

THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF WELLS RURAL ELECTRIC COMPANY

December 20, 1984

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in the Wells office and called to order Thursday December 20, 1984 at 1:05 p.m. The meeting was held pursuant to a motion on November 15, 1984 to change the regular December 1984 meeting date, and presided over by President Vernon Dalton.

Directors present were Wanda Borden, Larry Bradshaw, Ferris Brough, Ray Crawford, Vernon Dalton, Daryl Eriksen, Lois Nannini, Joe Riordan, Vernon Scott and Claudia Wines. Mary Wright arrived late.

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

CORRECTION TO THE MINUTES:

The minutes of the November 15, 1984 regular meeting will stand approved as written.

ADDITIONS TO THE AGENDA:

Dan Kessler asked that Bob Berry and Donna Crick, from Wendover Land Associates, be added to the agenda about 2:00 p.m.

Kessler also requested that the Budget be discussed after the Wendover Land Purchase discussion.

As there were no objections to these additions, they were included in the agenda.

NEW OFFICE BUILDING - WELLS

Mr. Hope was unable to attend, but he sent the preliminary plans to be reviewed by the Board.

The plans contained an artist sketch of what the building would look like, a floor plan and elevation of the front of the building.

After examination of the plans it was the consensus of the Board that some exploration into having a basement be done, as well as sky light over the inside offices; a site plan projecting future building growth, and a possible second story for the planned building. These suggestions will be given to Mr. Hope.

A contract with Mr. Hope, for his services (REA Form 220), was presented to the board.

WANDA BORDEN MOVED TO ACCEPT THE AGREEMENT WITH MR. BOB HOPE AS PRESENTED. A SECOND WAS MADE BY VERNON SCOTT. THE MOTION PASSED UNANIMOUSLY.

THERE WAS ALSO A MOTION MADE BY VERNON SCOTT TO APPROVE CONSTRUCTION OF THE BUILDING SO WE COULD PROCEED WITH REA APPROVAL. JOE RIORDAN SECONDED. MOTION PASSED UNANIMOUSLY.

WENDOVER LAND PURCHASE:

Robert Vaughan explained to the board, that Wendover Land Associates wanted us to take land in another location away from the substation, where our original option is.

It seems there are some problems with easements, rights-of-way, and CC & R's.

Bob Berry and Donna Crick joined the meeting to make another proposal to the board. The proposal being that we consider taking a two acre parcel of ground in the industrial section, which does not have CC & R's on it. If this is not acceptable they would have to abide with the original contract on the options of land adjacent to the substation. It was brought to their attention how critical it is to build the switchyard next to the substation, because of cost and labor.

Several options were offered and discussed.

Vernon Dalton thanked Bob Berry and Donna Crick for coming and assured them of a decision as soon as possible. They then left the meeting.

Daryl Eriksen left the meeting at this time and was not present for any further discussion.

A recess was called for at 3:20 p.m.

Meeting was called back to order at 3:40 p.m.

WENDOVER LAND PURCHASE (cont.):

After a lengthy discussion and advice of council A MOTION WAS MADE

BY WANDA BORDEN TO CONSIDER BUYING PARCEL B SUBJECT TO BOB

VAUGHANS APPROVAL AND CHANGES. LARRY BRADSHAW MADE THE SECOND.

THE MOTION PASSED UNANIMOUSLY.

RIGHT-OF-WAY INFRINGEMENT:

There seems to be a problem regarding the acquisition of a right-of-way on the Carlin Gold Transmission project. During the initial survey, Power Engineers assumed there were no problems with the necessary rights-of-way. It now appears that we crossed a corner of a gentleman from Oakland, California's property. In fact, we have set four structures on land he owns.

Power Engineers realizes this is their error and said they would accept responsibility for this mistake.

A condemnation action was filed and a hearing for right of entry is to take place December 31, 1984.

Bob Vaughan has been in contact with the gentleman's attorney and negotiations are ongoing to secure the right-of-way.

LARRY BRADSHAW MADE A MOTION, ON COUNCIL'S ADVICE THAT WELLS RURAL ELECTRIC COMPANY APPROVE WELLS RURAL ELECTRIC PROCEEDING WITH CONDEMNATION AGAINST THE LANDS OF RANDOLPH YOUNG JR. VERNON SCOTT SECONDED. MOTION CARRIED UNANIMOUSLY.

WPPSS COURT CASES:

Bob Vaughan briefed the board on the WPPSS 3 case. This case involves the investor owned utilities suing BPA for completion of unit 3 and financing construction through the participants net billing agreement.

Bob Vaughan excused himself from the meeting at 4:15 p.m.

BUDGET:

Copies of the budget were handed out to the board to examine. Vernon Scott commented that the Budget Committee had met on December 13, 1984, and had gone over the budget line by line. The committee could not see any unnecessary expenses. The capital budget is less than 2.5% of the revenue anticipated in 1985.

Mary Wright joined the meeting at this time and was present for all further discussion.

A thorough examination and discussion of the budget was done, and all questions clarified by staff members present.

VERNON SCOTT MADE A MOTION TO ADOPT THE BUDGET AS PRESENTED AND ALSO THE CAPITAL BUDGET AS PRESENTED. RAY CRAWFORD SECONDED. MOTION CARRIED UNANIMOUSLY.

Many hours were put into this budget by the staff, to come up with a reasonable budget. Both Vernon Dalton and Dan Kessler commended the staff on what a good job they had done.

CARLIN GOLD PROJECT:

Warren Linnell gave an update on the progress of the project. The contractor is catching up, it looks like a mid-January completion date. The transformers have been delivered and it is starting to look much better. Newmont projects late January for their end of construction.

The board approved the "final draft" of the Construction Agreement between BPA, SPPC, and WREC at the November board meeting.

Dan Kessler read the resolution to be approved. (EXHIBIT I)

VERNON SCOTT MADE THE MOTION THAT THE RESOLUTION BE SIGNED AS WRITTEN. CLAUDIA WINES SECONDED. MOTION CARRIED UNANIMOUSLY.

WENDOVER TRANSMISSION PROJECT:

Dan Kessler reported that the Wendover Transmission Project was complete. The switchover was successful and everything is going well. The Bureau of Land Management has signed off on everything, we received a thank you from Power Engineers, and have sent thank you's to all involved.

Kessler commended Warren Linnell and his operations crew for a "job well done". Along with the board for all the work they have put into the project since 1976.

The project was completed ahead of schedule and under budget. We are very proud of all who were involved in making this happen.

Warren Linnell had a short video presentation to show the board of the Wendover Project. He explained how the switchover took place and the work involved. The video also showed the

substation and the length of pole line, etc.

The ceremony that took place was attended by approximately 35 people. A luncheon was held at the Stateline following the ceremony.

CITY OF WENDOVER RECAP:

The City of Wendover has taken care of their debt to us. We received a check on November 30, 1984 to cover the \$117,000.00 principal plus a months interest at 1 1/2% per month from November 1 thru November 30, 1984, totaling \$1,755.00.

A recess was called at 5:30 p.m.

Meeting called back to order at 5:40 p.m.

WELLS BUILDING COMMITTEE:

Serving on the Committee are Wanda Borden, Ray Crawford, Mary Wright, Vernon Scott and Vernon Dalton.

VERNON SCOTT MADE A MOTION THAT VERNON DALTON BE ELECTED CHAIRMAN. MARY WRIGHT SECONDED. MOTION CARRIED UNANIMOUSLY.

WAGE AND SALARY PROPOSAL:

Dan Kessler presented the board with two wage and **salary** proposals. The research done included three factors: Calculations on total plant, operating revenue, and number of consumers served. A study of similar systems in size along with the NRECA study was also done.

Kessler suggested that performance, objectives and goals be tied in with the merit increases. Evaluation of performance in each department will be looked into, goals will be set and a work plan to reach objectives will be done by staff members.

VERNON SCOTT MADE A MOTION TO ADOPT THE WAGE AND SALARY PLAN AND USE THE MERIT ALLOWANCE BONUS PLAN AS PRESENTED. WANDA BORDEN SECONDED. MOTION CARRIED UNANIMOUSLY.

BOARD COMMITTEE REPORTS:

Member Relations Committee: The Committee elected Lois Nannini as chairperson. Nothing to report.

Retirement & Insurance Committee: Larry Bradshaw elected chairperson. Bids were sent out on insurance, three estimates were turned in. National Farmers Union Insurance estimated \$28,249. Frank B. Hall Insurance estimated \$61,272.00. Federated Insurance Corp. estimated \$24,889.00. It was the consensus of the committee to go with Federated Insurance because of the cost and they offered more umbrella coverage.

VERNON SCOTT MADE THE MOTION TO USE FEDERATED INSURANCE CORP. AS THE COMPANY INSURANCE CARRIER. LOIS NANNINI SECONDED. MOTION CARRIED UNANIMOUSLY.

Safety Committee: Larry Bradshaw elected chairperson. It was reported that for 1984 there was no lost time accidents. The staff proposed, as a safety award for 1985, that 30 awards at \$70.00 each be

awarded to these employees.

We have received a rebate check from the State of Nevada Industrial System for \$1470.89 and a credit from Federated Insurance Company for \$5085.00. This is a total of \$6555.89 for our excellent safety record for 1984.

It was proposed that \$2100.00 of this money be used for the safety awards.

LARRY BRADSHAW MOVED TO APPROVE THE SAFETY AWARDS. FERRIS BROUGH SECONDED. MOTION CARRIED UNANIMOUSLY.

Scholarship Committee: Claudia Wines elected chairperson. The Committee recommended to the Policy Committee that a change be made that states, no directors or employees immediate family members are eligible to receive the scholarship. Claudia also stated that the application would be changed.

Policy Rules and Regulations Committee: Joe Riordan elected chairperson. It was proposed that Policy #14, Injury to Company Property, be changed in number 4, to include "the company attorney and to read for one or both of the following actions".

This policy had been passed at the November Board Meeting.

JOE RIORDAN MADE THE MOTION POLICY #14 BE CHANGED AS PRESENTED. CLAUDIA WINES SECONDED. MOTION CARRIED UNANIMOUSLY.

A proposal was made to change Rule 9, Line Extensions, as follows: (EXHIBIT II).

JOE RIORDAN MADE A MOTION TO ADOPT CHANGES TO RULE 9 AS PRESENTED. FERRIS BROUGH SECONDED. MOTION CARRIED UNANIMOUSLY.

MEMBER SERVICES REPORT:

Dan Kessler complimented Don McDonald on the arrangements that were made for the Christmas party. The party was well attended and a good time was had by all.

Vernon Dalton also commended Don and the staff on the arrangements made for the Wendover ceremony.

NEW MEMBERSHIPS:

VERNON SCOTT MOVED TO ACCEPT 37 NEW MEMBERS: 10 IN WENDOVER, UTAH: 11 IN WENDOVER, NEVADA: 11 IN CARLIN, NEVADA: 5 IN WELLS, NEVADA. CLAUDIA WINES SECONDED. MOTION CARRIED UNANIMOUSLY.

MANAGER'S REPORT:

Dan Kessler reported that after talking with REA, our loan is clear. A letter from REA and CFC stating that we can draw on loan funds immediately is forthcoming.

On the Pine Valley loan, it passed the Western area office and is now on to the administrator, Mr. Harold Hunter.

Vernon Dalton visited with Mr. Hunter while he was in Washington. He reported that Mr. Hunter made no commitment but is well aware we are going to continue to pursue the matter.

Dan Kessler presented the next business to come before the meeting concerning the settlement of the law suit brought by Michael Ensign and the Utah State Insurance Fund against Wells Rural Electric Company and others. A settlement had been reached to settle the claim for \$15,000.00, with Wells Rural Electric Company retaining a cross claim against Sterling Brimley Construction Company, a Utah corporation, and Sterling, an individual. UPON ADVICE OF COUNSEL, IT WAS ON MOTION DULY MADE BY FERRIS BROUGH THE RESOLUTION BE APPROVED AND SIGNED AS PRESENTED. WANDA BORDEN SECONDED. MOTION CARRIED UNANIMOUSLY.

NOW THEREFORE, BE IT RESOLVED: That the settlement with Michael Ensign and the Utah State Industrial Fund for a claim arising out of an accident at Wendover, Utah on about the 7th day of January, 1982 for the settlement sum of \$15,000.00 be and the same is hereby approved, and the officers of the corporation are authorized to execute the appropriate number of copies of the Release and Agreement relating to said settlement.

The NRECA Annual Meeting: At this time those directors planning to attend are: Ray Crawford, Daryl Eriksen, Lois Nannini, Larry Bradshaw, Vernon Dalton, Mary Wright, and Joe Riordan.

Dan Kessler stated a voting delegate and an alternate, had to be elected. WANDA BORDEN MADE THE MOTION THAT MARY WRIGHT BE SELECTED AS THE VOTING DELEGATE. LOIS NANNINI SECONDED. MOTION CARRIED UNANIMOUSLY.

WANDA MADE THE MOTION THAT RAY CRAWFORD BE SELECTED AS THE ALTERNATE VOTING DELEGATE. FERRIS BROUGH SECONDED. THE MOTION CARRIED UNANIMOUSLY.

NEWMONT MINING INC.:

A letter from Newmont Gold is coming. In it, they will be requesting to amend our contract from 9.9 MW peak demand, to 12.0 MW. We will discuss this with Bob Vaughan and the staff and report at the January board meeting.

Dan Kessler reported that plans are being made for the 50th Anniversary celebration, at this year's Wells Rural Electric Company's Annual Meeting. It was mentioned that all past directors, employees, and manager's would be invited to attend.

Larry Bradshaw left the meeting and was not present for further discussion.

Dan Kessler proposed that the date for the annual meeting be changed from Saturday May 4, 1985 to Saturday May 25, 1985. The reasons being the weather would be nicer for the chuckwagon dinner that is planned, it is the Memorial Day week-end giving people more time, and it would give us a better chance of having Bob Bergland, NRECA General Manager, as our speaker because he is scheduled to speak in Reno May 28, 1985.

MARY WRIGHT MADE A MOTION THAT THE ANNUAL MEETING BE CHANGED FROM MAY 4, 1985 TO MAY 25, 1985. CLAUDIA WINES SECONDED. MOTION PASSED UNANIMOUSLY.

Dan Kessler proposed to the board that they approve a resolution to authorize Mr. Robert Vaughan as the resident agent and to make this resolution retroactive as of November 30, 1984.

VERNON SCOTT MADE THE MOTION TO ACCEPT MR. ROBERT VAUGHAN AS THE RESIDENT AGENT, APPROVE THE RESOLUTION AS PRESENTED AND MAKE IT RETROACTIVE TO NOVEMBER 30, 1984. JOE RIORDAN SECONDED. MOTION CARRIED UNANIMOUSLY. (EXHIBIT III)

Vernon Dalton discussed the possibility of providing satellite dish service to our consumers. Some research and more information will be needed.

MEETING WAS ADJOURNED AT 7:00 P.M.

D. Vernon Dalton, President

Wanda Borden, Secretary