

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

JANUARY 18, 1985

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in the Wells office and called to order on Friday, January 18, 1985 at 10:03 a.m. The meeting was held pursuant to the permanent resolution of the Board regarding regular meetings, 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, Claudia Wines and Mary Wright.

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

CORRECTION TO THE MINUTES

The minutes of the December 20, 1984 regular meeting will stand approved as written.

ADDITIONS TO THE AGENDA

Claudia Wines asked that the Manager's Report be moved up on the agenda, to follow Bob Hope's presentation. As there were no objections this change was made.

NEW OFFICE BUILDING - WELLS

Bob Hope, architect, was in attendance. He brought with him sketches showing different options on location of the building and where future expansion could be projected.

The items brought up at the last Board Meeting: future building growth, sky lights over inside offices, a second story and the possibility of a basement. These items were discussed in depth. Suggestions were made by Mr. Hope along with Board members.

It was brought out that either a second story or a basement could cause some problems such as: Extra cost, putting in an elevator, water problems plus delay of construction.

WANDA BORDEN MADE THE MOTION TO NOT CONSIDER A BASEMENT. MARY WRIGHT SECONDED. THE VOTE WAS 6 FOR THE MOTION AND 5 OPPOSED.

After presenting his drawings on the different locations Mr. Hope suggested, to better decide on the location, the Board go out to the building site.

It was the consensus of the Board to wait on making a decision on the location until after the lunch break so they could look at the building site.

After all questions had been answered, Mr. Hope excused himself from the meeting.

Dan Kessler reported on the geothermal progress. The geothermal resource is approximately 85 to 87 degrees

at 600 feet. Only one well will be drilled. It will be bid out upon completion of the application process.

MANAGER'S REPORT

Claudia Wines suggested that in the future the Manager's Report be discussed at the beginning of the Agenda. Dan Kessler agreed it would be beneficial because the Board might be more inclined to hear in depth discussion at the beginning of the meeting rather than at the end. It will appear in the first 5 items of future agendas.

WENDOVER LAND PURCHASE

The next matter to come before the meeting concerned the matter of the Wendover Land acquisition. It was discussed that Wendover Associates, Inc. had suggested alternate parcels to those upon which the company held an option, but that they could not be delivered free and clear of the covenants, conditions and restrictions. After a thorough discussion of the matter and upon advice from the company attorney it was, ON MOTION BY DIRECTOR VERNON SCOTT, SECONDED BY DIRECTOR WANDA BORDEN, AND PASSED BY A VOTE OF 11 IN FAVOR AND NONE OPPOSED AS FOLLOWS:

RESOLVED: That the company proceed with the closing of the acquisition of the two parcels of land, held by option from Wendover Land Company by agreement dated April 8, 1982, described therein as parcels B and C, conditioned upon, the following:

- A. That the parcels not be subject to the conditions, covenants and restrictions placed upon the balance of the subdivision;
- B. That the parcels not be subject to the encumbrance of the 10' sewer line easement or the 30 foot access easement depicted on the subdivision map;
- C. That in lieu of an access from parcel C, the westerly parcel to Old Highway U.S. 40, the company accept title to the triangular area lying between Parcel B, the southerly parcel and Butte Street, even though the same is subject to the covenants, conditions, and restrictions;
- D. That the company approve the exchange of the 30' access easement presently existing on Parcel B, the southerly parcel, for a similar 30' access easement located to the east of and adjacent to the southerly parcel; and
- E. That documents and title are subject to the approval of the company counsel.

BE IT FURTHER RESOLVED: That the officers of the corporation are authorized to sign all necessary documents and take all necessary actions to consummate the acquisition of the property.

MANAGER'S REPORT

Dan Kessler reported that Stateline Properties, Inc. had written a letter regarding the inquiry made about land on the Wendover, Utah side. They are not interested in selling any parcels at this time, but they did express an interest in purchasing our land and building if we ever decide to relocate.

Dan Kessler mentioned since Ray Crawford will not be attending the NRECA Annual Meeting another alternate voting delegate should be elected.

WANDA BORDEN MADE THE MOTION THAT DARYL ERIKSEN BE ELECTED THE ALTERNATE VOTING DELEGATE. LARRY BRADSHAW SECONDED. THE MOTION CARRIED UNANIMOUSLY.

The G-6 loan has been approved by REA. We should be able to draw funds on this loan in approximately two weeks. An updated form 7 must be submitted showing our financial status.

Vernon Dalton reported on the Pine Valley Loan. It seems the 2% did go through, but on the construction to Pine Valley only. The Carlin acquisition could be reimbursed at 5% for 70% from REA and the other 30% of the loan at 11% CFC rates.

The Board heard a discussion from Clay Fitch, on the proposed "H-4" Pine Valley Loan. The feasibility of accepting the loan at our concurrent rates and the long term impacts. (EXHIBIT II).

A lunch break was called for at 12:15 p.m.

The meeting was called back to order at 1:30 p.m.

Everyone went out and looked at the building site. After some discussion VERNON SCOTT MADE THE MOTION TO LOCATE THE BUILDING AT THE CORNER OF THE PROPERTY. FERRIS BROUGH SECONDED. MOTION CARRIED 6 IN FAVOR, AND 4 OPPOSED.

MANAGER'S REPORT (cont.)

Buddy Welsh reported on a Supplemental Retirement plan. This insurance incentive program is offered through NRECA. The program is basically set up for certain individuals who have not been with the company long enough to take advantage of a regular retirement program. It would be offered on an individual basis. It was the consensus that more information be gathered and discussed at a later date.

Kessler reported that Capital Credit Checks had been mailed out the week of January 7, 1985.

Copies of REA Borrowers Statistical Report and CFC Key Ratio Trend Analysis were passed out to Board members. These reports are the Board's information to give them a better understanding of the financial condition of the company.

Dan Kessler reported on the Bonnie Senhoff case. It seems she reported radio and television interference from structures we have near her property. Jim Copenhaver, company attorney, foresees a trial in this particular case, in early summer.

Kessler reported on the Loan Fund Audit that was done by Basil Majors from REA. Everything was reviewed and overall it was a good report. Mr. Majors made a few suggestions which will be followed in the future. A detailed report will be presented at the February board meeting.

The next item brought before the board, was a recommendation from "Legal Reporting Service" that once the minutes are approved and signed by the board they are in fact the legal minutes. Therefore the tapes do not have to be kept. Discussion followed; "there is no need to keep tapes forever on file, and that there would be a cost savings to the company if we re-used them.

JOE RIORDAN MADE THE MOTION THAT THE TAPES BE ERASED AFTER THE MINUTES HAVE BEEN APPROVED. DARYL ERIKSEN SECONDED. MOTION CARRIED UNANIMOUSLY.

Clay Fitch reported on the research that had been done on the Word Processor to be purchased. Two options were presented and explained. The Word Processor is in the budget, however an additional \$984.00 is needed to purchase one that would be most compatible to the system we now have.

DARYL ERIKSEN MADE THE MOTION TO APPROVE THE ADDITIONAL MONEY NEEDED TO PURCHASE THE WORD PROCESSOR. LARRY BRADSHAW SECONDED. MOTION CARRIED UNANIMOUSLY.

Pat Moore, Wells Fire Department, asked that a presentation be made to the board for donation of a saw to be used on the Fire Department rescue truck. This saw is able to cut through cement and steel. Several other businesses have donated different items to this cause. The cost of this saw is \$850.00.

After discussion DARYL ERIKSEN MADE THE MOTION TO PURCHASE THE SAW. CLAUDIA WINES SECONDED. MOTION CARRIED UNANIMOUSLY. Lois Nannini abstained because of her affiliation with the fire department.

Dan Kessler asked the board to approve membership in the Raft River Coop as we have service there and need to become a member in order to be billed for the service we have at the substation, at Tecoma. It is a \$5.00 membership.

