

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

September 19, 1985

The regular meeting of the Board of Directors of Wells Rural Electric Company was held at the Wells office and called to order on September 19, 1985 at 1:00 o'clock p.m., pursuant to resolution of the board of directors. The meeting was presided over by President Vernon Dalton.

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

Present from the staff were Dan Kessler, Clay Fitch, Warren Linnell, Don McDonald, Ken Schlecht, Bob Vaughan, Company Attorney, and Terri Seal.

Vernon Dalton welcomed Leslie Sharp as the new board member and congratulated Wanda Borden and Larry Bradshaw on their elections.

APPROVAL OF THE MINUTES:

The minutes of the [Special Meeting](#) held August 7, 1985 and the minutes of the Regular Meeting held August 16, 1985 will stand approved as written.

ADDITIONS TO THE AGENDA:

Reorganization of Board Officers:

Vernon Dalton informed the board that after board elections a reorganization of board officers must be held. Vernon Dalton was elected President, Daryl Eriksen Vice President, and Wanda Borden as Secretary/Treasurer.

Vernon Dalton asked that each board member indicate which committee they would like to serve on. The Executive Committee will meet and choose each committee.

Dan Kessler asked that Bob Hope be added, to talk about the new building. He also asked that Bob Vaughan be added and the subjects he would address be moved up on the Agenda; WPPSS, Listing of the Building, Telecommunications, Pine Valley Service, and White Pine Power Project.

Kessler also asked that the Hydro Feasibility study be added along with discussion on Statement of Ideals, Objectives and Policies 1-1 through 1-6.

Since there were no objections these items were added to the agenda.

NEW OFFICE BUILDING:

Bob Hope, Architect, joined the meeting to discuss the progress and proposed changes of the new office building. Mr. Hope reported that the alternate bid for the roof originally discussed for a \$21,000.00 deduct has been changed to a \$16,00.00 deduction because of added materials to make it more secure.

He also reported that the sewer line could be installed in front of the building, however, it is located in the street and repairs to the road and the installation of a manhole cover is required. The water line must tie into the city water line which is approximately 350 feet away. With these changes the added costs come to approximately \$4800.00.

The third item discussed was the addition of two extra fire exits which the State Fire Marshall insisted be installed. The added cost for these exits is approximately \$13,800.00.

After a thorough discussion DARYL ERIKSEN MADE THE MOTION TO ACCEPT THE CHANGES AS PRESENTED ON THE ROOF, SEWER, WATER AND, EXTRA FIRE EXITS. WANDA BORDEN SECONDED, MOTION CARRIED UNANIMOUSLY.

Mr. Hope left the meeting.

BOB VAUGHAN:

WPPSS:

The next matter to come before the meeting concerned the suit in the WPPSS litigation which has been designated BPA vs. WPPSS et al. and the position to take on the Revised Settlement Proposal that has been negotiated primarily between BPA and the Investor Owned Utilities. After full consideration of the matter and advice of counsel IT WAS ON MOTION DULY MADE BY DIRECTOR VERNON SCOTT SECONDED BY DIRECTOR FERRIS BROUGH, UNANIMOUSLY:

RESOLVED: That as presently written, (a) WREC does not wish to become a party to the Revised Settlement Proposal; (b) that in relation to any positions to be taken in the Court action relating to the Revised Settlement Proposal WREC shall either oppose the same or take a neutral position, as may be determined to be in WREC's best interest by Riddell Williams and general counsel; and (c) if a further or other decision regarding the matter needs to be considered prior to the next meeting of the Board of Directors of WREC, based on changes in the Revised Settlement Proposal and/or new or different information, Riddell Williams with the concurrence of general counsel shall have authority to make the decision.

Listing of the Existing Building:

Bob Vaughan presented some options for selling the existing building as follows: Contact prospective buyers; list with a broker either exclusively, open, or multiple listing. Wanda Borden stated that she did not want to be involved with the sale of the building. It was decided to postpone the sale of the building until a decision is reached regarding the telecommunications subsidiary.

Telecommunications:

Dan Kessler reported that all the necessary committees involved with the National Rural Telecommunications Council had been contacted for information regarding the Telecommunications Subsidiary. Mr. John Hutts, of Southern Engineering, has been contacted and hopefully will be sending questions for use in the random survey.

