

Eagle Mountain City, Utah

RESOLUTION NO. R 13-2002

**A RESOLUTION OF THE CITY COUNCIL OF EAGLE MOUNTAIN CITY,
UTAH APPROVING AN OFFER TO PURCHASE THE
CITY TELECOMMUNICATIONS UTILITY AND
SCHEDULING A PUBLIC REFERENDUM ELECTION**

WHEREAS, Eagle Mountain City has received an offer to purchase the telecommunications utility owned by the City for a sum reasonably anticipated by the City Council to be equal to the fair market value of the utility; and

WHEREAS, under the provisions of Resolution No. 09-00, a City owned utility may not be sold by the City unless the sale is approved by a referendum election; and

WHEREAS, under the terms of Ordinance No. O15-2002, a procedure is established to submit the question of whether or not a City owned utility shall be sold and a specific resolution approving the sale and calling a referendum election is required; and

WHEREAS, the City Council of Eagle Mountain City finds that it is in the public interest to accept the offer of Direct Communications, Inc. to purchase the telecommunications system as provided in the offer and Counteroffer and Addendum entered by the parties.

NOW THEREFORE, be it resolved by the City Council of Eagle Mountain City, Utah as follows:

1. The sale of the City telecommunications utility as generally defined in the offer of Direct Communications, Inc. as modified by the Counteroffer and Addendum proffered by the City will not cause a detrimental impact on a part of the utility system not included in the offer of Direct Communications and will not be detrimental to the public interest.
2. The offer of Direct Communications as modified by the Counteroffer and Addendum tendered by the City and approved by Direct Communications, Inc. and the Addendum thereto tendered by Direct Communications dated September 15, 2002 is hereby approved.

3. The appraised value of the telecommunications utility, which is the subject of this resolution, is found to be \$6,699,000.00.

4. The sale price for the utility shall be the appraised value as it may be adjusted by the final engineering valuation submitted to the Utah Public Service Commission to establish the approved rate base of the telecommunications utility under the petition to be filed by Direct Communications; in no event shall the sale price of the utility be adjusted below \$6,300,000.00.

5. The proposed buyer of the utility is Direct Communications, Inc., an Idaho corporation, which is seeking approval from the Public Service Commission of Utah to acquire and operate the Eagle Mountain City communications utility.

6. A referendum election on the proposition of whether or not to sell the telecommunications utility to Direct Communications as described above, shall be held November 5, 2002 in conjunction with the regular general election. The polls shall be open for the hours of the regular general election and the voting places shall be those approved for polling at the regular general election that are designated by the City Recorder and the Utah County Clerk.

7. The City Recorder is hereby directed to prepare a notice of the referendum election which shall state:

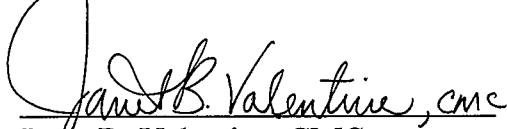
- (1) The date of the election and the hours during which the polls will be opened;
- (2) The voting places for conduct of the election; and
- (3) The purpose of the election to sell the telecommunications utility, the appraised value of the utility as found in this Resolution, the proposed purchase price, and the identity of the proposed buyer shall be included in the notice.

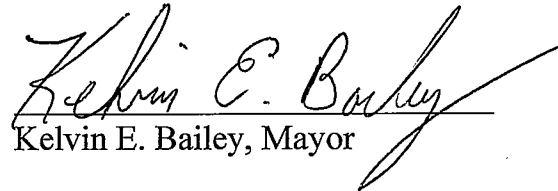
8. The City Recorder shall publish the notice of the election once a week for three (3) consecutive weeks in a newspaper of general circulation generally used by the City to provide public notice. The first publication shall be not less than 21 or more than 35 days before November 5, 2002. The City Recorder shall also post a notice of the election in five (5) public places in the City at least 21 days prior to the election.

ADOPTED by the City Council of Eagle Mountain City, Utah, this 17th day of September, 2002.

EAGLE MOUNTAIN CITY, UTAH

ATTEST


Janet B. Valentine, CMC
City Recorder

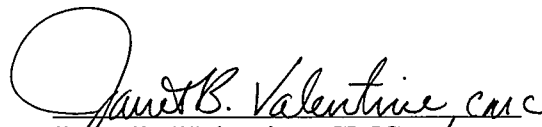

Kelvin E. Bailey, Mayor

CERTIFICATION

The above Resolution was adopted by the City Council of Eagle Mountain City on
The 17th day of September, 2002.

5 voting aye 0 voting nay




Janet B. Valentine, CMC
City Recorder