present delivery points at Eight Mile Creek, near Elko, Nevada; (c) the line losses between Elko, Nevada and Carlin, Nevada will be borne by BPA rather than WELLS; (d) WELLS will not have the expense of operation and maintenance of the transmission line between Elko and Carlin; and (e) WELLS will have income from the sales price rather than consumer revenues to offset or pay power credits due Newmont Gold Mining Company (herein "NEWMONT"), the company that advanced all funds for construction of the said facilities. The agreement and related matters had been reviewed and approved by counsel. After a further discussion of the matter, ON MOTION BY DIRECTOR SCOTT, SECONDED BY DIRECTOR ERIKSEN, IT WAS UNANIMOUSLY:

RESOLVED: That WELLS enter into the AGREEMENT for sale of the transmission facilities with Sierra, subject to all terms and conditions thereof;

RESOLVED: That WELLS authorizes a letter of understanding to NEWMONT that it will negotiate on the subject of acceleration of payment of the credits against billing provided in the WELLS-NEWMONT power supply contract;

RESOLVED: That pursuant to the terms of the AGREEMENT that WELLS secure approval of the agreement by the Rural Electrification Administration (herein "REA") and the National Rural Utilities Cooperative Finance Corporation (herein "CFC"); and further that WELLS secure a release of the liens upon the property subject of the AGREEMENT which liens are by virtue of deeds of trust, mortgages, security agreements, and indentures, supplemental indentures, supplemental mortgages, and supplemental security agreements in favor of REA and CFC,

RESOLVED: That the President or Vice-President of WELLS is authorized on behalf of WELLS to execute and deliver under WELLS's corporate seal, which the Secretary or Assistant Secretary is directed to affix and attest:

(a) As many counter parts respectively as deemed advisable of the AGREEMENT between WELLS and SIERRA;

(b) The letter of understanding concerning negotiations on prepayment of the credits against billing with NEWMONT;

(c) Request For Approval To Sell Capital Assets, (REA Form 369) and deliver the same to REA; and

(d) Requests for a partial release from REA and CFC of the assets subject of the AGREEMENT, from the liens of the deeds of trust, mortgages, security agreements, indentures and supplemental mortgages and security agreements.

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 by necessary or appropriate in order to carry out the purpose and intent of the foregoing resolutions.

As there was no further business to come before the Board, the meeting adjourned at 10:30 A.M..

D. Vernon Dalton, President

Mary A. Wright, Acting Secretary