

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

AUGUST 15, 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 August 15, 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, Lois Nannini, Vernon Scott, Leslie Sharp, Claudia Wines and Mary Wright. Daryl Eriksen attended the afternoon session beginning at 1:00 P.M.

Present from the staff were Dan Kessler, Buddy Welsh, Clay Fitch, Warren Linnell, Paul Johnson and Diane Griswold.

CORRECTIONS TO THE MINUTES:

Corrections to the July 18 Minutes were noted and stand approved as written.

ADDITIONS TO THE AGENDA:

Wanda Borden requested Don Hewitt of Elko Cabinet be added upon his arrival from Elko for the morning session. There were no objections, he was added.

Dan Kessler requested that the Youth Energy Seminar participants be added at 1:00 P.M.. There were no objections.

Vernon Dalton requested that the Irrigation Rates be discussed. There were no objections, the discussion was added.

WPPSS UPDATE:

Bob Vaughan held an Executive Session in which he gave a report on the WPPSS Settlement.

BY-LAWS/POLICY CHANGES:

The next matter to come before the board concerns the matter of amending the By-Laws of the Corporation as to technical matters, and also to provide: (a) a reasonable prior residence requirement for a person to be nominated and elected to the Board of Directors to provide that persons elected are aware of local conditions as they relate to operations of the Corporation; (b) providing candidates for membership on the Board of Directors with sufficient information concerning the Corporation and the responsibilities and obligations of the directors, for the candidate to determine his or her willingness to serve as a director; and (c) providing candidates for Board of Directors with the right to approve the editing of their biographies. A proposed form of the amendment to the By-Laws had been prepared by counsel and was recommended by staff. After a thorough discussion of the matter, it was, on motion duly made and seconded, passed by a vote of 11 in favor and 0 opposed as follows:

"That ARTICLE III, Section 2, Subsection 3, regarding qualifications be amended by deletion of Subsection 3 in its entirety and in substitution thereof providing for a complete Subsection 3 as follows:

3. Qualifications:

(a) A directors must be of voting age, have been a bona-fide resident of the Corporation's service area for a continuous period of twelve (12) months prior to nomination, a member of the Corporation, or where a partnership, corporation, association or body politic is a member, then an officer, director, partner or manager of the local enterprise of said business, organization or body politic and not disqualified by virtue of the provisions hereinafter set out in this section.

(b) Employees of the Corporation are not eligible to be nominated, elected, or appointed to serve on the Board of Directors.

(c) Persons who have an outstanding account with the Corporation of more than ninety (90) days, or who have had an obligation to the Corporation written off as a bad debt, or who was a principal in the ownership of a company or entity, which company or entity has an outstanding account with the Corporation of more than ninety (90) days, or has had an obligation to the Corporation written off as a bad debt, are not eligible to be nominated, elected or appointed to serve on the Board of Directors.

(d) To be qualified for election and have his or her name placed on the ballot for election to the Board of Directors, or for a person to be appointed to fill a vacancy on the Board, any person nominated or to be appointed, but who has not previously served on the Board of Directors, shall be required to attend an informational workshop to be prepared and presented by the Company. The workshop shall be held on a date or dates selected by the Company, which shall be after the close of nominations and prior to first Friday in August of each year or at such time as the Directors set for a person to be appointed. Reasonable travel expenses of nominated persons or persons to be appointed, to attend the workshop shall be paid by the Company. Should the person nominated fail to attend the workshop, the person shall not be eligible for election or appointment, and said nominated person's name shall not appear on the ballot.

(e) To remain eligible as a director, and subject to the payment by the Corporation of his or her reasonable travel expenses, each director shall attend at least the programs offered by the National Rural Electric Cooperative Association, and be subject to the provisions as follows:

(i) A first term director will attend Institute 500.2 or its successor program regardless of designation during the first term in office.

