

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

APRIL 23, 1987

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in the Wells office and called to order April 23, 1987, 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, Jerry Parkin, Vernon Scott, Leslie Sharp. Mary Wright attended the afternoon session.

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

APPROVAL OF THE MINUTES:

The corrected minutes of the regular meeting held March 20, 1987, were noted and will stand approved as written.

ADDITIONS TO THE AGENDA:

Yvonne Stuart was added to the agenda. The presentation by Ray Bleak on the total WREC system will be added early in the next Board Meeting's (May 15, 1987) Agenda.

WAGE AND SALARY UPDATE:

John Mashaw of NRECA gave an update on the Wage and Salary Study being done for WREC. A question and answer period with a thorough discussion followed.

IT WAS ON MOTION BY FERRIS BROUGH TO HAVE JOHN MASHAW OF NRECA REVIEW THE BOARD OF DIRECTORS PER DIEM AND COMPENSATIONS AND TO BE INCLUDED IN THE WAGE AND SALARY STUDY. THE MOTION WAS SECONDED BY WANDA BORDEN. A discussion followed. THE MOTION PASSED UNANIMOUSLY.

BOARD COMMITTEE DATES:

Financial Advisory and Policy Committees will meet July 16, 1987, at 10:00 A.M., at which time John Mashaw of NRECA will make the final presentation of the Wage and Salary Study. All board members are urged to attend.

The Financial Committee will meet Monday, May 11, 1987, at 10:00 A.M. to discuss the budget. Again, all board members are urged to attend.

BOARD/STAFF REPORTS ON MEMBER CONTACTS:

Member Contacts made this month were discussed. It was noted that follow-up contacts have been made by Staff. The Office Payment and Comments/Questions reports were passed out to the board for their review.

YVONNE STUART, VAN THIEL INTERIORS:

Yvonne Stuart of Van Thiel Interiors gave suggestions for window dressings for the board room.

After a discussion, IT WAS ON MOTION BY LOIS NANNINI TO PURCHASE VEROSAL BLINDS (VERO-OPAQUE) SANDLEWOOD COLOR, WITH SIDE DRAPES AND TIE-BACK (COMMANDER - NEW FRONTIERS COLLECTION). THE MOTION WAS SECONDED BY LARRY BRADSHAW. A discussion followed. THE MOTION PASSED UNANIMOUSLY.

IT WAS ON MOTION BY DARYL ERIKSEN TO ACCEPT YVONNE STUART'S BID OF \$1,625.00 PLUS TAX FOR THE VEROSAL BLINDS SIDE DRAPES WITH TIE-BACKS AND INSTALLATION. THE MOTION WAS SECONDED BY VERNON SCOTT. A discussion followed. THE MOTION PASSED UNANIMOUSLY.

A break was called at 10:30 A.M. Called back to order at 10:45 A.M.

CATHY IGOA/CHINATOWN MOTEL:

A letter received from Cathy Igoa of Chinatown Motel was reviewed by the board. Mrs. Igoa requested another postponement of the impending disconnect of the Chinatown Motel (waiting upon financing through First Interstate Bank). No action was taken by the board. Upon the immediate notification of the disconnect, Mrs. Igoa asked to address the board. The request was granted. After a thorough discussion, no action was taken.

PETTY & ASSOCIATES GEOTHERMAL STUDY:

A thorough discussion was held on the preliminary Geothermal Study proposed by Bill Petty of Petty & Associates at the March 20, 1987 Board Meeting. IT WAS ON MOTION BY VERNON SCOTT TO HAVE PETTY & ASSOCIATES BEGIN THE PRELIMINARY FEASIBILITY STUDY FOR GEOTHERMAL POTENTIAL OF THE WELLS RURAL ELECTRIC SYSTEM. THE PROPOSED AMOUNT IS \$7,500.00. THE MOTION WAS SECONDED BY WANDA BORDEN. A discussion followed. THE MOTION PASSED UNANIMOUSLY.

MANAGER'S REPORT:

Dan Kessler reported on the meeting with Jerry Canning and Reeve Fagg of Sierra Pacific Company. Topics of discussion reviewed were: the increase of capacity in Carlin for the Newmont Gold Mine, Jiggs/Lee projected capacity needs, Rain Project, 10 KW Sprint Site, and the Sierra Pacific's Midas application revision.

Newmont Gold Mine has requested an increase of capacity to serve the mine. (By January 1, 1989, Newmont would like the load increased to 31 MW, at the present time the load capacity is 10 MW with a penalty at 12 MW). Bonneville Power Administration has been notified of the request for additional power. At this time, Newmont Gold would like to amend the present contract and increase the power capacity from a penalty of 12 MW to a 16 MW penalty. This will put WREC near the 20 MW limitation contracted with Bonneville Power through the Carlin substation. A draft of the proposed new contract was presented to the board for their review.

An update of the Nevada Rural Electric Association meeting held in Carson City March 24, 1987 was given by Dan Kessler. NREA was successful in getting two pieces of legislation on Tort Reform and one on Takeovers and Sellouts introduced.

The new lease between Wells Rural Electric and the City of Wells (old building) was presented for signatures. Mayor Mike Nannini requested approval to allow a Chiropractor to use office space within the old WREC building once a month. IT WAS ON MOTION BY VERNON SCOTT TO APPROVE THE NEW LEASE AGREEMENT AND ALLOW THE CHIROPRACTOR USE OF OFFICE SPACE WITHIN THE BUILDING. THE MOTION WAS SECONDED BY JERRY PARKIN. THE MOTION

PASSED UNANIMOUSLY.

The Collection Report will appear as an Agenda item following the Office Services Report.

The areas of weakness reported in our financial audit were explained and what corrections are being made.

WREC's investments in CFC Commercial Paper were reported.

A request from RECNET to join their organization was received. It was asked that the request for membership be tabled until after the Annual Meeting. Jack Wood of NRECA will be speaking on this at the Annual Meeting and at that time questions can be asked.

A donation request of \$150.00 was received from the Wells Chamber of Commerce to offset expenses for the Pony Express Race (North American Pony Express Championship). IT WAS ON MOTION BY LOIS NANNINI TO DONATE \$150.00 TO THE WELLS CHAMBER OF COMMERCE FOR THE NORTH AMERICAN PONY EXPRESS CHAMPIONSHIP. THE MOTION WAS SECONDED BY DARYL ERIKSEN. THE MOTION PASSED UNANIMOUSLY.

Dan Kessler and Warren Linnell will meet with Hector Perez of the Federal Energy Regulatory Commission in Washington, D.C. Monday afternoon, April 27, 1987 regarding the Hydro relicensing.

The General Manager and Board of Directors received an invitation from Bonneville Power Administration to meet with Jim Jura, BPA Administrator, May 28, at 9:00 A.M.

U.S. Department of Agriculture/REA Form 268 was presented for signatures.

The Union Contract (Outside Facilities Unit Agreement) was presented for signatures.

A schedule update was given for those attending the Legislative Conference held in Washington, D.C. April 27 - 29.

The Annual Report and the Kid's Report were handed out to the board. It was noted that an excellent job by all departments was done in putting together the reports.

BY-LAW AMENDMENT:

The next business to come before the meeting concerned amendment of the By-Laws to provide, in appropriate cases, indemnity for officers, directors, employees and agents in the event of claims and lawsuits. A proposed By-Law addition prepared by counsel was considered. After a thorough discussion of the matter it was ON MOTION BY DIRECTOR WANDA BORDEN, SECONDED BY DIRECTOR LOIS NANNINI, PASSED BY A VOTE OF NINE IN FAVOR AND 0 OPPOSED, as follows:
*SEE EXHIBIT 1.

WPPSS UPDATE:

Bob Vaughan has sent a recap on the cases filed regarding WPPSS to all the board members. Correspondence received from BPA regarding the two Nuclear Projects I and 3 was shared with the board.

A lunch break was called at 1:00 P.M. Called back to order at 2:00 P.M..

POLICY COMMITTEE MEETING:

A report was given by Mary Wright, Chairperson for the Policy Committee, on the meeting held Monday, March 20, 1987. Changes to the By-Laws and Policy 7-2 were presented to the board for approval. The Committee recommended that no action be taken on the proposed By-Law change regarding director absences from board meetings. No action was taken. The next business to come before the meeting concerned the amendment of the By-Laws of the corporation to provide a requirement that persons elected or appointed to the board of directors, who have not previously served on the board, be required to attend an orientation workshop to remain qualified to continue service on the board of directors. After due discussion and consideration of the matter, and upon advice of counsel, IT WAS MOVED BY DIRECTOR MARY WRIGHT, SECONDED BY DIRECTOR WANDA BORDEN, AND PASSED BY A VOTE OF 10 IN FAVOR AND 0 OPPOSED as follows:

RESOLVED: That Section 2 of Article III of the By-Laws of the corporation be amended by adding thereto a subsection (f) as follows:

(f) To remain eligible to continue to serve as a director, and subject to payment by the corporation of his or her reasonable travel expenses, each newly elected or appointed director, who has not previously served on the board of directors of this corporation, shall attend a directors orientation workshop to be prepared and presented by the corporation and designed and planned to orientate the newly elected or appointed director as to the operations of the corporation and as to matters a director should be informed relating to a director's duties and responsibilities. The directors orientation workshop will be presented within three months from the date of the directors election or appointment. Should a newly elected or appointed director fail to attend the directors orientation workshop, said director's term of office shall thereby terminate, creating a vacancy in the office, which shall be filled pursuant to the provisions of the By-Laws of the corporation.

The next business to come before the meeting to be discussed were the proposed changes to Policy 7-2, which are as follows:

Page 76, F-2, last paragraph, first sentence:

Replace the words scheduling, only with the word accrual. IT WAS ON MOTION BY

WANDA BORDEN TO ADOPT THE PROPOSED CHANGE AS STATED. THE MOTION WAS SECONDED BY LESLIE SHARP; MOTION PASSED UNANIMOUSLY:

Page 77, H, last paragraph:

After a thorough discussion, IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY LARRY BRADSHAW AND PASSED UNANIMOUSLY TO DELETE THE LAST PARAGRAPH UNDER H. SICK LEAVE ON PAGE 77, which read as follows: Should an employee whose disability extends beyond his accumulated sick leave his/her case shall be reviewed by the Board of Directors and General Manager.

Page 78, M - Group Hospitalization and Life Insurance Plan:

M. Employee Insurance Plan: The Company shall pay 90% of the premium for a voluntary group medical plan offered by NRECA with the employee paying 10% if he/she elects to be covered by the medical insurance. The Company shall also provide basic life insurance, long term disability, short term disability and accident insurance.

Employees who retire under the Company's retirement plan shall be offered medical insurance at the same rate as active employees.

Upon recommendation of the Policy Committee, IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY LOIS NANNINI, AND PASSED UNANIMOUSLY TO ADOPT THE PROPOSED CHANGE ON PAGE 78, M. EMPLOYEE INSURANCE PLAN.

Page 78, N - Retirement Plan:

1. The company maintains for its regular and full time employees a NRECA retirement plan which is available after the employee serves the prescribed waiting period of the plan.
2. The Retirement Plan has Uniform Benefit of 1.6% of the Participant's Final Average Effective Salary for each year of Benefit Service. The employee shall contribute 4% of their base salary for the Plan and the Company shall contribute the remaining cost.

After a discussion, IT WAS ON MOTION BY MARY WRIGHT TO ADOPT THE CHANGES PROPOSED ON PAGE 78, N. RETIREMENT PLAN. THE MOTION WAS SECONDED BY VERNON SCOTT. THE MOTION PASSED UNANIMOUSLY.

Page 78, O - Retirement Age:

1. Employees will be eligible to retire under the Company's Retirement Plan at the earlier of completing 30 years of Benefit Service or attainment of age 62.
2. All employees are encouraged to investigate the joint benefits from their retirement and the social security program.
3. (delete)

IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY LESLIE SHARP AND PASSED UNANIMOUSLY TO ADOPT THE PROPOSED CHANGE ON PAGE 78, O - RETIREMENT AGE.

Page 79, Q, 2:

2. Transportation while on Company business will be in Company vehicles whenever possible and practical. The use of personal vehicles is subject to management approval. When the use of personal vehicles has been approved, the employee shall be reimbursed at the highest rate per mile allowed by the Internal Revenue Service. IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO ADOPT THE PROPOSED CHANGES ON PAGE 79, Q.2.

The next business to come before the meeting concerned the matter of proposing amendments to the Articles of Incorporation to be presented to the membership at the next Annual Meeting. After a thorough discussion of the matter, upon advice of counsel and ON MOTION DULY MADE BY DIRECTOR MARY WRIGHT AND SECONDED BY DIRECTOR JERRY PARKIN, IT WAS PASSED BY A VOTE OF 10 IN FAVOR AND 0 AGAINST, as follows: * EXHIBIT II.

The 1987 Adoption Agreement was presented for signatures. IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY WANDA BORDEN AND PASSED UNANIMOUSLY TO ADOPT THE 7/1 7 ADOPTION AGREEMENT RESOLUTION. *EXHIBIT 111.

OFFICE SERVICES REPORT:

The Collection Report was discussed. Also discussed was the Utah State Tax.

SAFETY MINUTES:

IT WAS ON MOTION BY LARRY BRADSHAW TO APPROVE THE SAFETY MINUTES OF MARCH 9, 1987. THE MOTION WAS SECONDED BY LESLIE SHARP; MOTION PASSED UNANIMOUSLY.

ENGINEERING/OPERATIONS REPORT:

The Heritage Motel in Wendover hazard has been corrected and re-energized. Also The Garth Stewart hazard in Wendover was reported. The Stateline transformer relocation and re-energization has been accomplished. The old transformers have to be removed.

Clint Mills, Meter Reader/Laborer, is replacing Walt Soper as an Apprentice Lineman on the Wells crew. The position for Meter Reader/Laborer in Carlin is open.

OUTAGE REPORT:

The new format for the outage report was explained.

MEMBER SERVICES REPORT:

The upcoming Annual Meeting, Scholarship Program and Youth Energy Seminars were discussed.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT TO ACCEPT 92 NEW MEMBERSHIPS: 17 IN WELLS, NEVADA; 20 IN CARLIN, NEVADA; 30 IN WENDOVER, NEVADA; AND 25 IN WENDOVER, UTAH. THE MOTION WAS SECONDED BY RAY CRAWFORD; MOTION PASSED UNANIMOUSLY.

The meeting adjourned at 3:00 p.m.

D. Vernon Dalton, President

Wanda Borden, Secretary