

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

December 16, 1977

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on December 16, 1977 at 10:03 a.m. in the Board Room. President Vernon Dalton presided over the meeting.

Directors present were: Vernon Dalton, Gene Pengelly, Jesse Larsen, Tom Achurra, Daryl Eriksen, Jim Ballard, Ester Quilici, Ray Crawford, Ferris Brough, Glenn Wadsworth and Clarence Swett. Present from the staff was Patti Blackett.

Corrections to the minutes of the special board meeting: add Ferris Brough, Jesse Larsen and Daryl Eriksen to the list of board members present.

Corrections to the minutes of the regular board meeting: Under Pine Valley/Carlin, the motion made by Jim Ballard should read; Jim Ballard moved that we put up to 60% from the margins of Carlin to help with the amortization charges on the Pine Valley line.

Additions to the agenda: Executive Board Meeting and Christmas Party.

N.R.E.C.A. Retirement Plan: Gene Pengelly gave a report on the meeting held with Paul Kramer at 8:00 a.m. on December 16, 1977. At the present time we have five people who belong to this N.R.E.C.A. program, eighteen that do not. If we were to buy back on this 1.6% formula at 30 years and age 62, it would cost us a total of \$117,831.00. This would be over a buy back period of 20 years at 6% interest which would make it about \$9,685.00 per year for 20 years above the premiums that we would be paying. This is figured on the annual salaries. We can get back into this plan. DARYL ERIKSEN MOVED THAT WE RECOMMEND TO THE FULL BOARD OF DIRECTORS THAT WE ADOPT THE BUY BACK PLAN "A" AT AGE 62 OR 30 YEARS. ALSO, THAT EMPLOYEE CONTRIBUTIONS BE RAISED FROM 3% TO 4% WITH EFFECTIVE DATE OF JANUARY 1, 1978. IT IS ALSO RECOMMENDED THAT WE OFFER THIS PLAN AND IT WILL BE THE ONLY PLAN OFFERED TO THE EMPLOYEES. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. Paul Kramer was brought into the meeting to answer some of the questions the directors had. The employee will be paying 4% out of his salary and the Company will pay 8.5%. We need to have 75% participation to qualify for this plan. GENE PENGELLY MOVED THAT WE RECOMMEND TO THE FULL BOARD OF DIRECTORS THAT WE ADOPT THE BUY BACK PLAN "A". DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Vernon Dalton read a letter that he received from Mike Fox confirming his acceptance of the position of Manager. JIM BALLARD MOVED THAT WE HIRE MIKE FOX AS OUR MANAGER AT \$23,000 A YEAR BEGINNING SALARY, GENE PENGELLY SECONDED THE MOTION. Vernon read a letter that he wrote to Mike Fox. Jim Ballard withdrew his motion. JIM BALLARD MOVED THAT WE HIRE MIKE FOX AS OUR MANAGER UNDER THE FOLLOWING PROVISIONS: (1) THE STARTING SALARY WILL BE \$23,000 PER YEAR WITH HEALTH AND MEDICAL BENEFITS UNDER OUR PRESENT N.R.E.C.A. PLAN PAID BY THE COMPANY, (2) RETIREMENT AND INSURANCE PROGRAM WHEN SELECTED BY THE BOARD OF DIRECTORS WILL BE FURNISHED TO BEGIN AT THE TIME OF EMPLOYMENT, (3) THE BOARD OF DIRECTORS WILL REVIEW THE MANAGERS SALARY AFTER SIX MONTHS OF EMPLOYMENT, (4) THE COMPANY WILL PAY THE ACTUAL MOVING EXPENSE OF HIS HOUSEHOLD FURNITURE NOT TO EXCEED \$2,000.00, (5) THE COMPANY WILL FURNISH A VEHICLE FOR USE ON COMPANY BUSINESS. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Contact-O'Neil Line: Tom Achurra said that a meeting will be set up for next Thursday, December 22, 1977.

N.R.E.C.A. Legal Seminar: JIM BALLARD MOVED THAT WE PAY HALF OF BOB VAUGHAN'S EXPENSES TO ATTEND THE LEGAL SEMINAR IN LAS VEGAS. CLARENCE SWETT SECONDED THE MOTION. GLENN WADSWORTH CALLED FOR A BALLOT VOTE. THE MOTION CARRIED BY A VOTE OF 8 IN FAVOR AND 2 OPPOSED.

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Vernon Dalton read a letter from Ray Foleen. Don Hodel will be leaving BPA at the end of the year. We will write a letter to Don saying that we appreciate the work he has done for us.

N.R.U.C.F.C.: A voting delegate needs to be appointed for the meeting in Las Vegas. This will be tabled until after the report from the Directors and Employees Expense Committee is given.

DARYL ERIKSEN MOVED THAT WE APPOINT GENE PENGELLY ACTING SECRETARY IN CLARENCE SWETT'S ABSENCE EFFECTIVE NOVEMBER 30, 1977. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Appliance and Safety Report: New OSHA laws were discussed in the last safety meeting. Discussion was also held concerning safe driving practices. We still continue to sell a number of appliances and making quite a few people happy with this service. In the future, the directors would like to know what appliances are being sold and how many.

Pine Valley/Carlin: Tom Achurra called for an Executive Board Meeting concerning the meeting held in Pine Valley. We have to have 38 meters to have the \$203.00 amortization figure. If we don't have the 38 meters, then we will have to refigure the amortization charge with the ones that have signed up for it. Richard Loveland has attempted to flag the lines. Carlin has signed the wheeling agreement. JIM BALLARD MOVED THAT WE AMEND THE MOTION OF THE NOVEMBER 18, 1977 MEETING TO DELETE ALL WORDS AND FIGURES AFTER CHARGES ON THE PINE VALLEY LINE. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The meeting adjourned for lunch at 12:00 noon and was called back to order at 1:10 p.m.

Bids have been received for gasoline for the 6,000 gallon fuel tank. One bid was received from Al Park Distributing. He bid .5275¢ per gallon including tax, delivered in 4,000 gallon quantities. Four Way Service bid 54¢ per gallon delivered in 4,000 gallons or more. Less than 4,000 gallons is 55.5¢. Chevron Oil Co. bid 44¢ per gallon for regular gas not including tax. CLARENCE SWETT MOVED THAT WE PURCHASE OUR GASOLINE FROM THE FOUR WAY SERVICE IN 4,000 GALLON MINIMUM LOTS. GENE PENGELLY SECONDED THE MOTION AND THE MOTION CARRIED BY A VOTE OF 8 IN FAVOR AND 2 OPPOSED.

ESTER QUILICI MOVED THAT THE FINANCIAL ADVISORY AND PURCHASING COMMITTEE REVIEW THIS ANNUALLY. FERRIS BROUGH SECONDED THE MOTION AND THE MOTION CARRIED BY A VOTE OF 8 IN FAVOR AND 2 OPPOSED.

Employee Relations Committee: Gene Pengelly gave a report on the meetings held. There will be a meeting set up for Thursday, December 22 at 1:00 p.m.

Directors/Employee Expense Committee: Discussion was held concerning the Managers car and the cost of it per month. The contract expires in March of 1978. If we bought the car when the contract expires in March, it would cost \$1216.12. DARYL ERIKSEN MOVED THAT WE PURCHASE THIS CAR IN MARCH AT THE END OF THE CONTRACT. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. Discussion was held on limiting the number of directors attending meetings to four or less including the President. The President is not to be hampered in attending any power meetings, the remaining three directors would be on a rotating basis. Also, the new directors should qualify under the policy as soon as possible and/or outside of the designated four board members authorized to attend the power meetings, any board members can attend. The Co-op will pay travel, lodging, plus \$21.00 a day meals but they would forego the \$80.00 a day board pay. This is a proposal from this committee. ESTER QUILICI MOVED THAT WE TABLE THIS UNTIL THE FEBRUARY MEETING. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Policy, Rules & Regulations Committee: The work that Rex Tynes did has been located and copies have been given to all committee members. It will take some time to get this all together.

