

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

November 22, 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 November 22, 1985 at 9:00 A.M. The meeting was presided over by President Vernon Dalton.

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

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

APPROVAL OF THE MINUTES:

The minutes of the regular meeting held October 18, 1985 will stand approved as written.

Manager Appraisal:

The first topic of discussion was the Manager's Appraisal. The General Manager, was the only staff member present.

Executive Session:

An executive session to discuss the Manager's Appraisal was held at 1:00 p.m. The Board and Manager discussed the Appraisal and goals/objectives for 1986. The Board of Directors were pleased with Dan Kessler's performance and gave him a raise for the coming year.

Quarterly Budget Analysis:

The third quarter proposed budget for 1986 was presented to the board. The staff explained a line by line breakdown in each department. After a thorough discussion IT WAS ON MOTION BY DIRECTOR VERNON SCOTT, SECONDED BY DIRECTOR RAY CRAWFORD AND PASSED UNANIMOUSLY TO ADOPT THE THIRD QUARTER BUDGET FOR 1986 AS PRESENTED.

A short break was called at 3:20 P.M.

Called back to order 3:30 P.M.

NEW OFFICE BUILDING - WELLS:

Dan Kessler informed the board that Bob Hope, architect, had contacted him concerning additional costs regarding the well, now that the well has proved to be a reliable heat source, developing it with a pump, piping, mechanical equipment, etc. is needed. The additional cost would be approximately \$45,000.00 which would bring the total amount of the well to approximately \$75,000.00.

After a thorough discussion VERNON SCOTT MADE THE MOTION TO AUTHORIZE THE \$45,000.00 ADDITIONAL EXPENSE FOR THE WELL EQUIPMENT. MOTION DIED FOR LACK OF A SECOND.

After further discussion IT WAS ON MOTION BY DIRECTOR WANDA BORDEN, SECONDED BY LOIS NANNINI TO CONTACT BOB VAUGHAN, COMPANY ATTORNEY, FOR A LEGAL OPINION ON THE ADDITIONAL WELL COSTS. MOTION PASSED UNANIMOUSLY.

MANAGER'S REPORT:

Hydro-Trout Creek:

It was reported that an application had been filed for the additional 7 cfs on Trout Creek. Nothing further can be done until word is received from the Department of Water Resources. A representative will be here sometime in December to visit the site.

Investor Owned Utility Take-Overs:

A discussion was held concerning investor owned utility take-overs. In July 1977 the board of directors made an amendment to the Articles of Incorporation (Attached as EXHIBIT I) which states that: "in order to sell it would take three fourths of the Directors and a written petition signed by two-thirds of the members or a meeting where two thirds of the members are in attendance and vote affirmative."

Dan Kessler reported that correspondence had been received from CFC regarding the development of a Cooperative System Integrity Fund. In recent months there has been concern about attempts by IOU's to take over rural electric cooperatives. CFC has discussed a plan to provide assistance to coops which would entail voluntary commitments from CFC members, committing 5% of their CFC Patronage Capital each year.

After a thorough discussion WANDA BORDEN MADE THE MOTION THAT WELLS RURAL ELECTRIC NOT PARTICIPATE IN THE SYSTEM INTEGRITY FUND PROGRAM. LOIS NANNINI SECONDED, MOTION PASSED UNANIMOUSLY.

Insurance:

Kessler reported that a check for \$4,430.70 has been received from the Nevada State Industrial Insurance System for our safety record. Bud Calton would like to meet with the Safety Committee to present bids submitted by two insurance companies.

Committee Meetings:

The Policy Committee will meet on December 9, 1985 at 9:00 A.M. to discuss policy changes. The Financial Advisory Committee will meet December 9, 1985 at 1:00 P.M. to discuss Capital Budget. Safety Committee will meet at 1:00 P.M. on December 9, 1985 to discuss insurance and safety.

Resignation of Clay Fitch:

Dan Kessler informed the board that Clay Fitch, Manager of Administrative Services, has resigned to take a position with Power Engineers effective January 1, 1986. Kessler also reported that Mr. Paul Johnson has been hired to take over Clay Fitch's position as Manager of Administrative Services along with the duties of Manager of Member Services, he will begin his employment on December 16, 1985.

