

**A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF WELLS RURAL ELECTRIC
COMPANY**

SEPTEMBER 9, 1987

A special meeting of the Board of Directors of Wells Rural Electric Company was held in the Wells office and called to order September 9, 1987, at 9:00 A.M. The meeting was presided over by President Vernon Dalton.

Directors present were Larry Bradshaw, Ferris Brough, Ray Crawford, Vernon Dalton, Daryl Eriksen, Lois Nannini, Jerry Parkin, Vernon Scott, Leslie Sharp, and Mary Wright. Wanda Borden was not present.

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

APPROVAL OF MINUTES:

IT WAS ON MOTION BY LARRY BRADSHAW TO APPROVE THE MINUTES OF THE REGULAR MEETING HELD AUGUST 21, 1987, AS WRITTEN. THE MOTION WAS SECONDED BY LESLIE SHARP; MOTION PASSED UNANIMOUSLY.

ADDITIONS TO THE AGENDA:

It was requested that the old office building be added to the agenda. There were no objections; it was added.

POWER REQUIREMENTS STUDY:

The Power Requirements Study (PRS) was handed out to the Board for review. A summation of the report was given by Ken Schlecht, with a question and answer period following. A discussion was heard. A Power Requirements Resolution was presented to the Board for approval and signature. IT WAS ON MOTION BY RAY CRAWFORD TO APPROVE THE POWER REQUIREMENTS STUDY RESOLUTION. THE MOTION WAS SECONDED BY LARRY BRADSHAW; MOTION PASSED UNANIMOUSLY. * See Exhibit 1.

FINANCIAL FORECAST:

Financial Forecast comparison sheets for 1984 through 1986 and 1987 through 1989 were handed out for Board review. A report was given by Dan Kessler on the Ten Year Financial Forecast, with a question and answer period following. During the discussion, it was requested by the Board that staff obtain information in regard to the optimum equity level desired by lending institutions other than REA. Also during discussion, it was recommended by management that rates not be increased at this time, but observed closely. The financial outlook for the next two years is very good. A Ten Year Financial Forecast Resolution was presented to the Board for approval and signature. IT WAS ON MOTION BY MARY WRIGHT TO APPROVE THE TEN YEAR FINANCIAL FORECAST RESOLUTION. THE MOTION WAS SECONDED BY VERNON SCOTT; MOTION PASSED UNANIMOUSLY. ** See Exhibit II.

TELEPHONE VERSUS ALTERNATE COMMUNICATIONS:

A report was given by Warren Linnell in regard to alternate communications, such as microwave or radio systems, to accomplish reduced costs for data transmission. A Summary of Monthly Telephone

Charges and Potential Savings table and Comparison of Cost table was handed out to the Board for their review. A question and answer period followed with a discussion. Permission was requested by management to request bids for data communication systems to bring before the Board. IT WAS ON MOTION BY DARYL ERIKSEN TO REQUEST BIDS FOR DATA COMMUNICATION SYSTEMS. THE MOTION WAS SECONDED BY VERNON SCOTT. Further discussion followed. THE MOTION PASSED UNANIMOUSLY.

A recess was called at 10:00 A.M.

The meeting was called back to order at 10:15 A.M..

SIERRA PACIFIC COMPANY WHEELING AGREEMENTS:

U.S. Sprint Site: A report was given by Warren Linnell and Ken Schlecht in regard to the proposed wheeling agreement between Sierra Pacific Power Company and WREC. A discussion followed. It was suggested to have Bob Vaughan, WREC attorney, draw up a contract for the wheeling agreement. IT WAS ON MOTION BY DARYL ERIKSEN TO HAVE BOB VAUGHAN DRAW UP A CONTRACT FOR THE U.S. SPRINT WHEELING AGREEMENT BETWEEN WELLS RURAL ELECTRIC AND SIERRA PACIFIC POWER COMPANY. THE MOTION WAS SECONDED BY JERRY PARKIN; MOTION PASSED UNANIMOUSLY.

Rain Project: A report was given by Dan Kessler on the proposed wheeling agreement between Sierra Pacific Power Company and WREC in regard to the Rain Project. A discussion followed.

OLD WREC OFFICE BUILDING:

A discussion was heard regarding occupancy of the Police Department in the old WREC building. Several members in the neighborhood of the old building have complained about the prisoners being held there due to the language and actions that are observed by the children and the police speeding from the parking lot when called out etc.. Also discussed was the building being on the market for sale. IT WAS ON MOTION BY DARYL ERIKSEN TO NOTIFY THE CITY OF WELLS BY LETTER THAT THE BOARD IS EXERCISING THE 60 DAY TERMINATION CLAUSE OF THE LEASE AGREEMENT AS OF THE DATE OF THE LETTER UNLESS THE CITY OF WELLS AGREES IN WRITING WITHIN 2 WEEKS TO REMOVE THE POLICE DEPARTMENT IN TOTAL FROM THE LEASE PREMISES WITHIN THIRTY DAYS OF THE DATE OF NOTICE. THE MOTION WAS SECONDED BY LOIS NANNINI. Further discussion followed. THE MOTION PASSED WITH 8 IN FAVOR AND FERRIS BROUGH AGAINST.

Also discussed was the selling of the old building. Ads have been place in the two local newspapers, and the Elko, Twin Falls, Las Vegas, and Reno newspapers.

The meeting adjourned at 11:00 A.M.

D. Vernon Dalton, President

Mary Wright, Acting Secretary