(ii) After attending Institute 500.2 or its successor program, the first priority of a director shall be to attend sufficient 500 series institutes to obtain the Board Member's Certificate offered by NRECA's Management Services Department. Until the certificate is obtained, each director will be required to attend at least one institute or training seminar during each term they serve as a director. After obtaining the certificate, a director may attend a seminar or training program of his or her choice, however, attendance will not be required to maintain eligibility as a director.

(iii) Any director who has failed to fulfill the applicable requirements as above set out shall be deemed ineligible for nomination.

(iv) A director whose term is terminated by reason of his or her failure to fulfill the applicable requirements herein above set out shall not be eligible for re-election for a period of three (3) years.

That ARTICLE III, Section 10, Subsection 5 regarding biographies of candidates for election to the Board of Directors be amended by deletion of Subsection 5 in its entirety and in substitution thereof providing for a Subsection 5 as follows:

5. The nominating committee shall obtain necessary information from the nominees, and shall have

the right to edit the biographies of all eligible nominees, subject to the approval of each nominee as to his or her biography, in which biographies incumbent directors will be so identified, and submit the same for approval by the Board of Directors at the August meeting.

IT WAS ON MOTION BY VERNON SCOTT TO ACCEPT THE CHANGES PRESENTED BY BOB VAUGHAN ON ARTICLE III, SECTION 2, SUBSECTION 3 AND ARTICLE III, SECTION 10, SUBSECTION 5. THE MOTION WAS SECONDED BY LESLIE SHARP; MOTION PASSED UNANIMOUSLY.

Policy 1-3:

IT WAS ON MOTION BY WANDA BORDEN TO ACCEPT THE CHANGES OF POLICY 1-3 AS WRITTEN AND APPROVED BY THE POLICY COMMITTEE. THE MOTION WAS SECONDED BY FERRIS BOUGH; MOTION PASSED UNANIMOUSLY. * See attached Exhibit A.

Policy 7-2:

IT WAS ON MOTION BY WANDA BORDEN TO ACCEPT THE PROPOSED CHANGES ON POLICY 7-2, WITH THE ADDITION OF P. COMPANY VEHICLES, AND A LETTER CHANGE OF P TO Q, MISCELLANEOUS. THE MOTION WAS SECONDED BY VERNON SCOTT; MOTION PASSED UNANIMOUSLY. ** See attached Exhibit B.

Sexual Harassment Policy:

It was asked of Bob Vaughan by the Board of Directors to review the law and draft a form of policy to be adopted by WREC on Sexual Harassment. Mr. Vaughan presented a proposed policy to the board for their consideration. A discussion followed. The board decided to bring the proposed policy before the Policy Committee before taking any further action. It was also noted that if WREC adopts this policy, it will also have to make appropriate changes to Policy 7-2, Paragraph D (3), dealing with probation, termination and grievances and the labor agreement.

Interest on Past Due Accounts:

Letters were sent to the Board of Directors concerning Interest on Past Due Accounts from Bob Vaughan's office. Mr. Vaughan discussed with the board his opinions and recommendations. It was decided by the board to have the staff draft a policy and present it to the Policy Committee for consideration.

Rule 6:

Changes to Rule 6 were discussed regarding collection procedures. It was decided to present the changes discussed on Rule 6 to the Policy Committee for their consideration at September meeting.

Walk Through Energy Audits:

Bob Vaughan stated his opinions on walk through energy audits given by WREC as a courtesy to its members. He suggested doing away with the walk through audits due to legal ramifications that could follow. A discussion followed.

A break was called at 11:00 A.M..

Called back to order at 11:15 A.M..

DON HEWITT - ELKO CABINET:

Don Hewitt of Elko Cabinet gave the pro's and con's of the materials under consideration for the board table. Mr. Hewitt gave some suggestions on the blending of colors and designs. A thorough discussion followed. IT WAS ON MOTION BY WANDA BORDEN TO HAVE THE BOARD TABLE MADE OF CORIAN, ALMOND IN COLOR, WITH A ROUNDED TYPE OAK EDGE (DON HEWITT TO DECIDE THE DEPTH OF THE WOOD EDGE). LOIS NANNINI SECONDED THE MOTION. A thorough discussion followed. THE MOTION PASSED WITH EIGHT FOR AND ONE OPPOSED.

IT WAS ON MOTION BY MARY WRIGHT TO HAVE BURGUNDY COLORED UPHOLSTERED CHAIRS. THE MOTION WAS SECONDED BY LARRY BRADSHAW. A thorough discussion followed. THE MOTION PASSED WITH SEVEN FOR AND TWO OPPOSED.

IT WAS ON MOTION BY WANDA BORDEN TO PURCHASE 20 LAZY BOY CHAIRS WITH THE SHORT BACK AND OAK TRIM. THE MOTION WAS SECONDED BY LOIS NANNINI. A thorough discussion followed. THE MOTION PASSED WITH SEVEN FOR AND TWO OPPOSED.

IT WAS ON MOTION BY WANDA BORDEN TO PURCHASE A LONG TABLE IN THE SAME MATERIALS AS THE BOARD TABLE AND SIZE TO BE THE SAME AS THE CRADENDZA DRAWN ON THE PLANS. THE MOTION WAS SECONDED BY LOIS NANNINI. A discussion followed. THE MOTION PASSED WITH EIGHT FOR AND ONE OPPOSED.

Bob Vaughan was asked to stay for the afternoon session to partake in the discussion dealing with appliance sales, service, etc. under the Manager's Report.

A lunch break was called at 12:00 noon.

Called back to order at 1:00 P.M.

YOUTH ENERGY SEMINAR PARTICIPANTS:

A report was given by each of the Youth Energy Participants, Laura McIntosh of Wells High School, Brian Jardine of Wells High School, Jennifer Mierhoff of Carlin High School, represented NREA Youth Energy Seminar at Boreal Ridge, California. Cindy Shamblin and Thad Ballard, both of Wells High School, represented the UREA Youth Energy Seminar at Logan, Utah. A plaque was presented by Laura McIntosh and Brian Jardine to Dan Kessler on behalf of all the participants for planning, organizing and attending the Youth Energy Seminar at Boreal Ridge.

MEMBER SURVEY:

The figures regarding the implementation of certain services (i.e. appliance sales, electrical service, etc.) that were responded to on the Member Survey were reported on by the staff. Anti-Trust violations were discussed, along with other aspects that could affect Wells Rural Electric Company. Bob Vaughan suggested researching the legal ramifications more thoroughly. A thorough discussion followed.

BOARD REPORTS ON MEMBER CONTACTS:

Reports were given by board and staff members. Hand outs on Member Complaints and Member Comments were passed out to the board.

Vernon Dalton asked the board if there were any objections in sending to Ruralite WREC's Policy/Rules and Regulations Manual for their review. There were no objections.

QUARTERLY BUDGET REVIEW:

The 2nd Quarter 1987 budget was presented for review. A series of charts and reports were handed out and explained by the staff. The staff asked for the approval to hire a full-time meter reader/laborer for Carlin due to the work load in Carlin at the present time. VERNON SCOTT MADE THE MOTION TO HIRE A FULL-TIME METER READER/LABORER FOR CARLIN. LARRY BRADSHAW SECONDED THE MOTION; MOTION PASSED UNANIMOUSLY.

VERNON SCOTT MADE THE MOTION TO AUGMENT THE LAST TWO QUARTERS 1986 AND FIRST QUARTER 1987 AS PRESENTED IN THE BUDGET. THE MOTION WAS SECONDED BY LOIS NANNINI. A discussion followed. THE MOTION PASSED UNANIMOUSLY.

VERNON SCOTT MADE THE MOTION TO ACCEPT THE 2ND QUARTER 1987 AS PRESENTED. WANDA BORDEN SECONDED THE MOTION; MOTION PASSED UNANIMOUSLY.

Vernon Dalton complimented Dan and the staff on a job well done.

NEW OFFICE BUILDING:

The final documents were presented for signature approval. IT WAS ON MOTION BY RAY CRAWFORD TO APPROVE THE FINAL DOCUMENTS. THE MOTION WAS SECONDED BY LARRY BRADSHAW; MOTION PASSED UNANIMOUSLY.

A break was called at 3:00 P.M..

Called back to order at 3:15 P.M..

MANAGER'S REPORT:

WREC History:

Dr. Charles Greenhaw of Northern Nevada Community College in Elko is to contact Dan Kessler in regards to the documentation of the WREC History. Also Howard Hickson stated he did not have the staff for such an undertaking but gave some helpful advice. Rick Steber of Ruralite is sending a quote on compiling the history only; it has not arrived at this time.

BPA & WREC Meetings:

The Bonneville Power and WREC Meetings are scheduled for August 19, at 3:00 P.M. at the WREC office in Wells, Nevada. On August 20, Newmont Mining, BPA, and WREC are to meet at Newmont's Headquarters in Carlin, Nevada.

Collections Report:

A report regarding the collections procedure was handed out by staff and explained. A thorough discussion followed.

Election Committee:

Three members were appointed to the Election Committee to oversee the counting of the ballots. They are as follows: Lupe Gonzales - Wells, Marian Redmond Carlin, and Maria Johnson - Wendover. Alternates are as follows: Donna Bailey Pine Valley, Pauline Riorden - Jiggs-Lee, and Debbie Johns - Clover Valley.

DARYL ERIKSEN MADE THE MOTION TO ACCEPT THE APPOINTEES FOR THE ELECTION COMMITTEE. MOTION WAS SECONDED BY RAY CRAWFORD; MOTION PASSED UNANIMOUSLY.

NRTC Telecommunications:

A discussion was held on the NRTC Telecommunications proposal. The staff is to gather more information.

Region IX Meeting:

The Region IX Meeting is to be held in Portland, October 1-2. Those attending are: Larry Bradshaw, Ray Crawford, Mary Wright, Claudia Wines, Daryl Eriksen, Vernon Dalton, Leslie Sharp and Dan Kessler. The voting delegates are: CFC - Larry Bradshaw, and NRECA - Daryl Eriksen. There were no objections. The alternate is Mary Wright for CFC and Ray Crawford for NRECA. Daryl Eriksen is the voting delegate for the Director Election of Region IX.

Annual Meeting:

Those attending the 1987 Annual Meeting are: Larry Bradshaw, Ray Crawford, Ferris Brough, Daryl Eriksen and Mary Wright.

Informal Board Meeting.

The informal Board Meeting is to be held at Vernon Dalton's Ranch, August 22, at 10:30 A.M..

IT WAS ON MOTION BY FERRIS BROUGH TO BUY A 4H BEEF THIS YEAR. SECONDED BY RAY CRAWFORD; MOTION PASSED UNANIMOUSLY.

Bids for Geothermally Heated Sidewalk System:

Mr. Bill Petty is overseeing the bids for the sidewalk system. The bids are to be ready to be opened Thursday, 18th of September to be approved or not approved by the board in the September 19 Board Meeting.

Photovoltaics:

NRECA will send information to WREC on the photovoltaics.

Donation:

Wells Sports Club asked that WREC donate our services or power bill relief for the game locker they want to put up for hunting season. A thorough discussion followed. It was decided to gather more information before a commitment is made. IT WAS ON MOTION BY DARYL ERIKSEN TO TABLE THE DONATION REQUEST UNTIL FURTHER INFORMATION IS GATHERED ON THE SPECIFICS OF THE DONATION. THE MOTION WAS SECONDED BY CLAUDIA WINES. A discussion followed. THE MOTION PASSED UNANIMOUSLY.

Community Meetings:

The schedule for the community meetings is as follows:

September 3 Carlin 7:00 P.M. WREC office

September 4 Jiggs 6:00 P.M. Community Hall

September 9 Ruby Valley 7:00 P.M. Community Hall

September 10 Wendover 7:00 P.M. Stateline Casino

September 11 Wells 7:00 P.M. WREC office

CFC Loan:

The money was received from CFC for the new building loan. The short-term line of credit has been paid. Funds have been invested for the first time this year.

Policy Committee Meeting:

A date has been set for the Policy Committee Meeting that being September 10, at 9:00 A.M. to discuss the following: Sexual Harassment Policy, Policy 4-1, Policy 4-2, Policy 7-2, 12% Interest on Delinquent Accounts, and Policy on Safety.

Contracts Signed:

The contract was received from Bob Vaughan and signed by the City of Wendover. (Leasing of the Wendover Clinic).

Office Services Report:

A new report added to the agenda each month will be the Office Services Report.

Bi-Monthly Newsletter:

The Quarterly Newsletter has been changed to Bi-Monthly. This will provide better communications with the members. Paul Johnson gave a list of topics to be covered in each newsletter through the year.

BOARD COMMITTEE REPORTS:

Ferris Brough, Chairperson of the Director's Expense committee, gave a report on the Director's Expense meeting. IT WAS ON MOTION BY FERRIS BROUGH TO APPROVE COMMITTEE RECOMMENDATIONS REGARDING DIRECTOR EXPENSES FOR 2ND QUARTER 1987 BUDGET. THE MOTION WAS SECONDED BY RAY CRAWFORD; MOTION PASSED UNANIMOUSLY.

Mary Wright requested permission to attend the Director's Update in Denver on September 3,4,5. There were no objections.

PCB REPORT:

Transformers containing PCB were discussed.

ENGINEER/OPERATIONS REPORT:

The staff was approached by AMOCO requesting approximately 400 to 500 KW. AMOCO proposed \$11.11 per KW for the first five years. If AMOCO should shut down after five years, AMOCO will pay \$2,000.00 per year until the minimum is eliminated.

IT WAS ON MOTION BY VERNON SCOTT TO HAVE THE STAFF NEGOTIATE A CONTRACT WITH AMOCO AND SAID CONTRACT IS TO MEET WITH BOB VAUGHAN'S APPROVAL BEFORE

ACCEPTING AMOCO'S PROPOSAL. THE MOTION WAS SECONDED BY MARY WRIGHT; MOTION PASSED UNANIMOUSLY.

MEMBER SERVICES REPORT:

Model Conservation Standards:

BPA is mandating the Model Conservation Standards to all utilities they serve. Model Conservation Standards are suggestions from the Regional Power Council to BPA on ways to handle new construction of electrically heated homes. All utilities are to comply by January 1, 1987. A report will be received from BPA on how the utilities are to comply in October or November. If the utility does not comply, a 10% surcharge will be added to the wholesale power purchased from BPA commencing January 1, 1989. Paul Johnson gave a report on the compliance options.

Super Good Cents:

A report was given on Super Good Cents Program. Paul Johnson felt the program is going very well.

Irrigation System Efficiency Tests:

A report was given on the Irrigation System Efficiency Tests. Also there is a possibility of adding 10 more irrigation system efficiency test to the completed 12.

AWARE Group Meeting:

An AWARE Group Meeting was held August 6, at the WREC office. Topics discussed were: Orientation, Member Responsibility, and the Operations Department.

Dan Kessler and Paul Johnson felt this was a very good meeting. The next meeting will be Wednesday, October 15, at 6:00 P.M. in the Wells office.

IT WAS ON MOTION BY VERNON SCOTT TO ACCEPT 83 NEW MEMBERSHIPS; 27 IN WELLS, NEVADA, 23 IN CARLIN, NEVADA, 20 IN WENDOVER, UTAH AND 13 IN WENDOVER, NEVADA. THE MOTION WAS SECONDED BY CLAUDIA WINES; MOTION PASSED UNANIMOUSLY.

IRRIGATION RATES:

Vernon Dalton asked the staff to study the irrigation rate structure to analyze parity between large and small users before the 1987 season.

The meeting was adjourned at 5:00 P.M..

D. VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY