



**COPY**

**CERTIFICATE OF RESOLUTIONS AND INCUMBENCY**

I, Donald L Taylor, do hereby certify that (i) I am the Secretary of DIXIE-ESCALANTE RURAL ELECTRIC ASSOCIATION, INC. (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on February 8, 2008; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) none of the following resolutions has been rescinded or modified as of this date; and (vi) the persons authorized below have been duly elected or appointed to their respective positions:

RESOLVED, that the Cooperative apply to enter into a loan agreement with CFC (the "Loan Agreement") and authorize borrowing from 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 \$20,000,000.00, and purchase with general funds a Loan Capital Term Certificate, if required, in an amount not to exceed the amount set forth in the loan agreement governing such loan (the "Loan Agreement"); and

RESOLVED, that the proceeds of this loan be used for the purposes to be set forth in the Loan Agreement; and

RESOLVED, that if such application is approved by CFC the individuals listed below are hereby authorized to negotiate; to execute and to deliver to CFC the following documents (including as many counterparts as may be required): **(under its corporate seal, which the Secretary or Assistant Secretary is directed to affix and attest<sup>1</sup>):**

- a) the Loan Agreement, in such form and containing such terms as may be negotiated with CFC by the individual(s) authorized herein;
- b) one or more secured promissory notes payable to the order of National Rural Utilities Cooperative Finance Corporation, which in the aggregate equal the principal amount of \$20,000,000.00, bearing such interest and providing for such payment as shall be set forth in the CFC Loan Agreement and each note; and
- c) as many counterparts as may be required of a mortgage and security agreement with CFC as mortgagee, in such form as may be negotiated with CFC.

RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to make all payments, and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

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<sup>1</sup>Corporate seal and attestation necessary only if required by the Company's bylaws and/or the laws of the Company's state of incorporation.

Office or Title

Name (typed or printed)

President

Michael W Brown

Vice President

Stephen Christensen

Secretary

Donald L Taylor

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Cooperative  
this

8<sup>th</sup> day of February, 2008

Donald L Taylor  
Secretary

(SEAL)





IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Cooperative  
this

8<sup>TH</sup> day of February, 2008

Donald S Taylor  
Secretary

(SEAL)



**COPY**

## Board Meeting Minutes

President Mike Brown called the Dixie Escalante Rural Electric Association regular board meeting to order at 10:00 am, on February 8, 2008, at the Bloomington office. The Board started the meeting by taking a tour of Ft. Pierce Industrial Park, the St. George Fields, the Washington Fields, Elim Valley, Dixie Springs, and Sand Hollow Resort.

Board present: Mike Brown, Don Taylor, Steve Christensen, Rebecca Stucki, Gary Biasi, Kim Jorgensen, Ginger Mathis, Mark Anderson, and DeLyle Carling.

Staff present: Leon Bowler, LaDel Laub, Chery Hulet, Stella Iverson, and Flowell General Manager, Durand Robison.

LaDel added Sand Hollow Resolution as Action Item #10.

Gary made a motion to approve the amended agenda, minutes, and new members, and Kim seconded the motion. The Board voted and approved the motion.

LaDel and Chery presented a preliminary year-end 2007 financial report for approval. Chery handed out a detailed report for the Board to review and reported that the auditors will perform the audit during the month of February and that a final financial report for 2007 would be given when the audit is completed. Don made a motion to accept the preliminary financial report, and Rebecca seconded the motion. The Board voted and approved the motion.

LaDel presented two resolutions to be approved to increase Dixie Escalante's CFC Revolving Operating Line of Credit to \$5,000,000, and to apply for a new Power Vision Loan in the amount of \$20,000,000. Mark made a motion to approve the resolutions, and Rebecca seconded the motion. The Board voted and approved the motion.

LaDel reported the progress of the meetings with Enterprise City. He reported that after completing further analytical work that Dixie Escalante could improve on the initial offer that was made to Enterprise City. The most significant change to the offer would be the increase in the purchase price for the electric system to \$614,000. LaDel presented the revised offer to the Board for the Enterprise City power system. It was the consensus of the Board to move forward with negotiations.

LaDel reported that the James Doyle Condemnation was settled for \$50,000, plus the \$40,000, that was already in reserve.

LaDel reviewed the Employee Personal Leave Policy and reported that Management recommended offering an incentive for employees to stay with the company until retirement age by changing the personal leave sell back percentage to 90 percent for retirement at age 62 and 100 percent for retirement at age 65. Don made a motion to approve the changes to the personal leave policy as presented and approved signing the policy. Kim seconded the motion, and the Board voted and approved the motion.



**COPY**

**SECURED PROMISSORY NOTE**

\$20,000,000.00

dated as of March 17, 2008

DIXIE-ESCALANTE RURAL ELECTRIC ASSOCIATION, INC., a Utah corporation (the "Borrower"), for value received, hereby promises to pay, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (the "Payee"), at its office in Herndon, Virginia office or such other location as the Payee may designate to the Borrower, in lawful money of the United States, the principal sum of TWENTY MILLION AND NO/100 DOLLARS (\$20,000,000.00), or such lesser sum of the aggregate unpaid principal amount of all advances made by the Payee pursuant to that certain Loan Agreement dated as of even date herewith between the Borrower and the Payee, as it may be amended from time to time (herein called the "Loan Agreement"), and to pay interest on all amounts remaining unpaid hereunder from the date of each advance in like money, at said office, at the rate and in amounts and payable on the dates provided in the Loan Agreement together with any other amount payable under the Loan Agreement. If not sooner paid, any balance of the principal amount and interest accrued thereon shall be due and payable forty (40) years from the date of the Loan Agreement (such date herein called the "Maturity Date") *provided, however*, that if such date is not a Payment Date (as defined in the Loan Agreement), then the Maturity Date shall be the Payment Date immediately preceding such date.

This Note is secured under a Restated Mortgage and Security Agreement dated as of even date herewith between the Borrower and the Payee, as it may have been or shall be supplemented, amended, consolidated or restated from time to time ("Mortgage"). This Note is one of the Notes referred to in, and has been executed and delivered pursuant to, the Loan Agreement.

The principal hereof and interest accrued thereon and any other amount due under the Loan Agreement may be declared to be forthwith due and payable in the manner, upon the conditions, and with the effect provided in the Mortgage or the Loan Agreement.

The Borrower waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment of this Note.

IN WITNESS WHEREOF the Borrower has caused this Note to be signed in its corporate name and its corporate seal to be hereunto affixed and to be attested by its duly authorized officers, all as of the day and year first above written.

DIXIE-ESCALANTE RURAL ELECTRIC ASSOCIATION,  
INC.

(SEAL)

Attest: Donald S. Taylor  
Secretary

By: Michael W. Brown  
Title: President

Loan No. UT020-V-9010