

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

OCTOBER 21, 1988

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in the Wells office and called to order October 21, 1988, at 9:50 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, Dr. Joe Smith, and Mary Wright.

Present from the staff were Dan Kessler, General Manager; Warren Linnell, Engineering & Operations Manager; Buddy Welsh, Administrative Services Manager; Paul Johnson, Member Services Manager; Clay Fitch, Office Services Manager and Diane Griswold, Confidential Secretary.

APPROVAL OF MINUTES:

The minutes of the regular meeting of September 16, 1988, will stand approved as written.

ADDITIONS TO THE AGENDA:

It was requested that a resolution in memory of Leslie B. Sharp be added. There were no objections.

MANAGER'S APPRAISAL:

An Executive Session was called by Vernon Dalton for the Manager's appraisal.

The meeting was called back to order. IT WAS ON MOTION BY DARYL ERIKSEN TO APPROVE A 10 PERCENT SALARY INCREASE FOR THE GENERAL MANAGER. THE MOTION WAS SECONDED BY RAY CRAWFORD. THE MOTION PASSED WITH TEN IN FAVOR AND ONE AGAINST (FERRIS BROUGH).

WENDOVER LAND:

Bob Vaughan does not have the sale documents prepared at this time. (Awaiting the Title Company's report).

The storage tanks have been removed. Petrolane has verbally agreed to move the 20,000 gallon tank on to the Airbase property WREC is leasing from the City of Wendover. The Wendover Fire Marshall has given approval.

A letter was received from the City of Wendover extending the lease with the City of Wendover and WREC for the Airbase property through November 1, 1992. Lease price has not changed.

Also received from the City of Wendover was a letter stating their appreciation of locating our future facility on the main street in Wendover, Utah.

A thorough discussion was heard regarding a portion of our property near the substation in Wendover. Dave Fox asked if one half an acre of the land would be for sale. Mr. Fox would like to build a convenience store. He verbally offered \$35,000.00 for the one half acre. It was noted that the whole parcel, 2.06 acres, had appraised at \$243,000.00 in November 1987. IT WAS ON MOTION BY DARYL ERIKSEN TO TABLE THE DAVE FOX PROPOSAL. THE MOTION WAS SECONDED BY RAY CRAWFORD. THE MOTION PASSED UNANIMOUSLY.

MEMBER CONTACTS:

Reports on member contacts made were given. Handed out to the Board were Member Comments, Office Payment record, Thank You's, Please Tell Us How We Did cards, and the Think Service cards. The Board and Administrator publication was also handed out.

Thank you letters were received from North East Nevada Development Authority for our contribution and Wyatt Winchell for purchasing his 4-H beef at the Elko County Fair.

Think Service certificates will be awarded to employees at the Employee meeting.

RATE STUDY UPDATE:

Updated rate schedules for Policy manuals were handed out to the Board.

CAPITAL CREDIT STUDY:

To be reported under Board Committee Reports.

MANAGER'S REPORT:

The August Form 7 was reviewed.

Dan reported on the Newmont Contract Amendment. Signed copies of the Newmont Contract Amendment were presented to the Board. A discussion ensued. It was noted that Bob Vaughan was present through the entire contract negotiation with Newmont. The amendment was recommended by management. **IT WAS ON MOTION BY WANDA BORDEN TO APPROVE THE NEWMONT CONTRACT AMENDMENT. THE MOTION WAS SECONDED BY VERNON SCOTT. THE MOTION PASSED UNANIMOUSLY.**

Investments made and interest rates were reported.

Dan explained the report received from POWER Engineers, Inc. regarding the possibility of a geothermal heating subsidiary. Reviewed were the organizational and staffing requirements necessary if a subsidiary company is to be formed. Bill Lewis of POWER Engineers will make a presentation at the November Board meeting.

A State grant has been applied for (approximately \$50,000.00) to further resource development, feasibility studies, etc. It has to be matched in administrative and general time by twenty-five percent (\$12,500.00) which had been budgeted. A discussion ensued. **IT WAS ON MOTION BY LARRY BRADSHAW TO APPROVE THE STATE GRANT APPLICATION. THE MOTION WAS SECONDED BY WANDA BORDEN: MOTION PASSED UNANIMOUSLY.** The grant will take care of the POWER Engineers level one development costs.

The BPA Circuit ran a story about Newmont. The publication was handed out for review.

A report was given by Paul Johnson on a Rural TV seminar he had attended. NRTC offers thirty-five TV stations at this time. Also available are hardware packages which include the descrambler, receiver and satellite dish. A CFC package is available to cooperatives for financing 100 percent for the purchase of the hardware. It was recommended that a detailed member survey be done. More information will be gathered. A discussion ensued.

A donation request was received from the Wells Chamber of Commerce for the Christmas lighting

contest. A discussion ensued. IT WAS ON MOTION BY DARYL ERIKSEN TO DONATE \$100.00 (WITH THE EXCEPTION THAT WELLS RURAL ELECTRIC IS NOT TO PARTICIPATE IN THE CONTEST) EACH TO WELLS, WENDOVER AND CARLIN FOR THE CHRISTMAS LIGHTING CONTEST. THE MOTION WAS SECONDED BY JERRY PARKIN; MOTION PASSED UNANIMOUSLY.

A donation request was also received from the City of Carlin Economic Development Committee for the beautification of 10th Street in Carlin. IT WAS ON MOTION BY LOIS NANNINI TO DONATE \$100.00 FOR THE BEAUTIFICATION OF 10TH STREET IN CARLIN. THE MOTION WAS SECONDED BY RAY CRAWFORD; MOTION PASSED UNANIMOUSLY.

Two community meetings and Three Aware Group meetings have been scheduled:

Jiggs/Lee - Tuesday, October 25, 7:00 p.m. - Community Hall; Ruby Valley - Thursday, October 27, 7:00 p.m. - Community Hall; Wendover Aware Group Tuesday, November 1, 6:00 p.m. - Wendover WREC office; Carlin Aware Group Tuesday, November 15, 6:00 p.m. - Carlin WREC office; and Wells Aware Group Thursday, November 17, 6:00 p.m. - Wells WREC office. Directors planning on attending are as follows: Lois, Daryl, Ferris and possibly Mary - Jiggs/Lee and Ruby Valley; Jerry, Mary and Ray - Wendover; Wanda, Vernon and Larry - Carlin; and Lois, Daryl, Ferris and possibly Wanda - Wells.

Nevada Rural Electric Association's (NREA) first Annual Meeting not to be held during the Region IX Meeting will be held in Pahrump, Nevada November 30, and December 1. A Legal Panel, consisting of Bob Vaughan, WREC and Mt. Wheeler attorney; Joyce Davis, partner in the firm of Crisp, Davis, Schwentker, Page and Currin, of Raleigh, North Carolina; and Mel Close, Valley Electric attorney, will be featured the first day. A clinic session is scheduled to follow.

An update was given on the satellite dishes donated to the area high schools.

It was called to the attention of the Board that to change the time of the Annual Meeting requires an amendment to the By-Laws. After a discussion of the matter, it was, ON MOTION BY DIRECTOR VERNON SCOTT, SECONDED BY DIRECTOR FERRIS BROUGH, BY A VOTE OF ELEVEN (11) IN FAVOR AND ZERO (0) OPPOSED RESOLVED THAT SECTION 1 OF ARTICLE II OF THE BY-LAWS OF THE CORPORATION BE AMENDED TO READ AND PROVIDE AS FOLLOWS:

ARTICLE II. MEMBERS

Section 1. Annual Meeting. Unless otherwise set by the Board of Directors, the Annual Meeting of the members shall be held, commencing in 1989, during the month of September in each year, for the transaction of such business as may come before the meeting. If the day fixed for the Annual Meeting shall be a legal holiday in the state of Nevada, such meeting shall be held on the next succeeding business day. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture of dissolution of the Corporation. The Board of Directors may provide for the holding of one or more Annual Meetings during the year, both within or without the state of Nevada.

A new cooperative, Oregon Trail Electric Consumers Cooperative, has been formed in Oregon, serving 25,000 consumers in Baker, LaGrande, Union and Harney Counties. Russ Dorran is currently the General Manager.

At the Region IX Meeting in Great Falls, Montana, Jay Downen, Manager of the Statewide Association, auctioned himself for ACRE. He gives Board training and training in the Member Service area. Dan and Vernon bought him for \$150.00.

WREC has received the Nevada ACRE award for this year, as well as leading the region in Century

Club memberships - (WREC also was the only utility to have 100 percent Board and management staff Century Club members).

WREC received a National award for our geothermal use in the Wells office. Senator Chic Hecht sent a letter of congratulations for what WREC has done with geothermal energy.

BOARD COMMITTEE REPORTS;

The Committee Assignments have not been selected as yet. Committee selections will be ready for approval at the November Board meeting.

Ray Crawford reported for the Capital Credit Committee. The Committee recommends using the FIFO/Percentage method for paying out of capital credits. The 15 year rotation will be used as a basis. IT WAS ON MOTION BY RAY CRAWFORD TO ADOPT THE FIFO/PERCENTAGE METHOD FOR ALLOCATING CAPITAL CREDITS. THE MOTION WAS SECONDED BY DARYL ERIKSEN. A discussion ensued. Comparison Tables were handed out for review with Clay Fitch reporting. It was decided that more information was needed. Bob Vaughan will address the legal ramifications of the change and give his recommendations. IT WAS ON MOTION BY RAY CRAWFORD TO RESCIND THE ABOVE STATED MOTION. THE MOTION WAS SECONDED BY DARYL ERIKSEN. MOTION PASSED UNANIMOUSLY.

Mary Wright reported for the Policy Committee. Policy 7-2, paragraph H - Sick Leave proposed change was brought before the Board. The change is as follows: Beginning on 1/1/89, all unused sick leave accumulated during the current calendar quarter will be paid to the employee at his/her present rate of pay, provided the employee has accumulated a bank of 120 hours (15 days). The payments for the first, second, third and fourth quarters will be included on the payroll periods ending on 4/15, 7/15, 10/15 and 12/31, concurrently. A discussion ensued. IT WAS ON MOTION BY MARY WRIGHT TO APPROVE THE PROPOSED CHANGE TO POLICY 7-2, PARAGRAPH H - SICK LEAVE. THE MOTION WAS SECONDED BY JERRY PARKIN; MOTION PASSED UNANIMOUSLY.

Larry Bradshaw reported for the Retirement and Insurance Committee. Upon recommendation of the Committee, IT WAS ON MOTION BY LARRY BRADSHAW TO HAVE THE COMPANY CONTRIBUTE ONE PERCENT TO THE 401K SAVINGS PLAN FOR THE YEAR 1989. THE MOTION WAS SECONDED BY VERNON SCOTT; MOTION PASSED UNANIMOUSLY.

The following Committee meetings were scheduled: Financial Advisory Committee (budget review) - Wednesday, November 16, 9:00 a.m.; Policy Committee (substance_ abuse policy) in conjunction with the Capital Credit Committee (capital credit payments/ramifications, etc., policy 4-2 changes) - Monday, November 28, 9:00 a.m. A Safety Committee meeting will need to be scheduled in December, as well as the Insurance & Retirement Committee. The Employee/Director Annual Christmas banquet was scheduled for December 16.

There were no objections to changing the November Board meeting, due to scheduling conflicts of several Board members, to Tuesday, November 22, 9:00 a.m.

KEY RATIOS/TREND ANALYSIS:

A presentation was given by Dan recapping key ratios and trend analysis for 1987. CFC Key Ratios and REA Borrower Statistical Report were handed out. A discussion ensued.

ADMINISTRATIVE SERVICES REPORT:

A letter was received from the Nevada Cattlemen's Association. It was asked of the Board whether

our participation would be on the local \$25.00, regional \$100.00, or state \$500.00 level (in the past we participated as a local member). After discussion, IT WAS ON MOTION BY WANDA BORDEN TO PARTICIPATE ON THE REGIONAL LEVEL, \$100.00. THE MOTION WAS SECONDED BY VERNON SCOTT; MOTION PASSED UNANIMOUSLY.

COLLECTION REPORT:

The Collection Report was reviewed.

OFFICE SERVICES:

Clay brought before the Board a proposal to enter into an Agency Account Agreement with First Interstate Bank. After discussion, IT WAS ON MOTION BY VERNON SCOTT TO APPROVE ENTERING INTO THE AGREEMENT WITH FIB. THE MOTION WAS SECONDED BY MARY WRIGHT; MOTION PASSED UNANIMOUSLY.

Clay brought before the Board resolutions requesting REA to enter into Basis Date Extension Agreements for our "G6" and the "K6" loans. After discussion, IT WAS ON MOTION BY VERNON SCOTT TO APPROVE THE RESOLUTIONS REQUESTING THE BASIS DATE EXTENSION AGREEMENTS. THE MOTION WAS SECONDED BY JERRY PARKIN; MOTION PASSED UNANIMOUSLY. (Exhibit I)

SAFETY MINUTES:

IT WAS ON MOTION BY LARRY BRADSHAW TO APPROVE THE SAFETY MINUTES. THE MOTION WAS SECONDED BY WANDA BORDEN; MOTION PASSED UNANIMOUSLY.

MEMBER SERVICES REPORT:

November 1 the IHC Bloodmobile will be in Wells. ACRE membership deduction forms are available.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT TO APPROVE 58 NEW MEMBERSHIPS: 13 - WELLS, NEVADA; 18 - CARLIN, NEVADA; 16 - WENDOVER, NEVADA; AND 11 - WENDOVER, UTAH. THE MOTION WAS SECONDED BY JERRY PARKIN; MOTION PASSED UNANIMOUSLY.

LESLIE B. SHARP RESOLUTION:

IT WAS ON MOTION BY FERRIS BROUGH TO APPROVE THE RESOLUTION IN MEMORY OF DIRECTOR LESLIE B. SHARP. THE MOTION WAS SECONDED BY JERRY PARKIN; MOTION PASSED UNANIMOUSLY. (Exhibit II)

As there was no further business to come before the Board, the meeting adjourned at 5:15 p.m.

D. Vernon Dalton, President

Wanda Borden, Secretary