Both Dan Kessler and Vernon Dalton, on behalf of the board, commended Clay Fitch on a job well done and wished him the best in his new position.

Board Training Schedule:

Dan Kessler informed the board of upcoming Board of Director Training sessions. Claudia Wines expressed her desire to attend a session in Portland December 11th, as there were no objections she will be attending this session.

Collections:

It was reported that 15 door knockers were hung, 3 meters were pulled for non-payment two of the three have paid and the other has agreed to pay off the balance in the near future. Each of the 12 that were taken to small claims court have made their first payment.

Telecommunications:

Correspondence has been received from the NRECA/CFC National Rural Telecommunications Council stating they are in the process of developing model programs to find out the interest of members.

They also are developing information and training programs along with videotaped instructional films on how to install a satellite dish as well as a step by step installation and maintenance manual. All information will be available by the first part of March 1986.

Directors Expense:

REA has written in regard to the Policy change on director expenses. They feel we should look it over again. It was decided that the Policy Committee discuss this policy and report back to the board.

Wendover Clinic:

Dan Kessler reported that the Wendover medical board may want to be added to the agenda in December regarding a new hospital firm moving into our building.

Topics to be discussed will be rent or possibly a lease agreement with option to purchase.

Annual List:

Dan Kessler informed the board that it is time to file the annual list of board members with the Secretary of State and also an application for renewal of our state contractors license for 1986.

ACRE:

An option to pay the ACRE dues on a monthly basis was discussed.

Christmas Party:

This year the Ranch House was the successful bidder. The Christmas Party is scheduled for December 6th, the children's Christmas Party will be held that afternoon.

Capital Credits:

A report was presented to the board concerning capital credits on a first in first out basis, also on a percentage and rotation basis. A decision on which method to use will be made at a later date.

Wage & Salary:

All staff members with the exception of Dan Kessler left the room for this discussion. Manager recommendations for salary increases were approved as presented.

PINE VALLEY SERVICE:

Dan Kessler reported on the developments in Pine Valley. The Slagowski Ranches, Inc. (three families) decided not to sign the newest easement on rerouting their line. Their attorney has signed a Right-of-Entry which now authorizes us to build across the Slagowski land. The offer to settle our condemnation action contains three conditions. 1) That the existing telephone line between the three family ranches would be left in its existing condition for whatever use the Slagowski's may devote it to. 2) Assist them in finding an alternative to their communication system. 3) That Carl Slagowski be provided power under the same agreement and conditions as the other Pine Valley residents.

After a thorough discussion of the matter IT WAS ON MOTION BY MARY WRIGHT SECONDED BY FERRIS BROUGH AND PASSED UNANIMOUSLY. THAT CARL SLAGOWSKI BE PROVIDED WITH POWER UNDER THE SAME AGREEMENT AND CONDITIONS AS THE OTHER PINE VALLEY RESIDENTS UPON BOB VAUGHAN'S LEGAL APPROVAL.

BOARD COMMITTEE REPORTS:

The Policy Committee met on October 28, 1985 and made recommendations to change the policies attached to the minutes.

VERNON SCOTT MADE THE MOTION TO ACCEPT THE RECOMMENDATION OF THE POLICY COMMITTEE AND MAKE THE CHANGES AS PER ATTACHED SHEET (EXHIBIT B). CLAUDIA WINES SECONDED MOTION PASSED UNANIMOUSLY.

NEW MEMBERSHIPS:

VERNON SCOTT MADE THE MOTION TO ACCEPT 79 NEW MEMBERS: 17 IN WELLS, NEVADA; 21 IN CARLIN, NEVADA; 27 IN WENDOVER, UTAH; AND 14 IN WENDOVER, NEVADA. RAY CRAWFORD SECONDED, MOTION PASSED UNANIMOUSLY.

QUESTIONNAIRE:

Dan Kessler explained the questionnaire sent out by Bob Vaughan concerning WPPSS court case. (Securities Litigation)

MEETING ADJOURNED AT 5:45 P.M.

D. VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY