

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

**January 17, 1986**

The regular meeting of the board of directors of Wells Rural Electric Company was held in the Wells office and called to order on January 17, 1986 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, Paul Johnson, Warren Linnell, Ken Schlecht, and Terri Seal.

**APPROVAL OF THE MINUTES:**

The minutes of the regular meeting held December 20, 1985 will stand approved as written.

**ADDITIONS TO THE AGENDA:**

Yvonne Stuart asked to be added to the Agenda at 10:00 A.M. to discuss window dressings and furniture needs of the new building.

Dan Kessler asked that Bob Vaughan be added at 10:30 to discuss the CFC Loan Documents, the Pine Valley Telephone situation, and an update on WPPSS.

Dale Callister from Wendover asked to be added at 1:00 P.M. to discuss the new medical company using our building until they can build their own facility.

**NEW OFFICE BUILDING:**

Bob Hope, Architect, addressed the board about a change order proposal from Kerbs

Construction in the amount of \$2,530.00 for frost removal, visquene, and other weather related items.

**WANDA BORDEN MADE THE MOTION TO APPROVE THE CHANGE ORDER FROM KERBS CONSTRUCTION TO MAKE THE NECESSARY CHANGES UP TO \$2500.00. VERNON SCOTT SECONDED. MOTION PASSED EIGHT IN FAVOR AND LOIS NANNINI OPPOSED.**

Mr. Bob Hope distributed a schedule of finished items and color schemes to be used in the new building. He explained the construction techniques being used on the roof and stated it has a 10 year maintenance free guarantee and a 20 year guarantee on materials. He also explained the misunderstanding of the additional well equipment, which could not be designed until after the well was drilled. The cost of the additional equipment came to \$37,100.00 bringing the total cost of the well, including drilling and hydrologist fees to under \$70,000.00.

Further discussion of the well continued when Mr. Bill Petty gave his presentation.

Mr. Hope reported the progress of the building is going very well, and is being constructed to specifications.

Yvonne Stuart addressed the board concerning the window dressings, interior decoration and furniture. The cost for her services would be cost plus 10%. Mary Wright suggested to wait on

window dressings and interior decorations until after the move to see exactly what would be needed. A decision on the furniture needs will be discussed later in the meeting.

A short break was called at 10:20 A.M.

Called back to order at 10:35 A.M.

Mary Wright asked that a discussion of the "Board meeting time" be added to the Agenda, as there were no objections this item will be added.

CFC Loan Documents for the New Headquarters Facility in Wells:

Bob Vaughan joined the meeting at this time, each board member was required to sign a waiver of notice with appropriate wording required by REA and CFC concerning the CFC loan documents for the construction of the new headquarters facility in Wells.

The next matter to come before the meeting concerned a loan from the National Rural Utilities Cooperative Finance Corporation to provide long term financing for the construction of the headquarters facilities at Wells, Nevada. The loan documents were reviewed, and after consultation with staff members and the Cooperative Attorney, and a full discussion of the matter, on motion made by Director Ray Crawford, seconded by Director Claudia Wines, the following resolutions were adopted by a vote of 10 in favor and none against: Exhibit I

1. RESOLVED that the Cooperative borrow from the National Rural Utilities Cooperative Finance Corporation (CFC), from time to time as determined by the officers or proper persons designated by the board of directors of the Cooperative, an aggregate amount not to exceed \$1,218,280, 7% of which amount shall be used for the purchase of Capital Term Certificates of the series being issued by CFC at the time of the initial advance of loan funds on account of such loan; and

2. RESOLVED that the Cooperative construct an office building with approximately 15,000 square feet on a 20.96 acre site adjacent to the Cooperative's existing service center in Wells, Nevada as shall be approved by the Administrator of the Rural Electrification Administration or the Governor of National Rural Utilities Cooperative Finance Corporation, and as described in the Cooperative's application to CFC; and

3. RESOLVED that the president or vice-president of the Cooperative is authorized on behalf of the Cooperative to execute and deliver under its corporate seal, which the secretary is directed to affix and attest:

- (a) as many counterparts respectively as shall be deemed advisable of an agreement with United States of America, acting through the Administrator of the Rural Electrification Administration, substantially in the form of the REA loan agreement submitted to this meeting, and of the CFC loan agreement also substantially in the form submitted to this meeting; and

- (b) a promissory note or notes payable to the order of the National Rural Utilities Cooperative Finance Corporation, in the aggregate principal amount of \$1,218,280, bearing interest at the rate referred to therein and providing for the payment of the indebtedness evidenced thereby within 15 years after the date thereof, substantially in the form of the note presented to this meeting; and

4. RESOLVED that the officers of the Cooperative be, and each of them is authorized in the name and on behalf of the Cooperative, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purpose and intent of the foregoing resolutions.

Utah Public Service Commission approval is also required.