Bob Vaughan informed the board on the legal aspects of forming a corporation, entering into a cable service, or possibly buying the exiting cable system. It was the consensus of the board to first check into buying the existing cable system in Wendover and Wells, and getting a survey out to determine the feeling of the consumers before making any decisions.

Pine Valley Service:

REA written approval on the 2% loan and concurrent Carlin loan has been received for the Pine Valley Project.

Dan Kessler reported that there was a gentleman, Mr. Healey, in Pine Valley that had misunderstood when we first asked him to sign up for service, he now wants service and is signed up.

VERNON SCOTT MADE THE MOTION TO INCLUDE MR. HEALEY IN THE PINE VALLEY PROJECT. MARY WRIGHT SECONDED, MOTION PASSED UNANIMOUSLY.

Dan Kessler reported that all minimums had been established for the Pine Valley Project except for Stock Water Pumps. This minimum will apply to all pumps utilized solely for stock watering purposes. The maximum pump size allowed for this classification will be 7.5 horsepower. Monthly Minimum will be \$11.11 per KVA utilized with 2 KVA minimum.

WANDA BORDEN MADE THE MOTION TO ACCEPT THE STOCK WATER PUMP MINIMUMS AS PRESENTED AND ANY ADDITIONAL STOCK WATER PUMP HOOK-UPS WILL HAVE TO PAY THE LINE EXTENSION AND UP-FRONT MONEY. CLAUDIA WINES SECONDED, MOTION PASSED UNANIMOUSLY.

Bob Vaughan reported that there was some resistance from a few of the Pine Valley residents not signing the right-of-ways because of the damage it would cause to their phone system. Conversations with CP National Phone reveal the possibility of getting the phone system upgraded but not until research has been completed on a possible lease agreement between CP National and WREC.

The next business to come before the meeting concerned the Pine Valley contracts and rights-of-way. After a thorough discussion IT WAS ON MOTION BY DIRECTOR DARYL ERIKSEN, SECONDED BY DIRECTOR WANDA BORDEN AND PASSED UNANIMOUSLY BY ALL BOARD MEMBERS PRESENT, AS FOLLOWS:

RESOLVED, that the final decision to go ahead on the Pine Valley Project be deferred until September 25, 1985, and at that time if we have not obtained consumer contracts and rights-of-way from all of the proposed consumers that the project be postponed indefinitely.

A special board meeting was scheduled for Wednesday September 25, 1985 at 1:00 o'clock p.m. to discuss the contracts, rights-o-way, REA loan documents, and the construction contract for Pine Valley.

It was agreed that Dan Kessler and Warren Linnell meet with the Pine Valley residents to discuss the boards decision, explain the

facts and possible consequences if the project does not continue.

White Pine Power Project:

A discussion was held concerning our voting rights in the White Pine Power Project. It was the consensus of the board to table any decision until such time as a Proposal was received, regarding continued participation.

A short recess was called at 3:15 p.m.

Called back to order at 3:30 p.m.

MANAGER'S REPORT:

Collections:

Dan Kessler reported that \$5,900.00 had been turned over to Marjean Kidner, Justice of the Peace, for collection, on 90 day past due accounts. \$8,396.00 has been turned over to Bob Vaughan's office, for a total of \$14,300 to be collected. By using this method instead of a collection agency, we get a larger return on the money to be collected.

Ed Spencer:

Ed Spencer, CFC, was here to visit with the financial advisory committee. He was expected to bring an investment policy with him, but did not. When it is received it will be presented to the board.

Dan Kessler informed the board that the short term debt we had with CFC is now paid off. \$150,000.00 is expected to be invested in commercial paper on Monday, September 23, 1985.

Kessler informed the board that the L-6 loan package, 740 G, the narrative and the balance copy of the work plan will be ready for the October meeting.

Region IX Meeting:

All board members, with the exception of Leslie Sharp, are enrolled. Vernon Dalton explained what the Regional Meeting was about. The Governor of Nevada, Richard Bryan, is scheduled to address the meeting.

NREA will hold their Annual Meeting immediately following the first general session on Tuesday, October 1st. Two terms of the board of directors expire this year, Mr. Ross Dohlen, President and Mr. Dan Kessler, Secretary/Treasurer.

Dan Kessler informed the board of a Directors Orientation: Back to Basics, an NRECA Management Program to be held in Washington, D.C. at the Dupont Plaza November 5th through November 8th.

Member Services:

Dan Kessler approached the board of possibly hiring someone in the Member Services Department to help with marketing and reaching consumers on energy efficiency.

Kessler stated that a marketing plan was being put together and would be ready for the October meeting. With BPA's 27 month increase it would be a good time to begin to "market" ourselves, our image, and the service we offer.

BPA Shower Flow Restrictors and Water Heater Wrap Closeout:

BPA has informed us that in order to closeout the Contract Agreement on the Water Heater Wrap Program they need a resolution.

IT WAS ON MOTION BY DIRECTOR FERRIS BROUGH, SECONDED BY DIRECTOR CLAUDIA WINES, AND PASSED UNANIMOUSLY AS FOLLOWS: Exhibit II

NOW THEREFORE, BE IT RESOLVED: That the Board of Directors of Wells Rural Electric Company has elected to accept the Contract Closeout Agreement executed in August 1985, between Bonneville Power Administration and Wells Rural Electric Company. We further authorize Daniel L. Kessler, Jr. to execute the Contract Closeout Agreement.

Dan Kessler distributed the Borrower Statistical Profile, the updated organizational chart, and the revised rates, rules and regulations.

Executive Committee:

It was decided that the Executive Committee would meet on Wednesday, September 25, 1985 at 11:00 a.m. to go over the committees and assign directors to the respective committees. There will also be a director orientation meeting at 9:00 a.m. on September 25, 1985 for Leslie Sharp.

Organizational Chart:

Dan Kessler proposed a position name change on the organizational chart from Conservation Technician to Energy Management Director, who would be working under the Manager of Member Services on a salaried basis.

DARYL ERIKSEN MADE THE MOTION TO CHANGE THE TITLE OF CONSERVATION TECHNICIAN TO ENERGY MANAGEMENT DIRECTOR ON THE ORGANIZATIONAL CHART. VERNON SCOTT SECONDED, MOTION PASSED UNANIMOUSLY.

BOARD COMMITTEE REPORTS:

Vernon Scott reported that the Financial Advisory Committee met and reviewed the second quarterly budget for 1985 and the proposed second quarterly budget for 1986 in depth. Each board member was given a copy. After a thorough discussion VERNON SCOTT MADE THE MOTION TO ACCEPT THE SECOND QUARTERLY BUDGET AS PRESENTED, DARYL ERIKSEN SECONDED, MOTION PASSED UNANIMOUSLY.

Vernon Scott reported that Ed Spencer, CFC, had met with the Financial Advisory Committee and he gave a very informative presentation on the capitol structure, debt and equity of the Company. Mr. Spencer stated that our financial situation is one of the best of any cooperative in the country. He is recommended that capital credits be paid by a percentage.

Director and Manager Expense Committee:

Ray Crawford reported that the Director & Manager Expense Committee had met on September 16th to discuss director expenses. The committee presented the following proposed director expenses:

\$125.00 Per Board Meeting; \$50.00 Per Committee Meeting; .025 cents per mile (expenses); .30 cents per travel mile to cover travel time; \$125.00 per day compensation to attend annual meetings and institutes. Increase per diem expense from \$21.00/day to \$30.00/day.

They also proposed that a Presidents Committee be established and an office set aside in the new building equipped with updated REA bulletins and other board related information. This office could be used by the president or any board member for research or any company business, and time spent would be charged to the Presidents Committee.

After a thorough discussion WANDA BORDEN MADE THE MOTION THAT THE DIRECTOR SALARY PER DAY BE LIMITED TO \$175.00, PLUS EXPENSES, REGARDLESS OF HOW MANY COMMITTEE MEETINGS WERE ATTENDED. RAY CRAWFORD SECONDED, MOTION FAILED.

DARYL ERIKSEN MADE THE MOTION THAT THE PAY PER DIRECTOR SALARY BE LIMITED TO \$125.00 MAXIMUM PLUS .205 CENTS PER MILE PLUS .30 CENTS PER TRAVEL MILE PLUS \$30.00 A DAY PER DIEM IF A COMMITTEE MEETING IS HELD ON THE SAME DAY AS A BOARD MEETING. RAY CRAWFORD SECONDED, MOTION PASSED EIGHT IN FAVOR AND 1 OPPOSED.

RAY CRAWFORD MADE A MOTION TO ESTABLISH A PRESIDENTS COMMITTEE TO PAY THE PRESIDENT FOR HIS TIME. THE PRESIDENT IS TO BE PAID \$50.00 FOR LESS THAN HALF OF A WORKING DAY AND \$125.00 FOR MORE THAN HALF A WORKING DAY. WANDA BORDEN SECONDED MOTION PASSED UNANIMOUSLY.

DARYL ERIKSEN AMMENDED HIS PREVIOUS MOTION TO READ THAT ANY BOARD MEMBER ATTENDING A COMMITTEE MEETING NOT BEING HELD ON BOARD MEETING DAY AND LASTING UP TO HALF A WORKING DAY WILL BE PAID \$50.00 AND IF IT LASTS OVER HALF A WORKING DAY THE PAY WILL BE \$125.00. RAY CRAWFORD SECONDED, MOTION PASSED UNANIMOUSLY.

The above director expenses will be in effect starting this date, September 19, 1985.

A Manager and Director expense sheet was distributed and discussed.

Election Committee Report:

Vernon Dalton read the following report submitted by the Election Committee:

Meeting held at 1:00 p.m. September 13, 1985, at Vaughan, Hull, Copenhaver & Hansen, Ltd. Law Offices, 530 Idaho Street Elko, Nevada.

Present:

Committee Members Ethel Scott, Wilda Grock, Martha Eriksen

Company Attorney Robert O. Vaughan (Part of Meeting)

Attorney Staff - Debbie Bitton, Sharon Mathias & Begona Hull

Company Record Clerk - Mary Zearing

Ballots Counted..... 405

Ballots Rejected..... 22

Total Ballots..... 427

Vote Count:

Wanda Borden..... 275

Larry Bradshaw..... 293

Joe Riordan..... 259

Leslie Sharp..... 424

Elected: Wanda Borden, Larry Bradshaw, Leslie Sharp.

CLAUDIA WINES MADE THE MOTION TO APPROVE THE ELECTION COMMITTEE REPORT AS WRITTEN, FERRIS BROUGH SECONDED, MOTION PASSED UNANIMOUSLY.

Dan Kessler suggested that a line be provided on the ballot to print the name as well as a line for signature to validate. This could eliminate ballots being rejected because of a non-legible signature.

Policy Committee:

The Statement of Ideals, Objective and policies 1-1 through 1-6 were postponed until the Policy Committee can re-schedule their meeting.

Member Relations Committee:

Don McDonald reported on the Hydro generating feasibility study done on both Angel Creek and Trout Creek. After a thorough discussion it was decided that it would not be feasible at this time to build a larger hydro. However, building a smaller one next to the existing hydro may be a possibility. The staff was asked to investigate it's feasibility.

A short recess was called at 5:25 p.m.

Called back to order at 5:30 p.m.

SAFETY REPORT:

Dan Kessler reported on the Hot Line School that was held September 12th, a record 53 linemen attended. Kessler stated he was very impressed with the way the school was presented, and congratulated Bud Calton and the Ruralite staff.

SCADA System:

On September 30, 1985 at 8:30 a.m. Tetragenics will be here to demonstrate the new SCADA System.

NEW MEMBERSHIPS:

VERNON SCOTT MADE THE MOTION TO ACCEPT 86 NEW MEMBERS: 20 IN WELLS, NEVADA; 21 IN CARLIN, NEVADA; 31 IN WENDOVER) UTAH AND 14 IN WENDOVER, NEVADA. LARRY BRADSHAW SECONDED, MOTION PASSED UNANIMOUSLY.

MEETING ADJOURNED AT 5:45 P.M.

D. Vernon Dalton, President

Wanda Borden, Secretary