

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

JULY 17, 1987

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in the Wells office and called to order July 17, 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, Jerry Parkin, Vernon Scott, Leslie Sharp, and Mary Wright. Lois Nannini was not present.

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

APPROVAL OF THE MINUTES:

The minutes of the regular meeting held May 15, 1987, will stand approved as written. The minutes of the Special Meeting held July 7, 1987, will stand approved as written.

NOMINATING COMMITTEE REPORT:

The Nominating Committee Report was presented to the Board. Elaine Swanson, Chairperson, stated the names of the approved nominees in the order they will appear on the ballot, those being: Virginia Barredo, Vernon Dalton incumbent, Mary Wright - incumbent, Lois Nannini - incumbent, Ray Crawford incumbent, Jesse Sharp, Walter Herr, and Gerald Anderson. IT WAS ON MOTION BY LARRY BRADSHAW, SECONDED BY JERRY PARKIN, AND PASSED UNANIMOUSLY TO ACCEPT THE NOMINEES AS LISTED IN THE NOMINATING COMMITTEE REPORT.

WAGE AND SALARY PROPOSAL:

A report was given by Vernon Scott, Chairman of the Financial Advisory Committee. The Wage and Salary Proposal, prepared and presented by John Mashaw of NRECA to the Financial Advisory Committee, was recommended to the Board for approval by the Committee. A thorough discussion followed. IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY LESLIE SHARP, AND PASSED UNANIMOUSLY TO APPROVE THE WAGE AND SALARY PROPOSAL AS PRESENTED, INCLUDING THE APPROPRIATE CHANGES TO POLICY 7-1. FOR THE PERIOD OF JULY 1, 1987 THROUGH JUNE 30, 1988.

The Board commended John Mashaw on the excellent job done in the preparation of the proposal.

MEMBER CONTACTS:

Member Contacts made this month were discussed. Office Payment record and Questions/Comments sheet were passed out to the Board. A recap and graph of customer payments were also handed out. Also discussed was the employee survey recently taken. Each department head gave a survey to their employees to find out how informed the employees are about the Company and to better know what direction to take in educating the employees about key areas of the Company.

MANAGER'S REPORT:

A report was given by Dan Kessler on the North East Nevada Development Authority, NENDA,

meeting held July 16. The Council of NENDA requested that WREC consider making a donation to NENDA to help Elko County in economic development. Vernon Scott reported on the financial status of NENDA and how the monies were to be spent from collected donations. Dan will have a report each month of the proceedings of NENDA for the Board. IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY WANDA BORDEN TO DONATE \$15,000.00 TO THE NORTH EAST NEVADA DEVELOPMENT AUTHORITY. A discussion followed. IT WAS ON MOTION BY LESLIE SHARP, SECONDED BY FERRIS BROUGH TO AMEND THE MOTION TO \$5,000.00; THE MOTION TO AMEND THE MOTION PASSED UNANIMOUSLY. Additional discussion followed. IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY JERRY PARKIN TO AMEND THE MOTION TO \$3,000.00; THE MOTION TO AMEND THE MOTION PASSED UNANIMOUSLY. THE MOTION AS AMENDED PASSED UNANIMOUSLY.

An Election Committee was selected for the upcoming Board of Directors election. They are as follows: Judy Bradshaw, Carlin; Patsy Tomera, Carlin; and Shirley Garrett, Deeth. The alternates are Ethel Scott, Carlin and Elaine Swanson, Wells. IT WAS ON MOTION BY WANDA BORDEN, SECONDED BY FERRIS BROUGH AND PASSED UNANIMOUSLY TO APPROVE THE ABOVE PEOPLE TO SERVE ON THE ELECTION COMMITTEE.,

Leslie Sharp thanked the Board, staff, and employees for a job well done on the line extension to Woodpecker Hall. It was very much appreciated by the people in Ruby Valley.

Lockers have been ordered for the ladies restrooms. Also brought to the Board's attention was the trial 1 1/2 hour lunch for all employees if they come in to work at 7:30 A.M. to get a full 8 hour day in. The longer lunch provides the employee time to exercise, etc. if they desire.

The Form 7 was discussed as well as management answering questions asked. Office Services department is reviewing and updating all history records.

The students participating in the Youth Energy Seminars will be attending the August Board Meeting to give a presentation. This year's NREA Youth Camp went very well.

CFC rates were reported.

The Nevada Public Service Commission has answered the letter sent regarding the Clover Valley petition signed. CP National does have the territory to serve Clover Valley and that unless an agreement was reached between CPN and someone else willing to serve Clover Valley that CPN would have all rights to serve. Dan Kessler contacted Glen Chrysler, Manager of CPN, regarding the upgrades to that area. Mr. Chrysler stated that the Clover Valley residents need to make a request for service upgrade and facility improvements will be made. It was requested that a letter be written requesting the service upgrade for Clover Valley.

Break was called 10:45 A.M. Called back to order 11:00 A.M..

MANAGER'S REPORT CONTINUED:

Investments made were reported.

NRECA's Retirement, Safety and Insurance department has done an excellent job in investing payments made on the Pension Fund and the Health Benefits. The Pension Fund could be paid up through 1988 and will require no Company or employee payments be made until further notice is given. It was suggested that the Board approve not to deduct the 4% employee contribution to that fund until further payments are necessary. A thorough discussion followed. A MOTION WAS MADE BY VERNON SCOTT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO CEASE

DEDUCTING THE EMPLOYEES CONTRIBUTION TO THE PENSION PLAN AND HAVE THE EMPLOYEES SIGN AN AUTHORIZATION STATING THEIR KNOWLEDGE AND UNDERSTANDING OF THE SAID ACTION UNTIL FURTHER NOTICE FROM NRECA REQUIRING PAYMENTS TO BE DEDUCTED AGAIN.

January 1, 1988, a credit will be received from the investments made from the Health Plan contributions. There were no objections to continue collecting the employee portion of the health costs and make the appropriate adjustments when the credit appears. A formula needs to be figured on the years the credit existed and amount contributed by Board and employees before an adjustment can be made.

The 401k Optional Savings Plan was presented to the Board by Buddy Welsh. A question and answer period followed with a thorough discussion. It was noted that in order for the 401k Plan to become effective a 70% participation among employees must be present or the Company can contribute 1% of the employee's gross wage. IT WAS ON MOTION BY WANDA BORDEN, SECONDED BY RAY CRAWFORD AND PASSED UNANIMOUSLY FOR WELLS RURAL ELECTRIC COMPANY TO CONTRIBUTE 1% OF THE EMPLOYEE'S GROSS SALARY, FROM SEPTEMBER 1, 1987 THROUGH JUNE 30, 1988, TO BRING THE 401K PLAN INTO EFFECT, AND TO SIGN THE 9/1/87 ADOPTION AGREEMENT 11. IT WAS ON MOTION BY LARRY BRADSHAW, SECONDED BY DARYL ERIKSEN AND PASSED UNANIMOUSLY TO SIGN THE 9/1/87 ADOPTION AGREEMENT II RESOLUTION. The plan will be reviewed again prior to June 1988. It was the consensus of the Board to let each employee decide how his/her 1% the Company contributes will be invested. *See Exhibit 1.

Mark Stanton of Petty & Associates will attend the August Board Meeting with an update on the Geothermal Feasibility Study.

50 \$3.00 tickets (child admission) were received asking for a donation of \$150.00 for the Shriners Circus. IT WAS ON MOTION BY LESLIE SHARP, SECONDED BY RAY CRAWFORD AND PASSED UNANIMOUSLY TO DONATE \$150.00 TO THE SHRINERS CIRCUS. The tickets are to be divided among the 3 area offices on a first come first serve basis for member/owners (not more than 2 tickets per family to be given out).

Region IX Meeting will be held in Spokane, Washington on September 22 - 24. Pre-meeting workshops will be given on September 20 - 21. The cut-off date for reservations is August 20. Those interested in attending are Vernon Dalton, Wanda Borden, Daryl Eriksen, Ferris Brough, Larry Bradshaw, Vernon Scott, Jerry Parkin, Dan Kessler and Warren Linnell.

Wanda Borden requested to attend the 5:10 Course offered in Homer, Alaska. There were no objections. .

A pre-retirement course "The Challenge of Retirement" will be offered to employees and directors over 50 years of age August 25, from 8:00 A.M. to 4:45 P.M., at the Wells office. Spouses are urged to attend also.

Several bill stuffers were reviewed by the Board.

BPA's Joint Committee on Anniversary Celebration (BPA was created and the Bonneville Dam dedicated 50 years ago) requested WREC nominate some people for recognition. The two nominated were Vernon Dalton and Gene Supp.

A letter was received from Ross Dohlen, Manager of Valley Electric Association, President of the Nevada Rural Electric Association, to bring before the Board the possibility of a By-Laws Workshop

presented by Bill Crisp for all directors and management staff in Nevada, Utah and California. The estimated expenses would be \$300.00 not to exceed \$500.00 per cooperative. The Board would be interested in attending. Reno is being considered due to the central location.

A Directors Update Course is offered in Gold Beach, Oregon on August 5.

Employee/Director Picnic will be held July 31. The offices will close at 3:00 P.M. that afternoon.

Reeve Fagg of Sierra Pacific Company contacted management in regard to the areas that have been under consideration. Those areas being; service to the 10 KW U.S. Sprint site, wheeling rate established to serve the Rain Project of Newmont Mining, and negotiations on WREC's request for an increase of capacity in wheeling to the Jiggs/Lee line. Mr. Fagg stated that a letter will be sent stating their proposals. This will be reviewed further at the August Board Meeting.

Sierra Pacific and Bonneville Power Administration will meet July 22, 1987 in regard to BPA's negotiations for a larger block of power (25 MW with a minimum of 20 MW) that is needed. Further discussion will be held during the August Board Meeting.

Western Power is trying to construct an intertie down through Idaho to Arizona to sell co-generation and small renewable resource power. It appears the potential route could go through the Wells area.

A discussion was held on whether or not WREC should become involved in NRTC's rural TV packaging, C Band dish sales, etc.. Management felt that more information was needed before any commitment be made.

Delbert and Linda Zunino, Jiggs, Nevada, sent a letter stating their appreciation of prompt, efficient and friendly service provided to them by WREC during an outage on the night of July 2.

The agreement with the City of Wells on the geothermal well needed Vernon Dalton's signature. Agreement was signed.

An Orientation Program needs to be scheduled per policy after the Board approves director nominations and prior to the 1st Friday in August. The Board approved management to schedule and set up the Orientation Program.

A discussion was held on a mandatory training program to be attended by the newly elected directors that should be implemented. It was suggested that Bob Vaughan make some recommendations to be considered by the Policy Committee at their next meeting. Also suggested was a time limit should be applied to the training session.

A lunch break was called at 12:30 P.M. Called back to order at 1:30 P.M..

BOARD COMMITTEE REPORTS:

Daryl Eriksen, Chairman of Member Relations and Area Development Committee, will have a report for the next board meeting. It was noted that Dan Kessler was accepted to serve on the NENDA board.

WPPSS UPDATE:

An Executive Session was requested and granted.

COLLECTION REPORT:

The Collection Report was reviewed and discussed. Some potential irrigation disconnects were brought to the attention of the Board. It was the consensus of the Board to adhere to policy.

OFFICE SERVICES REPORT:

CFC short-term line of credit (\$2,000,000.00) forms were sent back for the Board Secretary's signature and the seal stamped upon it. The Board approved the signature and seal.

CFC Maintenance Renewal and Replacement Report was brought before the Board for signature approval. IT WAS ON MOTION BY WANDA BORDEN, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE THE CFC MAINTENANCE RENEWAL AND REPLACEMENT REPORT.

SAFETY MINUTES:

WREC passed the Safety Accreditation inspections.

IT WAS ON MOTION BY LARRY BRADSHAW, SECONDED BY LESLIE SHARP AND PASSED UNANIMOUSLY TO APPROVE THE JUNE SAFETY MINUTES.

The Hot Line School held July 14-16 in Wells went very well. About 50 linemen from four states enrolled.

PCB REPORT:

WREC is ahead of schedule for shipping transformers containing PCBs. WREC has 2 dozen transformers left to ship.

HYDRO REPORT:

The exciter has been rewound and the hydro will be operational before July 31. A trip to the Hydro for all Board members interested is scheduled for July 31 at 1:00 P.M. (meet at the Wells office).

NEW MEMBERSHIPS:

IT WAS ON MOTION BY RAY CRAWFORD, SECONDED BY LARRY BRADSHAW AND PASSED UNANIMOUSLY TO APPROVE THE 81 NEW MEMBERSHIPS: 13 - WELLS; 18 - CARLIN; 27 - WENDOVER, NEVADA; AND 23 - WENDOVER, UTAH.

BOARD RETREAT:

IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY LESLIE SHARP AND PASSED UNANIMOUSLY TO HOLD THE BOARD RETREAT AT SUN VALLEY, IDAHO. Board members are to meet Friday, August 7, at 1:00 P.M.. The meeting will adjourn Saturday afternoon, August 8.

The Board and Staff Retreat discussion will be tabled for a later date.

BOARD COMMITTEE DATES:

Financial Advisory Committee (all board members are urged to attend) is scheduled for August 14, at 9:00 A.M., with the Policy Committee meeting immediately after.

The meeting adjourned at 3:00 P.M..

D. Vernon Dalton, President

Wanda Borden, Secretary