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Annual Meeting Committee: Ester Quilici asked the board if the people that helped with the Annual Meeting were paid and if it was possible, could they be paid a fee and/or mileage. It was suggested that this be left up to the Chairman. There is an Annual Meeting budget that can be used for this purpose.

C.F.C. Voting Delegate: JIM BALLARD MOVED THAT WE APPOINT GENE PENGELLY AS THE C.F.C. VOTING DELEGATE. GLENN WADSWORTH SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

N.R.E.C.A. Annual Meeting Voting Delegate: CLARENCE SWETT MOVED THAT RAY CRAWFORD BE THE VOTING DELEGATE. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Construction Report: The 3/4 mile extension to Chuck Long in Jiggs will be completed soon. The crew has been busy in Wells and Wendover with routine work.

Regional Power Planning: Jim Ballard gave a report on his meeting in Kansas City. This meeting was called because in the region meetings across the nation, some of these regions voice opposition in the past resolutions opposing the Northwest Legislation being introduced to Congress. Jim told Ray to look very carefully for that resolution when he votes at the Annual Meeting.

Hydro Plant: Our hydro project has come to a standstill for the time being. Bud Reynolds is experiencing motor problems with his welding unit.

Settlement with Idaho Power: Nothing new.

Engineering Report: Four new houses are being built in the Lee area by HUD. Jesse Larsen commended Buddy, Bud and Earl for the good job they did on the inventory.

Employee and Director Institutes and Schools: Anyone who wants to go to a school in Las Vegas should contact the office so reservations can be made.

Service Report: The service department has been busy installing services and meters in Wendover.

Power Source: We do have a source for Carlin now. Gene Pengelly gave a brief report on the wind machine for the benefit of the new directors.

Cost of Service Study: Nothing new.

Manager Selection Committee: Mike Fox from Jefferson City, Missouri has been chosen as Manager and will report for work on January 16, 1978.

Chariot Race: Vernon read a letter from George Harris, President of the Wells Cutter and Chariot Association asking for a donation. JESSE LARSEN MOVED THAT WE DONATE \$25.00 TO THE WELLS CUTTER AND CHARIOT ASSOCIATION. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED BY A VOTE OF 9 IN FAVOR AND 1 OPPOSED.

Amendment to the BPA contract: Martin Derksema is requesting that we change our contract with BPA to allow them to raise their rates on a yearly basis rather than on a 5 year basis. They need 80% or more of their consumers to do this and they are asking us to concur with this. Jim Ballard suggested that we contact some of the other organizations to get their input on this amendment. Ray Crawford suggested that we table this matter until the next meeting.

Snake River Power Association: Vernon has been encouraged to renew our membership in the Snake River Power Association. Vernon suggested that the board take this into consideration and Vernon will find out more information on it. He will get all the necessary information and present it at the next meeting.

ESTER QUILICI MOVED THAT WE RETURN TO THE ORIGINAL POLICY ON THE CHRISTMAS PARTY TO PROVIDE ALL FOOD AND REFRESHMENTS WITHIN A REASONABLE LIMIT (\$250). CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED BY A VOTE OF 7 IN FAVOR, 2 OPPOSED AND 1 ABSTAINING.

Neil Doherty needs the manager selection books back as soon as possible.

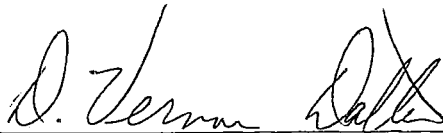
GENE PENGELLY MOVED THAT THE 12 NEW MEMBERSHIPS FROM WELLS AND THE 19 FROM WENDOVER BE APPROVED. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

A unanimous vote was given in favor of having Clarence Swett be the alternate voting delegate for C.F.C.

DARYL ERIKSEN MOVED THAT GENE PENGELLY BE THE N.R.E.C.A. ALTERNATE VOTING DELEGATE. ESTER QUILICI SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Vernon stated that some of the new board members have requested to have some type of a board education program. He would be willing to have an evening meeting sometime and go over any questions they might have.

The meeting was adjourned at 4:15 p.m.



D. VERNON DALTON, PRESIDENT



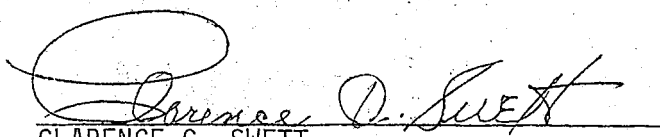
CLARENCE C. SWETT, SECRETARY

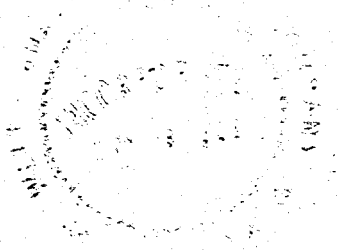
RESOLUTION
OF THE BOARD OF DIRECTORS
OF
WELLS RURAL ELECTRIC COMPANY

Board Resolution - Appointment of New Manager

NOW, THEREFORE, BE IT RESOLVED, That the Board of Directors does appoint Michael G. Fox as General Manager of Wells Rural Electric Company under the following provisions: (1) The starting salary will be \$23,000 per year with Health and Medical Benefits under our present N.R.E.C.A. Plan to be paid by the Company, (2) Retirement and Insurance Program, when selected by the Board of Directors will be furnished to begin at the time of employment, (3) The Board of Directors will review the Managers salary after six months of employment, (4) the Company will pay the actual moving expense of his household furniture not to exceed \$2,000.00, (5) the Company will furnish a vehicle for use on Company business.

I, Clarence C. 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 16th day of December, 1977, at which meeting a quorum was present.


CLARENCE C. SWETT

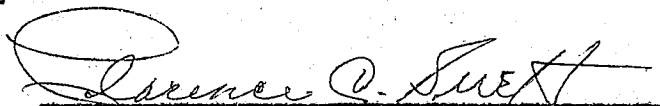


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CLARENCE C. SWETT



MEMBERSHIPS TO BE APPROVED

DECEMBER 16, 1977

WELLS

1. Kenneth Argyle
2. Floyd Bill
3. Leon Bright
4. Bill Brooks
5. Bureau of Indian Affairs
6. Dennis Calton
7. George Hammons
8. Al Hill
9. Noel D. Imel
10. Gary Laib
11. Lee Ervin Brent
12. Stuart Leonard
13. Charles T. Long
14. Paul Lyon
15. Margaret Monore
16. Allen Northcott
17. Jackie Ratliff
18. Clay Salinas
19. Andy Stenovich
20. Henry B. Sumrall
21. William Turnbaugh
22. Walter H. Tycksen
23. Van Thiel Interiors
24. Ken Yazzie

MEMBERSHIPS TO BE APPROVED

DECEMBER 16, 1977

WENDOVER

1. David Carson
2. Rafael Cienfuegos
3. Commercial Security Bank
4. William Roy Eason
5. Alexina Farfan
6. Don Hernandez
7. Richard M. Hunt
8. Rolland D. Ireland
9. Kenton International
10. Lawrence R. Lane
11. Shirley Lee
12. G. E. Mouritsen
13. Northern Nevada Aviation, Inc.
14. Salley L. Riley
15. Frank Romero
16. Calston C. Scott
17. Carol Smithhart
18. Lee Stockman
19. Wendover Automotive, Inc.