

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

April 15, 1977

The Regular Meeting of the Board of Directors of Wells Rural Electric Company was called to order on April 15, 1977 at 1:05 p.m. in the Board Room. President James Ballard presided over the meeting.

Directors present were: Clarence Swett, Vernon Dalton, Gene Pengelly, John Krenka, Bill Gibbs, Ray Crawford, Tom Achurra, Art Grock, and Jim Ballard. Bob Wright and Glenn Wadsworth were unable to attend. John Mohlman and Bobbi Samuels were present from the staff.

Clarence Lee of Lee Engineering and Robert Vaughan, Attorney, were also present.

The minutes of the March meeting were approved as written.

There was one addition to the agenda. Director/Employee/Manager Relations was added by Jim Ballard.

Rate Increase: Bob Vaughan gave the board some recommendations to the board concerning the rate increase and reporting it to the Public Service Commission. John Mohlman read a letter from the City of Wells stating that they will oppose the rate increase. Bob Vaughan gave the board some alternatives as to what could be done to get approval from the PSC concerning our rates and financing to our lenders (CFC and REA). Clarence Lee went over the final figures for the rate increase. There will be a public meeting on May 5 at 7:00 p.m. at the Service Center to discuss the rate increase.

REA Loan: VERNON DALTON MOVED THAT WE SIGN THE LOAN DOCUMENTS. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. (See motion attached labeled Attachment #1)

Pine Valley/Carlin: There will be a meeting on Monday, April 18 between Wells Rural Electric and the City of Carlin to discuss contracts. The board discussed the price we should offer to Carlin for their system, probably starting around \$50,000 to \$75,000. This amount would be paid in 5 or 10 years in equal yearly payments. We have told BPA that we need a point of delivery for Carlin. There was a meeting in Pine Valley and some people in the bottom end of the valley are no longer interested in getting power. This would leave about 30 miles of line that would have to be built into Pine Valley, and we would still have about 50% of the load from the remaining residents who are still interested in power.

Reducing Number on Board: The next matter to come before the meeting concerned the action of the Board of Directors at the meeting of March 18, 1977, whereby it was passed that, "We changed the By-Laws and Articles of Incorporation to reduce the Board to seven (7) members." It was pointed out that this raised a question as to the validity of the eleven (11) directors presently holding office, that such action should be taken by a precise resolution as the manner in which that Articles and By-Laws would be amended. After a full discussion on the matter, upon motion duly made by Vernon Dalton and seconded by Gene Pengelly it was passed by a vote of 9 in favor and 0 opposed as follows:

RESOLVED: That the action taken by the Board of Directors at the regular meeting of March 18, 1977, relating to amending the By-Laws and Articles of Incorporation to reduce the Board to seven (7) members be and the same is hereby rescinded. That counsel for the company is requested to prepare resolutions regarding the matter for future consideration by the Board of Directors and the members of the corporation.

GENE PENGELLY MOVED THAT WE ACCEPT THE RESOLUTION AUTHORIZING THE RATE INCREASE. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Budget: Typed copies of the budget were presented to the directors.

Settlement with Idaho Power: Bob Vaughan gave a report on the decision in the case. He has written a brief stating that we should be reimbursed for \$274,000 instead of the \$130,000 the judge has awarded to us.

GENE PENGELLY MOVED THAT WE RE-OPEN THE CASE TO PRESENT THESE NEW FIGURES TO THE JUDGE. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Regional Power Planning: The documents are still not in final form, and are still changing very rapidly. The board felt we should not go to the expense of having our attorney look over these documents until the final draft is written up.

Appliance and Safety Report: Jess Urresti explained the contracts available through General Electric Credit Corporation for financing appliances. These contracts work much like Master Charge and Bank Americard with an interest rate of 18%. The board felt it would be better for the consumers to borrow from the bank at a lower interest rate rather than draw up contracts through GECC. Jess then explained certain requirements he felt were necessary for employees to purchase appliances through the company by payroll deductions. (1) Employees should not be able to charge more than \$750 at one time; (2) A down payment of 25% of the cost of the appliance would be required; (3) an interest rate of 10% on the unpaid balance would be charged. The directors felt that the employees should have to be here at least 3 months before they would be allowed to purchase appliances through this plan. Jess and John will draft a policy to be presented at the May meeting for the board to vote on.

Construction: Nothing new.

Hydro Plant: The team of experts from G.E. were here and inspected the plant but have not submitted estimates for repairing it yet. We have received a bid of \$7900 for 14" pipe to go from the reservoir down.

Annual Meeting: The committee is planning on meeting next week.

Wendover Repairs: Jesse Sharp has been helping to rewire the medical center.

Engineering Report: The board discussed the wind generation facilities and looked at the chart.

Employee and Director Institutes and Schools: It has been the precedence in the past to pay half of the fee for a correspondence course taken by an employee. After they complete the course, we have reimbursed them for the half they paid. CLARENCE SWETT MOVED THAT WE REIMBURSE THE EMPLOYEES FOR THE TOTAL COST OF A COURSE AFTER THEY COMPLETE THE COURSE WITH A PASSING GRADE. THE EMPLOYEE WOULD PAY THE TOTAL COST OF THE COURSE TO BEGIN WITH. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Annual Banquet: Gene Pengelly reported that everything is ready for the banquet.

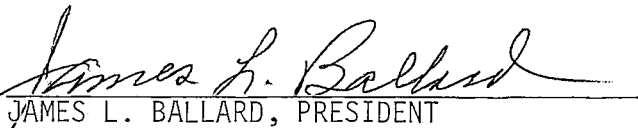
Power Source: Martin Derksema has talked to Idaho Power and Idaho Power says that the problem is at the substation. There is a 25 KVA transformer and only a 20 KVA regulator, so the regulator needs to be changed. The board didn't agree with this explanation. Vernon Dalton feels we should send a letter to Bill Claggett with copies to Mr. Hodel, Mr. Cantrell, Mr. Derksema, and to each of our congressional representatives explaining the situation. We should also ask for a point of delivery for Carlin in the same letter. The board agreed with Vernon on this idea.


Scholarship Interviews: According to the policy we must accept applications through the second Friday in May, which is May 13th. The interviews with the applicant's will be held on Monday, May 16, with the scholarship being awarded the same day.

The subject of Director/Employee/Manager relations was discussed.

Manager's Report: John discussed delinquent accounts for miscellaneous services. Some of these accounts will be turned over to a collection agency if we do not have a current address for the person holding the account. The Elko County Cowbellees are asking for a \$300 donation to help send the state Cook-Off winner to the national contest in Ohio. The board discussed this donation and whether we want them to cook a dinner for the Annual Meeting again this year. VERNON DALTON MOVED THAT WE GIVE THE COWBELLES ANY HELP WE CAN AND PROVIDE A STOVE FOR THEM FOR THE ELKO COUNTY BEEF COOK-OFF CONTEST AND HELP THEM WITH THE ADVERTISING OF THE CONTEST. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. The Elko Lion's Club would like to know if we want to sponsor a contestant for the Miss Elko County Pageant. VERNON DALTON MOVED THAT WE DEFER FROM SPONSORING A CONTESTANT UNTIL ANOTHER YEAR. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. Schedule I (Irrigation Service) will be reworded to state that the annual minimum charge is credited to the account. John presented some information on a home insulation program being sponsored by CFC and Farmer's Home Administration. We will see if we can get more information on this program.

The meeting was adjourned at 7:20 p.m.

  
JAMES L. BALLARD, PRESIDENT

  
CLARENCE C. SWETT, SECRETARY

The next business to come before the meeting concerned the matter of the application to borrow from the Rural Electrification Administration the sum of \$630,000 and to borrow concurrently from the National Rural Utilities Cooperative Finance Corporation the sum of \$270,000. After a review by counsel of the documents to be approved and executed, and a thorough discussion of the matter, on motion duly made and seconded, it was unanimously:

1. RESOLVED that the Cooperative borrow from United States of America an additional amount not to exceed \$630,000; and

2. RESOLVED that the Cooperative borrow from the National Rural Utilities Cooperative Finance Corporation (CFC), from time to time as determined by the officers or proper persons designated by the Board of Directors of the Cooperative, an aggregate amount not to exceed \$270,000, 5% of which amount shall be used for the purchase of Capital Term Certificates of the series being issued by CFC at the time of the initial advance of loan funds on account of such loans; and

3. RESOLVED that the Cooperative construct and operate additional electric transmission, distribution and service lines, together with all necessary appurtenances, along such routes as shall be approved by the Administrator of the Rural Electrification Administration or the Governor of National Rural Utilities Cooperative Finance Corporation; and

4. RESOLVED that the President, JAMES L. BALLARD, is authorized on behalf of the Cooperative to execute and deliver under its corporate seal, which the secretary is directed to affix and attest:

- (a) as many counterparts respectively as shall be deemed advisable of an agreement with United States of America, acting through the Administrator of the Rural Electrification Administration, substantially in the form of the REA loan agreement submitted to this meeting, and of the CFC loan agreement also substantially in the form submitted to this meeting; and
- (b) a note or notes payable to the order of United States in the aggregate principal amount of \$630,000, bearing interest at the rate of five per centum per annum and providing for the payment of the indebtedness evidenced

thereby within 35 years after the date thereof, substantially in the form of the REA note submitted to this meeting; and

- (c) a promissory note or notes payable to the order of the National Rural Utilities Cooperative Finance Corporation, in the aggregate principal amount of \$270,000, bearing interest at the interest rate referred to therein and providing for the payment of the indebtedness evidenced thereby within 35 years after the date thereof, substantially in the form of the note presented to this meeting; and
- (d) as many counterparts as shall be deemed advisable of a Supplemental Mortgage and Security Agreement by and among the Cooperative, the United States of America, and the National Rural Utilities Cooperative Finance Corporation substantially in the form of the common mortgage presented to this meeting; and

5. RESOLVED that the officers of the Cooperative be, and each of them is authorized in the name and on behalf of the Cooperative, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions.

CERTIFICATE

I, CLARENCE C. SWETT, do hereby certify that: I am the secretary of WELLS RURAL ELECTRIC COMPANY, (hereinafter called the "Cooperative"), the following are true and correct copies of resolutions duly adopted by the Board of Directors of the Cooperative at the regular meeting held April 15, 1977, and entered in the minute book of the Cooperative; the meeting was duly and regularly called and held in accordance with the by-laws of the Cooperative; the attached forms of REA loan agreement, REA note, CFC loan agreement, CFC note and supplemental mortgage and security agreement (called the common mortgage) are correct copies of the forms thereof authorized by the Board of Directors to be executed, and none of the following resolutions has been rescinded or modified:

RESOLUTIONS

1. RESOLVED that the Cooperative borrow from United States of America an additional amount not to exceed \$630,000; and
2. RESOLVED that the Cooperative borrow from the National Rural Utilities Cooperative Finance Corporation (CFC), from time to time as determined by the officers or proper persons designated by the Board of Directors of the Cooperative, an aggregate amount not to exceed \$270,000, 5% of which amount shall be used for the purchase of Capital Term Certificates of the series being issued by CFC at the time of the initial advance of loan funds on account of such loans; and
3. RESOLVED that the Cooperative construct and operate additional electric transmission, distribution and service lines, together with all necessary appurtenances, along such routes as shall be approved by the Administrator of the Rural Electrification Administration or the Governor of National Rural Utilities Cooperative Finance Corporation; and
4. RESOLVED that the President, JAMES L. BALLARD, is authorized on behalf of the Cooperative to execute and deliver under its corporate seal, which the secretary is directed to affix and attest:
  - (a) as many counterparts respectively as shall be deemed advisable of an agreement with United States of America, acting through the Administrator of the Rural Electrification Administration, substantially in the form of the REA loan agreement submitted to this meeting, and of the CFC loan agreement also substantially in the form submitted to this meeting; and

- (b) a note or notes payable to the order of United States in the aggregate principal amount of \$630,000, bearing interest at the rate of five per centum per annum and providing for the payment of the indebtedness evidenced thereby within 35 years after the date thereof, substantially in the form of the REA note submitted to this meeting; and
- (c) a promissory note or notes payable to the order of the National Rural Utilities Cooperative Finance Corporation, in the aggregate principal amount of \$270,000, bearing interest at the interest rate referred to therein and providing for the payment of the indebtedness evidenced thereby within 35 years after the date thereof, substantially in the form of the note presented to this meeting; and
- (d) as many counterparts as shall be deemed advisable of a Supplemental Mortgage and Security Agreement by and among the Cooperative, the United States of America, and the National Rural Utilities Cooperative Finance Corporation substantially in the form of the common mortgage presented to this meeting; and

5. RESOLVED that the officers of the Cooperative be, and each of them is authorized in the name and on behalf of the Cooperative, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Cooperative this 15th day of April, 1977.

CLARENCE C. SWETT - Secretary

(Corporate Seal)

RESOLUTION  
OF THE BOARD OF DIRECTORS  
OF  
WELLS RURAL ELECTRIC COMPANY

Board Resolution - Authorizing Rate Increase

NOW, THEREFORE, BE IT RESOLVED, That the Board of Directors does authorize Manager, John Mohlman, to file a rate increase application in the amount of 6 mills per KWH, with the Public Service Commission of Utah.

I, Clarence Swett, Secretary of Wells Rural Electric Company, do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors of the Wells Rural Electric Company, held on the 15th day of April, 1977, at which meeting a quorum was present.

  
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Clarence Swett, Secretary



MEMBERSHIPS TO BE APPROVED

APRIL 15, 1977

WELLS

1. Paul Arnold
2. Michael L. Blackwell
3. Brad Bowlen
4. Rena Bowlen
5. Wallace Garmichael
6. Robert E. Duke
7. Thomas E. Dye
8. Harold W. Heimark
9. John Kern
10. Joseph G. McDade
11. Phyllis L. Seech
12. Arnold Wadsworth

WENDOVER

1. Joyce E. Baker
2. Siegfried C. Bru
3. Roy C. Byrd
4. Sabrina Chavez
5. Vilma Contreras
6. Gerald J. Gaspo
7. Dorothy Dahling
8. Stephanie Dillard
9. Amador Gonzalez
10. Alfred Grossman
11. Lonnie L. Jones
12. Paul I. Klawitter
13. Sonja Leishman
14. John Mendez
15. Debbie R. Ronnow
16. Jennifer Thompson
17. Francisco Villa

WAIVER OF NOTICE

We, the directors of WELLS RURAL ELECTRIC COMPANY (hereinafter called the "Cooperative"), waive all notice of the time, place and purpose of a regular meeting of the Board of Directors and fix 510 Lake Avenue, in the City of Wells, State of Nevada, as the place and the 15th day of April, 1977, at 1:00 o'clock, PM as the time for the holding of such meeting for the purpose of acting upon:

1. The authorization of the execution of a loan agreement with United States of America (hereinafter called the "Government"), acting through the Administrator of the Rural Electrification Administration, which will amend in certain respects the existing REA loan contract, as previously amended, and will provide for an increase of not to exceed \$630,000 in the aggregate amount of the loans to finance the construction of additional electric transmission, distribution and service lines by the Cooperative and the operation of its System;
2. The authorization of the execution of a loan agreement with National Rural Utilities Cooperative Finance Corporation (hereinafter called "CFC") which will provide, among other things, for a loan by CFC to the Cooperative in the amount of \$270,000, to finance the construction of additional electric transmission, distribution and service lines by the Cooperative, and the purchase of Capital Term Certificates of the series currently being issued by CFC in an amount equal to 5% of such CFC loan;
3. The authorization of the execution and delivery by the Cooperative of a note or notes (hereinafter collectively called the "REA note") payable to the order of the Government in the aggregate principal amount of \$630,000 bearing interest at the rate of five percentum per annum and providing for the payment of the indebtedness evidenced thereby within 35 years;
4. The authorization of the execution and delivery of a Secured Promissory Note (hereinafter called the "CFC note") payable to the order of CFC in the principal amount of \$270,000, bearing interest at the interest rate referred to therein and providing for the payment of the indebtedness evidenced thereby within 35 years;
5. The authorization of the execution of a supplemental mortgage and security agreement (herein called the "Mortgage"), covering all the property of the Cooperative, now owned or hereafter acquired, by and among the Cooperative, the Government and CFC to secure equally and ratably the REA note, the CFC note and the outstanding REA notes (hereinafter called the "Outstanding Notes") payable to the order of the Government, heretofore executed by the Cooperative and delivered to the Government, and all additional, refunding, renewal and substituted notes which may be issued under and pursuant to the Mortgage, the aggregate principal amount of which, toge-

ther with the aggregate principal amount of the REA note, the CFC note and the Outstanding Notes, shall not at any time exceed \$25,000,000; and

6. Such other matters as may come before a regular meeting of the Board of Directors.

IN WITNESS WHEREOF, we have hereunto set our hands this 15th day of April, 1977.

James L. Ballard  
JAMES L. BALLARD

John Krenka  
JOHN KRENKA

Clarence C. Swett  
CLARENCE C. SWETT

Ray Crawford  
RAY CRAWFORD

Glen D. Wadsworth  
GLEN WADSWORTH

Robert R. Wright  
ROBERT R. WRIGHT

Eugene H. Pengelly  
EUGENE H. PENGELLY

D. Vernon Dalton  
D. VERNON DALTON

Thomas Achurra  
THOMAS ACHURRA

William B. Gibbs  
WILLIAM GIBBS

Arthur E. Grock  
ARTHUR GROCK

Being all of the Directors of Wells Rural Electric Company, without exception.

CERTIFICATE

I, CLARENCE C. SWETT, Secretary of WELLS RURAL ELECTRIC COMPANY (hereinafter called the "Corporation") certify that the following are the names and signatures, respectively, of the officers of the corporation:

<u>OFFICE</u>	<u>NAME</u>	<u>SIGNATURE</u>
President	James L. Ballard	_____
Vice President	D. Vernon Dalton	_____
Secretary	Clarence C. Swett	_____
Treasurer	Clarence C. Swett	_____

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation this 15th day of April, 1977.

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CLARENCE C. SWETT, Secretary

(SEAL)