VERNON SCOTT MADE A MOTION TO APPROVE MEMBERSHIP IN RAFT RIVER RURAL ELECTRIC COMPANY. FERRIS BROUGH SECONDED. MOTION CARRIED UNANIMOUSLY.

Dan Kessler handed out a copy of a complimentary letter we received from a woman in Devils Gate. She was quite thrilled to have electric service now, as she has been without it for much of her life.

Joe Riordan asked that some exploration be made into C.P. National phone lines still existing on our poles. They now have underground lines so these wires should be removed. Warren Linnell said he would do some checking and report his findings at the next meeting.

WPPSS UPDATE:

The next matter to come before the meeting concerned the possibility of filing counterclaims and cross-claims in the Bonneville Power Administration (BPA) vs. Washington Public Power Supply System (WPPSS), et al. action. Upon advice from the company attorney it was, ON MOTION BY DIRECTOR DARYL ERIKSEN, SECONDED BY DIRECTOR MARY WRIGHT, AND PASSED BY A VOTE OF 11 IN FAVOR AND NONE OPPOSED:

RESOLVED: That the corporation hereby authorizes the filing of counterclaims and cross-claims in the BPA vs. WPPSS action, against such parties as counsel may determine, including BPA, WPPSS and the investor owned utilities, subject, however, that such cross-claims and counterclaims will not be filed without the approval of counsel for the corporation with the advice of Riddell, Williams, Bullitt & Walkinshaw.

BE IT FURTHER RESOLVED: That other decisions and procedures relating to the law suits pending as a result of the failure of WPPSS Nuclear Projects 4 and 5, and the BPA vs. WPPSS action, shall continue to be made,

as previously authorized, by counsel for the corporation with the advice of Riddell, Williams Bullitt & Walkinshaw.

RIGHT-OF-WAY INFRINGEMENT:

On December 31, 1984, Wells Rural Electric Company received an Order of Occupancy Pending Entry of Judgement, which was signed by the court. The Defendant, Randolph Young, is restrained from hindering or interfering in any way with work upon his property. (This was the property we inadvertently trespassed on with 4 transmission structures.) All work is completed at this time on

The \$810.00 we posted with the clerk, on December 31st represents the estimate of the total value of this property which is in accordance with what we have paid other property owners adjacent to this land. Whatever the settlement is above this figure should be paid by Power Engineers.

CARLIN GOLD PROJECT

The Carlin project is behind schedule, it looks like the first half of February before energization will take place.

The Quarry Substation is designed and is being reviewed by Mike Regan. Negotiations with a contractor shows it would be in our best interest to put this project out for formal bids.

Since Newmont is funding this project we can begin construction without REA approval, which according to Mike Regan of REA, will not be a problem.

A short recess was called for at 3:10 p.m.

Meeting was called back to order at 3:33 p.m.

TELECOMMUNICATIONS UPDATE:

According to Bob Vaughan, company attorney, there may be some problems with anti-trust laws in a project of this nature. It seems CFC and NRECA are doing a complete study into coops getting into the satellite dish leasing business. This study should be complete around April 1, 1985 and will be discussed again at that time.

BOARD COMMITTEE REPORTS:

The Policy, Rules and Regulations Committee met before the board meeting. Several policy changes were discussed.

DIRECTOR JOE RIORDAN MOVED THAT THE RECOMMENDATIONS OF THE POLICY COMMITTEE ON POLICY NO. 7-1, WHICH PERTAINS TO WAGE AND SALARY BE ADOPTED AS A CHANGE IN SAID POLICY. A COPY OF THE RECOMMENDATION OF THE POLICY COMMITTEE ON POLICY NO. 7-1, IS TO BE ATTACHED TO THE MINUTES OF THE MEETING. THE MOTION WAS SECONDED BY DIRECTOR RAY CRAWFORD AND PASSED UNANIMOUSLY.

New wording on the Physical Policy was discussed and will be brought before the Policy Committee after Bob Vaughan's review of the changes.

DIRECTOR JOE RIORDAN MOVED THAT POLICY NO. 4-3, ON "DONATIONS", AS RECOMMENDED BY THE POLICY COMMITTEE, BE ADOPTED IN ITS ENTIRETY. A COPY OF SAID POLICY NO. 4-3 SHALL BE ATTACHED TO THE MINUTES. THE MOTION WAS SECONDED BY DIRECTOR CLAUDIA WINES AND PASSED UNANIMOUSLY.

DIRECTOR JOE RIORDAN MOVED THAT THE RECOMMENDATIONS OF THE POLICY COMMITTEE ON POLICY NO. 9-1, WHICH PERTAINS TO THE SCHOLARSHIP PROGRAM BE ADOPTED AS A CHANGE IN SAID POLICY. A COPY OF THE RECOMMENDATION OF THE POLICY COMMITTEE ON POLICY NO. 9-1, IS TO BE ATTACHED TO THE MINUTES OF THE MEETING. THE MOTION WAS SECONDED BY DIRECTOR MARY WRIGHT AND PASSED UNANIMOUSLY.

Dan Kessler recommended a title change on the "Table of Organization", from Staking Right of Way Supervisor to Engineering Supervisor be approve.

A job description was passed out to the board explaining the duties expected of this position. At this time a lot of the designing of substations, engineering designs, etc. have to be contracted out. This position could save the company money, because we would have someone capable of doing some of what we have had consultants do for us.

JOE RIORDAN MOVED THAT THE TITLE STAKING RIGHT OF WAY SUPERVISOR BE CHANGED TO ENGINEERING SUPERVISOR. CLAUDIA WINES SECONDED. MOTION CARRIED UNANIMOUSLY.

It was brought before the board, for direction, as whether to get involved in offering the street lighting service underground installation upon request.

The board recommended more research and the actual policy change will be proposed at the February board meeting.

Dan Kessler handed out a Holiday Summary of different Nevada Rural Electric Cooperatives for the boards review. After a thorough discussion.

DIRECTOR CLAUDIA WINES MOVED TO MAKE THE DAY AFTER THANKSGIVING A FIXED HOLIDAY PLUS 2 FLOATING HOLIDAYS FOR A TOTAL OF 10 HOLIDAYS. RAY CRAWFORD SECONDED. THE MOTION CARRIED 6 FOR AND 4 OPPOSED. A COPY OF THE POLICY CHANGE ON NO. 7-2 IS TO BE ATTACHED TO THE MINUTES OF THE MEETING.

The Manager's Appraisal Committee met January 16, 1985. An outline of goals and objectives were discussed. Some were suggested by the committee, and Kessler's own personal goals for his development, staff and employee development and other related objectives were discussed.

Warren Linnell reported that the Wendover line crew are leaving the company. Both for personal reasons.

Dan Kessler informed the board that Mr. Bob Bergland, NRECA had declined our offer to speak at the Annual Meeting as he has another commitment.

NEW MEMBERSHIPS

RAY CRAWFORD MOVED TO ACCEPT 42 NEW MEMBERS: 22 IN WENDOVER UTAH: 5 IN WENDOVER, NEVADA: 10 IN CARLIN, NEVADA: 5 IN WELLS, NEVADA. VERNON SCOTT SECONDED. MOTION CARRIED UNANIMOUSLY.

Vernon Dalton passed out personnel gifts to the board, 1985 personalized calendar booklets, from Dalton and his wife JoAnn.

Dan Kessler gave each board member a book "The Next Greatest Thing". These books will also be distributed to the public library, and school library's. It is a book on the 50 year history of the rural electric program.

Dan Kessler reported that we are behind a month for the Ruralite summary of the minutes. Ruralite's deadline coincides closely with the board meeting date. The feeling of the board was this would not be a problem.

Vernon Dalton reported we are not authorized to payroll deduct ACRE membership dues. Dalton further reported that "signature of authorization" was needed before ACRE could legally solicit contributions from company members. As there were no objections Dalton signed the ACRE authorization to be mailed in.

MEETING WAS ADJOURNED AT 5:05 p.m.

D. Vernon Dalton, President

Wanda Borden, Secretary