

MINUTES OF THE ANNUAL MEETING
OF
WELLS RURAL ELECTRIC COMPANY

September 17, 1977

President James Ballard called the meeting to order at 6:00 p.m. in the Wells High School Auditorium. There were 151 consumers present, and 86 of those being members.

The Notice of the Annual Meeting was read by James Ballard.

The Invocation was given by Carl Weddle of the Assembly of God.

The Bell Ringers from Elko, conducted by Mary Ann Warren, played several musical numbers.

Minutes of the previous meetings of 1974, 1975, and 1976 were read and approved.

The President's Report was given by Jim Ballard. Paul Henson, Interim General Manager, gave the Manager's Report.

The Election Results were read by Jim Ballard. Directors elected were: Ester Quilici, Daryl Eriksen, and Jesse Larsen of Wells, and Ferris Brough of Clover Valley.

Attorney Robert Vaughan explained two resolutions to be voted on by the members present: (1) Sell-Out Clause, (2) Reducing the number of directors from 11 to 7. JOHN MOHLMAN MOVED THAT THE SELL-OUT CLAUSE BE ADOPTED. GENE PENGELLY SECONDED THE MOTION. THE MOTION CARRIED. (See Exhibit A attached.) Discussion followed on reducing the number of directors. Many consumers wanted zoning or districting included in the resolution; it was also the concern of many consumers that the board should not be reduced to less than nine members. BOB WRIGHT MOVED THAT THE BOARD TAKE UNDER ADVISEMENT REDUCING THE NUMBER TO NINE BOARD MEMBERS WITH DISTRICTING OR ZONING INCLUDED AND BRING THIS RESOLUTION BACK TO THE MEMBERS AT THE NEXT ANNUAL MEETING OR AT A SPECIAL CONSUMER MEETING. ELOISE McQUEARY SECONDED THE MOTION AND THE MOTION CARRIED. ONE CONSUMER OPPOSED THE MOTION.

Kenneth Johns presented a report from a grievance committee made up of members of the co-op and requested permission to discuss this at a board meeting.

Ninety-five children attended the free movie.

The winners in the drawing were:

Ester Quilici	-	Crock Pot
Bob Wright	-	\$25.00 Certificate
Jesse Larsen	-	\$50.00 Certificate
Rena Guzenske	-	\$75.00 Certificate

The meeting was adjourned at 8:45 p.m.


JAMES L. BALLARD


CLARENCE C. SWETT

EXHIBIT "A"

A discussion was held concerning the matter of amending the Articles of Incorporation in accordance with recommendations of the Board of Directors. It was explained by counsel that for the corporation to make such an amendment, the Board of Directors would first have to pass resolutions to amend the Articles of Incorporation, and that those resolutions would have to be approved by the members. The amendment would be effective at such time as a Certificate of the Amendment had been filed with the Secretary of the State of Nevada.

A further discussion was held concerning the authority of the Board of Directors to sell, mortgage, lease, encumber or otherwise dispose of the assets of the corporation, and that the present Articles of Incorporation would permit that to be done by action of the Board of Directors alone. The members were advised that the Board of Directors thought that their power should be limited and require the approval of the members. The members were further advised that the Board of Directors had adopted resolutions amending the Articles of Incorporation to so restrict the Board of Directors and that said resolutions were presented to the members for consideration.

On motion duly made and seconded, it was:

RESOLVED: That it is advisable to restrict the authority of the Board of Directors to sell, mortgage, lease, encumber or otherwise dispose of a substantial portion of the assets of the corporation.

BE IT FURTHER RESOLVED: That the Articles of Incorporation of WELLS RURAL ELECTRIC COMPANY be amended by an addition thereto of ARTICLE XIII as follows:

"ARTICLE XIII"

Other provisions of these Articles of Incorporation notwithstanding, the corporation may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the board of directors thereof by the affirmative vote of not less than three-fourths of the Directors of the corporation and authorized by a written petition signed by two-thirds of the members of the corporation or at a meeting of the members by the affirmative vote of not less than two-thirds of all of the members of the corporation. Notice of any proposed sale, mortgage, lease or other disposition or encumbrance must have been contained in the notice of the meeting of the members of the corporation.

For the purposes hereof a "substantial portion" shall be defined as a portion of the property and assets constituting twenty-five percent (25%) of the book value of the total property and assets of the corporation.

Notwithstanding anything herein contained, the board of directors of the corporation, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses,

franchises and permits of the corporation, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the board or directors shall determine to secure any indebtedness of the corporation to the United States of America or any bureau, department, administration, instrumentality or agency thereof, and to the National Rural Electric Utilities Finance Corporation, or its successor.

It is further provided that the board of directors may upon the authorization of a majority of those members of the corporation present at a meeting of the members thereof or by a written petition containing a majority of the signatures of the members of the corporation, sell, lease or otherwise dispose of all or a substantial portion of its property to another corporation doing business in this state pursuant to the act under which this corporation is incorporated.

GRIEVANCE COMMITTEE REPORT

THERE IS MUCH DISCONTENT WITH THE ARBITRARY ADMINISTRATION OF THE COMPANY AND THE BOARD SHOULD GIVE MORE ATTENTION TO THE WISHES OF THE MEMBERSHIP.

IT IS SUGGESTED THAT THE TERMS OF THE BOARD OF DIRECTORS BE LIMITED TO NOT MORE THAN THREE CONSECUTIVE TERMS AND THIS SHOULD BE PRESENTED TO THE GENERAL MEMBERSHIP FOR A VOTE.

EVERY EFFORT SHOULD BE MADE TO CUT EXPENSES WHEREVER POSSIBLE:

A. MUCH CONCERN HAS BEEN SHOWN AS TO THE EXPENSE OF SEMINARS ATTENDED BY DIRECTORS. IT IS SUGGESTED THE BOARD EITHER LIMIT THE NUMBER OF SEMINARS ATTENDED AND DIRECTORS ATTENDING OR PERSONALLY ASSUME 50% OF THE TOTAL COST.

B. ANY EMPLOYEE ATTENDING A SCHOOL TO UPGRADE THEIR POSITION SHOULD BE RESPONSIBLE FOR 50% OF THE TOTAL COST.

C. CONSIDERING THE EMPLOYEES AND MANAGEMENT ARE ADEQUATELY COMPENSATED SALARY-WISE, THE EXPENSE FOR THE ANNUAL PARTIES SHOULD BE DELETED FROM THE BUDGET.

D. ALL DONATIONS SHOULD ALSO BE DELETED FROM THE BUDGET.

E. THE POWER COMPANY SHOULD NOT BE COMPETING AGAINST PRIVATE ENTERPRISE, THEREFORE, THE APPLIANCE SALES DEPARTMENT SHOULD BE DISCONTINUED.

F. EVERY EFFORT SHOULD BE MADE TO CONSERVE ENERGY AT THE SERVICE CENTER.

G. A FULL TIME MECHANIC DOES NOT SEEM TO BE JUSTIFIED.

H. MORE EFFICIENCY SHOULD BE USED IN THE READING OF METERS.

J. ALL VEHICLES SHOULD BE LIMITED TO COMPANY USE ONLY.

*The above was submitted to the annual Meeting
of Members Sept 17, 1977 by Kenneth Johns.*