Mr. Bill Petty:

Mr. Bill Petty, Mechanical Engineer, addressed the Board concerning the geothermal well. He reported the average temperature was 90 - 91 degrees. The amount of water pumped depends on the setting of the bowls which are now set at 100' and will sustain 200 to 250 gallons per minute continuously. The systems 25 horse power pump has the ability to increase capacity if necessary. He estimated under normal operations, that between 10,000 to 100,000 gallons a day could be re-injected into the City water system. The water temperature re-injected into the City system could be set to approximately 60 to 80 degrees. Mr. Petty informed the board that the well exceeded his expectations as far as capacity, quality, and initial cost.

Dan Kessler asked Mr. Petty what needed to be done to pursue the feasibility of distribution of the well, the service center needs to be included and the possibility of expanding the well and its limitations. Mr. Petty will research the information needed and report back.

Mr. Petty and Mr. Hope then left the meeting.

AFTER A THOROUGH DISCUSSION DIRECTOR VERNON SCOTT MADE THE MOTION TO APPROVE THE ADDITIONAL COST OF \$37,100.00 FOR PUMPING EQUIPMENT AND PUMP HOUSE EXPANSION.

MARY WRIGHT SECONDED, MOTION PASSED UNANIMOUSLY.

WPPSS UPDATE:

Mr. Bob Vaughan updated the board and staff on the current WPPSS matters.

PINE VALLEY SERVICE:

Dan Kessler reported that the main construction of the Pine Valley line is completed, energization is scheduled for February 4th at 11:00 A.M. Invitations for the ceremony, to be held at the Bailey ranch, have been sent to Senators and Representatives, NRECA Officials, BPA, County Officials, etc. A pot luck type lunch will be served. Several TV stations from Salt Lake City and Las Vegas have expressed interest in filming the energization, RE Magazine was here the week of January 13th, USA Today News Service will be here next week.

A video made by NRECA showing the construction of the Pine Valley Project and interviews with Pine Valley residents was shown to the board.

Bob Vaughan discussed the legalities and liabilities concerning the Pine Valley phone system in regards to energization of the electrical lines. The Pine Valley residents have employed a phone line consultant to take necessary precautions to insure the safety of the system and reduce risks to a minimum. They have installed voltage drains on the line, and surge protectors in each individual home that has a telephone. Areas that one could reach up and touch the line will be looked at for

improvement. After a thorough discussion it was ON MOTION BY CLAUDIA WINES TO PROCEED WITH ENERGIZATION ASSUMING THE MINIMAL RISK TO THE PINE VALLEY PHONE LINE. MARY WRIGHT SECONDED, MOTION CARRIED UNANIMOUSLY.

A lunch break was called at 12:00 Noon.

Called back to order 1:15 P.M.

#### WENDOVER CLINIC:

Dan Kessler introduced Mr. Dale Callister and Mr. Glen Beck of the Wendover Medical Board. They discussed the Medical Clinic regarding the use of our facility. They want to use the building for a "specialty medical clinic". Several years ago the board of directors rented the building to the Medical Board for \$1.00 per year as it was a non-profit organization. They have done repairs, kept up the taxes and insurance on the building. A new roof is now needed on the building so the Medical Board requested that the \$1.00 per year be extended for the coming year, and they will complete the needed repairs on the roof. An option to buy the building if the board decides to sell was also requested.

Mr. Callister and Mr. Beck thanked the board for the consideration of this matter and left the meeting.

AFTER A THOROUGH DISCUSSION WANDA BORDEN MADE THE MOTION TO CONTINUE THE PRESENT RENTAL AGREEMENT WITH THE WENDOVER MEDICAL BOARD WHICH CALLS FOR \$1.00 A YEAR LEASE AND ALL TAXES AND INSURANCE COSTS PAID BY THE WENDOVER MEDICAL BOARD. WANDA BORDEN FURTHER MOVED THAT FIRST RIGHT OF REFUSAL BE GRANTED IF WE DECIDE TO SELL THE BUILDING WITHIN THE COMING YEAR OF THIS AGREEMENT FURTHER MOTION FOR BOB VAUGHAN TO DRAW UP AN AGREEMENT STIPULATING THE ABOVE MENTIONED ITEMS. FERRIS BROUGH SECONDED, MOTION PASSED UNANIMOUSLY. (Agreement Attached as Exhibit II).

#### Decoration of the Interior and Furniture Purchase for the New Building - Wells:

The staff has compiled a list of furniture requirements for each department. It was the consensus of the board to have the staff get bids from different reputable furniture suppliers and for presentations to be made to the board.

FERRIS BROUGH MADE THE MOTION TO HAVE THE STAFF COMPILE A LIST OF NEEDED FURNITURE, CONTACT SUPPLIERS FOR PROPOSALS, MAKE A PRESENTATION TO THE BOARD, AND HAVE FURNITURE ACQUISITION PUT OUT TO BID. MARY WRIGHT SECONDED, MOTION PASSED UNANIMOUSLY.

#### MANAGER'S REPORT:

Dan Kessler reported on the Manager's Seminar he attended in San Antonio, Texas

January 8, 9, 10, given by Tom Peters.

#### Telecommunications:

There has been no recent information received from the National Rural Telecommunications Council regarding an update on their progress, nor has the Cable Company returned letters or phone calls about the sale of their company.

#### Collections:

Dan Kessler reported that \$400.00 on last years write-offs have been collected, \$300.00 on small claims. Only one meter was pulled for non-payment last month, the eleven other consumers that received door knockers paid in full plus we collected \$220.00 in collection charges.

#### Metro Oil Suit:

In October of 1984 Metro Oil brought suit against us for low line voltage which they felt had interfered with their computer system. The suit was for \$27,000.00 but they settled for \$8,750.00 offered to them by Federated Insurance Company.

#### Senior Citizen Center:

Dan Kessler asked that consideration be given to deferring the facility charge to the Senior Citizens Centers.

RAY CRAWFORD MADE A MOTION TO DEFER THE FACILITY CHARGE TO THE SENIOR CITIZENS CENTERS AND ADD THEM TO THE DONATION POLICY. FERRIS BROUGH SECONDED, THE MOTION PASSED UNANIMOUSLY.

#### NRECA ANNUAL MEETING IN LAS VEGAS:

A list of accommodations and Pre-Conference Workshops were given to the board.

All the board members are planning to attend the NRECA Annual Meeting from

February 27th through March 5, 1986.

NRECA will be paying Warren Linnell and Gene Supp's fee to attend as first-aid administrators, they have also asked for someone to be Sergeant of Arms. This will be the last year that the Annual Meeting will be held in Las Vegas for several years, Vernon Dalton asked that the board consider having more of the staff attend. It was the consensus of the board that the entire staff attend.

#### Increases up from 1984:

Dan Kessler reported that kilowatt hour sales increased 44% in 1985, 112,012,754 compared to 77,657,302 in 1984. Total plant increased from \$16,611,570 to \$20,764,463, a 25% increase, and total consumers increased 14% from 3326 to 3778.

#### Phone System for the New Building:

Dan Kessler reported that himself, Ken Schlecht and Buddy Welsh had gone to Salt Lake for a presentation from Executone on the features of their phone system.

Ken Schlecht gave an in-depth presentation on the options for the phone system for the new headquarter facility. Bids on direct purchase were as follows: Executone was \$18,028.00, CP National Mitel System was \$22,132.31, Skaggs Telecommunications was \$20,341.00. On a lease Executone was \$437.00 per month for 5 years, CP National Mitel was \$872.85 per month for 3 years to then be renegotiated. All the features, system capacity, training, future capabilities and a radio system link to be purchased separately from Motorola were also discussed.

AFTER A THOROUGH DISCUSSION WANDA BORDEN MADE THE MOTION TO PURCHASE THE EXECUTONE TELEPHONE SYSTEM FOR \$18,028.00 TO BE INSTALLED IN THE NEW BUILDING.

CLAUDIA WINES SECONDED, MOTION PASSED UNANIMOUSLY.

A short break was called at 3:15 P.M.

Called back to order at 3:30 P.M.

BOARD COMMITTEE REPORTS:

There were no committee reports. A policy committee meeting was scheduled for February 10th at 1:00 P.M. to discuss the three remaining policies 4-1, 4-2 and 7-2. A financial committee meeting will have to be scheduled as soon as the fourth quarter budget information is available.

MEMBER SERVICES REPORT:

Dan Kessler complimented Paul Johnson and Don McDonald on the monthly employee newsletter.

Paul Johnson reported to the board on various marketing programs that will be implemented to benefit the entire membership. Weatherization, water heaters, heat pumps, etc.

Directors Conference:

Vernon Dalton reported on the Directors Conference he attended in San Antonio, Texas. He informed the board that it was the most informative conference he had attended. He had many suggestions to the board of how the members could be better served. He asked that before the next meeting that each director call eight different people and ask how the board could better serve the consumers, he also suggested that each board member be thinking of items they would like to discuss on the Agenda for the next meeting. It was suggested that more financial information be discussed during board meetings.

NEW MEMBERSHIPS:

VERNON SCOTT MADE THE MOTION TO ACCEPT 20 NEW MEMBERS: 6 IN WELLS, NEVADA; 6 IN CARLIN, NEVADA; 3 IN WENDOVER, UTAH; AND 5 IN WENDOVER, NEVADA. FERRIS BROUGH SECONDED, MOTION PASSED UNANIMOUSLY.

Meeting Time:

After a thorough discussion it was decided to leave the meeting time at 9:00 A.M.

MEETING ADJOURNED AT 4:25 P.M.

D. VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY