

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

DECEMBER 16, 1988

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in the Wells office and called to order Friday, December 16, 1988, 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, Vernon Scott, Dr. Joe Smith, and Mary Wright. Wanda Borden and Jerry Parkin were not present.

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

APPROVAL OF MINUTES:

Mary Wright, Daryl Eriksen, Vernon Scott, and Ferris Brough were omitted as members of the Building Committee in the November minutes. It was also noted that all Board are welcome to serve on this committee. The minutes of the regular meeting of November 22, 1988, will stand approved as corrected.

ADDITIONS TO AGENDA:

It was requested that an Executive Session and discussion of the Board Retreat be added. There were no objections.

EXECUTIVE SESSION:

An Executive Session was called.

WENDOVER LAND:

(Dr. Joe Smith was called out on an emergency.)

The sale papers have been signed and sent to REA for final approval. A meeting with REA will be scheduled during the February NRECA Annual Meeting to discuss the Basis Date Agreement and the Carlin Transmission Line Sale.

J.D. Long has sent a brochure of the commercial buildings he has designed. A letter from Bob Hope was also reviewed. A thorough discussion ensued (Dr. Smith returned at this time). IT WAS ON MOTION BY FERRIS BROUGH TO SELECT MR. BOB HOPE AS THE ARCHITECT FOR THE WENDOVER PROJECT. THE MOTION WAS SECONDED BY LOIS NANNINI. Further discussion ensued. THE MOTION PASSED UNANIMOUSLY. Mr. Hope will be contacted of the decision and asked to come before the Board with a presentation.

MEMBER CONTACTS:

Member Contacts made were reported. Member Comments, Office Payments, Thank You's, Please Tell Us How We Did, and Think Service forms were handed out to the Board for review.

A discussion ensued regarding Facility Charge terminology. Also discussed were the City Christmas

Lights.

CAPITAL CREDIT STUDY:

The next business to come before the meeting related to the By-Law provisions insofar as they provide for distribution of capital credits. It was noted that the By-Laws presently provided that capital credits be retired on a first-infirst-out basis. The many advantages to the Cooperative of having at least a portion of capital credit retirements paid to current consumers were discussed, and that in order to do so a change in the By-Laws would be required. It was also agreed that the Board of Directors could more prudently manage the capital credit program if it had discretion as to method, basis, priority and order of retirement of capital credits. After a thorough discussion of the matter and due consideration, IT WAS ON MOTION BY DIRECTOR RAY CRAWFORD, SECONDED BY DIRECTOR LARRY BRADSHAW, PASSED BY A VOTE OF NINE (9) IN FAVOR AND ZERO (0) OPPOSED, AS FOLLOWS:

RESOLVED: That subsection 4 of Section 2 of Article VIII be amended to read and provide as follows: 4. In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part, and the Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and here after furnished as capital.

Also discussed at this time was IRS approval of changing capital credit methodology. Ernst & Whinney recommended that IRS approval should be obtained first before changing the methodology.

Board approval was requested for returning 1973 patronage capital for \$68,057.00. IT WAS ON MOTION BY VERNON SCOTT TO APPROVE THE RETURN OF 1973 PATRONAGE CAPITAL FOR \$68,057.00. THE MOTION WAS SECONDED BY DARYL ERIKSEN. THE MOTION PASSED UNANIMOUSLY.

MANAGER'S REPORT:

The 1989 Manager's Goals were handed out to the Board for review.

Dan reported on the Nevada Association of Conservation District conference.

NREA meeting went well - WREC is to host the 1989 NREA Annual Meeting sometime in July or August.

CFC rates and investments made were reported. The Annual recap of investments made was: During the course of the year \$7 1/2 million invested and just under \$84,000.00 made in interest.

The October Form 7 will be mailed out with the minutes.

The Wendover Clinic is trying to open its doors once again. A donation request was received asking for funds or a monthly power credit to help defray expenses. A thorough discussion ensued. It was the consensus of the Board that more information would be needed before a donation would be granted. A letter will be requested from Dr. David Johnson for specifics regarding the donation.

The NRECA 1989 Directors' Conference will be held in San Diego April 2 - 5.

NRTC's 1989 broadcast schedule will be mailed out with the minutes.

The new delinquent notices were shown to the Board.

A recess was called at 11:00 a.m. The meeting was called back to order at 11:15 a.m.

BOARD COMMITTEE REPORTS:

A report was given by Daryl Eriksen on the Member Relations and Area Development Committee Meeting held December 14, 1988. A meeting of the County Commissioners, and Nevada Legislators will be called sometime in January to discuss Elko County taxes, economic development, etc.

BOARD RETREAT

A Board Retreat will be held in conjunction with the Strategic Planning Session (Stockmens in Elko). The schedule is as follows: Tuesday, January 24, 1989 1:00 p.m. - a tour of Newmont Mine -- Wednesday, January 25, 1989 - Strategic Planning Session - 8:30 a.m. - 4:00 p.m. - Cowboy Poetry Gathering - 7:00 p.m. (Room reservations were made at the Stockmens for Tuesday night, January 24.)

After a discussion regarding the possible date changes for the January Board meeting, IT WAS ON MOTION BY DARYL ERIKSEN TO CHANGE THE JANUARY BOARD MEETING TO THURSDAY, JANUARY 26, 1989, TO BE HELD AT THE WELLS OFFICE. THE MOTION WAS SECONDED BY LARRY BRADSHAW. A discussion ensued. During the discussion Vernon Scott stated he would be unable to attend the meeting and would abstain from voting on the date change. THE MOTION PASSED UNANIMOUSLY.

BOARD COMMITTEE REPORTS CONTINUED:

A report was given by Dr. Joe Smith on the Retirement and Insurance Committee meeting held December 14, 1988. Upon recommendation of the Committee members, IT WAS ON MOTION BY VERNON SCOTT TO APPROVE FEDERATED INSURANCE COMPANY AS OUR INSURANCE CARRIER PENDING APPROVAL FROM BOB VAUGHAN REGARDING SOME QUESTIONS ON EXEMPTIONS OF COVERAGE. THE MOTION WAS SECONDED BY DARYL ERIKSEN. A discussion ensued. THE MOTION PASSED UNANIMOUSLY.

A report was given by Larry Bradshaw on the Safety Committee meeting held December 14, 1988. Upon recommendation of the Committee members, IT WAS ON MOTION BY LARRY BRADSHAW TO RAISE THE SAFETY AWARD FROM \$70.00 TO \$100.00 FOR EACH REGULAR FULL-TIME EMPLOYEE THAT HAS ONE FULL YEAR OF SERVICE AS OF DECEMBER 31, 1988, WITH THE STIPULATION THAT THE AWARDS ARE TO BE ORDERED FROM A CATALOGUE AND ANY ITEM IN EXCESS OF \$100.00 BE PAID BY THE EMPLOYEE. THE MOTION WAS SECONDED BY VERNON SCOTT. THE MOTION PASSED UNANIMOUSLY.

A report was given by Ray Crawford on the Financial Advisory Committee meeting held December 14, 1988. Upon recommendation of the Committee members, IT WAS ON MOTION BY RAY CRAWFORD TO APPROVE THE CAPITAL BUDGET AS PRESENTED WITH CHANGES. THE MOTION WAS SECONDED BY DARYL ERIKSEN. THE MOTION PASSED UNANIMOUSLY.

COLLECTION REPORT:

The Collection Report was reviewed. The 30/60/90 Day Delinquent Report was hand out for review.

SAFETY MINUTES:

IT WAS ON MOTION BY LARRY BRADSHAW TO APPROVE THE SAFETY MINUTES. THE MOTION WAS SECONDED BY FERRIS BROUGH. THE MOTION PASSED UNANIMOUSLY.

OUTAGE REPORT:

A discussion was heard regarding the outage, in Wells, of December 10, 1988.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT TO APPROVE 42 NEW MEMBERSHIPS: 6-WELLS, NEVADA; 17-CARLIN, NEVADA; 8-WENDOVER, NEVADA; 11-WENDOVER, UTAH. THE MOTION WAS SECONDED BY RAY CRAWFORD. THE MOTION PASSED UNANIMOUSLY.

D. Vernon Dalton, President

Mary A. Wright, Acting Secretary