

# **The Regular Meeting of the Board of Directors OF Wells Rural Electric Company**

**March 16, 1984**

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on Friday, March 16, 1984 at 1:00 p.m. President Vernon Dalton presided over the meeting.

Directors present were Vernon Dalton, Vernon Scott, Joe Riordan, Claudia Wines, Ray Crawford, Larry Bradshaw, John Krenka, Wanda Borden, Mary Wright, and Daryl Eriksen. Ferris Brough was unable to attend.

Present from the staff were Lee Standley, Warren Linnell, Ray Bleak, and Tommi Reynolds. Bob Vaughan, attorney, was also in attendance.

There were no corrections to the minutes and no additions to the agenda.

## RATE INCREASE

Lee Standley expressed his hope that the rate increase would be approved by the Utah Public Service Commission with a minimum of adverse public reaction.

## REA LOAN PACKAGE

Lee Standley told the Board that the REA loan package had been mailed to Charlie Harper on Wednesday, March 7, 1984. WREC will contact Mr. Harper early the following week to insure the package's timely submission to Washington. It was noted that there was no foreseeable reason for Mr. Harper to hold the package for more than a few days.

## WEST WELLS SUBSTATION

The structures are up and the transformer was set on the pad on February 22, 1984. Idaho Power Company denied us a hazard on the line for stringing over their 138 KV circuit. Because of this denial and because of recent muddy conditions, there has been some delay in getting all of the wire strung. Due also to the mud, a new date of late April has been set to energize the lines. The delay is not expected to pose a problem.

## WENDOVER POINT OF DELIVERY AND TRANSMISSION LINE

Lee Standley noted that B.P.A. has promised to deliver a preliminary lease agreement but he had not received it as of the Meeting date. Upon receipt of the agreement WREC will review it, then return it to B.P.A. with our comments. This process will continue until a final agreement is reached.

Bob Vaughan updated the Board on the process to be used to secure rights-of-way for the transmission line.

Any landowner whose property is to be crossed must be notified of the appraised value of his land and an appropriate offer (approximately 40% of appraised value) made to him. Power Engineers will get a list of these landowners and a legal description of their properties by the end of March. To aid in identifying those landowners who will be affected Walt Leberski, from Vaughan's office, has located all property that the center of the transmission line will cross and will get the property owners' names and addresses. The locations of all properties on this same center line was also given to Jack Carter, appraiser, who will get comparable sales values. Therefore, shortly after receiving the descriptions from Power Engineers, the initial letters can go to the affected landowners stating what is needed and making them an offer.

Mr. Vaughan pointed out that Raft River is also seeking a right-of-way from some of these same landowners. Raft River is operating on the premise that because its customers are on a no-growth pattern rights-of-way can be assumed without payment to the landowners. Mr. Vaughan recommended against WREC's following the same procedure and expressed some concern that should Raft River encounter opposition from property owners, work on the line might be held up.

## WENDOVER POINT OF DELIVERY AND TRANSMISSION LINE (continued)

It was noted that "easement" was a better description than "right-of-way" since WREC will not take fee title.

Ray Crawford mentioned that it was rumored that ranchers in the Copper Mountain area were protesting the right-of-way OVER B.L.M. ground. Power Engineers will be asked to check into this.

## CARLIN GOLD CONTRACT

The amended application was submitted to the Nevada Public Service Commission on February 22, 1984. The secretary of the Commission indicated to Mr. Vaughan that if Sierra Pacific Power Company would put into writing what they have verbalized - that they won't protest or oppose the contract - a hearing will not be needed. This would save time and money. If a written notice of non-opposition can't be obtained a hearing could be expected to take place within 30 to 60 days after the 20 day protest period.

#### LAND PURCHASE AND NEW OFFICE - WELLS

##### Land Purchase\*

The Board decided to offer the Nuttal family \$8,000.00 per acre for 20.96 acres on Humboldt Avenue. Contingent to acceptance of this offer Bill Hylton will be paid \$25,000.00 to void his contract with WREC.

MARY WRIGHT MADE THE MOTION TO OFFER THE NUTTAL FAMILY \$8,000.00 PER ACRE (\$167,680.00 total) WITH 20% DOWN (\$33,536.00), THE BALANCE OVER FIVE YEARS, AT 12% PER ANUM, UNSECURED AND WITH THE RIGHT OF PREPAYMENT. VERNON SCOTT SECONDED THE MOTION. IT PASSED UNANIMOUSLY.

DARYL ERIKSEN MOVED TO PAY BILL HYLTON \$25,000.00 TO VOID HIS CONTRACT WITH WREC, CONTINGENT ON THE NUTTAL'S ACCEPTANCE OF WREC'S OFFER ON THE HUMBOLDT PROPERTY. JOHN KRENKA SECONDED THE MOTION. IT PASSED UNANIMOUSLY.

In reaching these decisions the Board discussed several items and possible options.

Bob Vaughan was responsible for consulting with attorneys for Hylton and the Nuttal family and presented the Board with his findings regarding offers likely to be acceptable to all parties.

The possibility of buying the Hylton property and holding it for resale was discussed and rejected on the basis of its having an uncertain future value and/or market.

Mr. Vaughan will draw up the offers as stated in the aforementioned motions. If the Nuttal family accepts WREC's offer, as presented by Vaughan, they will sign the offer and WREC will approve it, then it will be sent to REA for approval. After these steps have been successfully completed Mr. Hylton will be paid.

The Board agreed that any land purchase to be used for the new Wells office was contingent on the land's having a free and clear title and a guarantee of industrial zoning.

Vernon Dalton noted that REA financing could be expected for most, but not all, of the land to be purchased.

##### New Office - Wells\*\*

Bob Hope's tentative floor plan for the new Wells office was viewed by the Board. A contract with Mr. Hope will be negotiated. It was noted that REA sets a maximum allowable architect's fee and that Mr. Hope is probably aware of that amount and can be expected to take it into consideration when setting his fee.

Once a contract is made with Mr. Hope additional building specifications can be discussed with him.

\*For reasons of possible conflict-of-interest Wanda Borden left the Meeting during this discussion.

\*\*Wanda Borden returned to the Meeting room for this and all following discussion.

#### NEW OFFICE CARLIN

The new office was found to be generally acceptable to the Board.

An editorial in the Elko Daily Free Press (Exhibit 1) was discussed. It was agreed that a rebuttal should be sent to the Free Press as soon as possible.

#### POWER SUPPLY

Lee Standley noted that B.P.A. was giving us some trouble with the Wells point of delivery but he expected the problems to be ironed out.

#### MAY LEGISLATIVE RALLY

Vernon Dalton gave a brief history of the Rally and expressed his belief that it was a valuable method for communicating current needs and problems to our Congressmen. He further suggested that the Board send three or four Members, as well as himself, to

this year's Rally and asked the Board's permission to co-host a breakfast with California and Utah.

WANDA BORDEN MOVED TO SEND THREE BOARD MEMBERS AND THE BOARD PRESIDENT TO THIS YEAR'S RALLY AND TO CO-SPONSOR THE BREAKFAST. LARRY BRADSHAW SECONDED THE MOTION; IT PASSED UNANIMOUSLY.

Larry Bradshaw, Joe Riordan and Wanda Borden will attend.

Ray Crawford noted that the budget may have to be increased to pay for this trip. Mary Wright suggested forfeiting the \$100.00 daily payment to attendees, to help defray costs. This was found to be undesirable. Later in the Meeting Vernon Dalton noted that some of the Rally's expenses might be taken out of the budget financing employee and director institutes and schools.

#### BOARD COMMITTEE REPORTS

##### Bend, Oregon Trip

Those Directors who had been to Bend, Oregon to review the IBM system there reported that this system seemed to be less advantageous than the Central Area system. Before a final decision is made it was pointed out that a final cost breakdown and comparison would need to be reviewed and that input from the staff should be gathered and taken into consideration.

##### Resolutions

The next matter to come before the Meeting, concerned the matter of amendment of the By-Law provisions providing inspection of the membership lists to members, yet protecting the Corporation that such lists would not be used in a manner inimical to the interests of the Corporation or would be used for sale. After a thorough discussion of the matter, on MOTION DULY MADE BY DIRECTOR JOE RIORDAN, SECONDED BY DIRECTOR VERNON SCOTT, IT WAS, BY A VOTE OF TEN IN FAVOR AND NONE OPPOSED:

RESOLVED: That Section 6 of Article II of the By-Laws of the Corporation be amended by adding thereto the following:

"The Corporation may require, before a member is authorized to inspect the list of members' names and addresses, that the member requesting such inspection furnish affidavit that such inspection is not desired for a purpose which is in the interest of a business or object other than the business of the corporation, and that the member has not at any time sold or offered for sale any list of members, or aided or abetted any person in procuring any such list of members for any such purpose."

The next business to come before the Meeting related to the amendment of the ByLaws of the Corporation to provide the basis upon which financial information would be provided to members. After a full discussion of the matter, on MOTION MADE BY DIRECTOR JOE RIORDAN AND SECONDED BY DIRECTOR LARRY BRADSHAW, IT WAS, BY A VOTE OF TEN IN FAVOR AND ONE OPPOSED:

RESOLVED: That Section I of Article XII of the BY-Laws of the Corporation be amended to provide and read as follows:

"The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Electrification Administration of the United States of America. The Board shall also, after the close of each fiscal year, cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the corporation as of the end of such fiscal year and in relation thereto provide a detailed annual financial statement. Copies of the detailed annual financial statement shall be available to the members at the next following annual meeting. A copy of the detailed annual financial statement shall be provided to any member who makes a written request therefor."

#### ENGINEERING REPORT

Warren Linnell reported that the Wendover City Council has approved the contract for the Air Force Base Extension but has not yet

signed it. At Bob Vaughan's advice a letter was sent to the Council assuring them that anyone making future taps on the line will have to share in the cost of construction; this is consistent with WREC's policy.

#### OPERATIONS REPORT

Warren Linnell told the Board that he had met with Larry Heron regarding payment due WREC from the Silversmith Casino for its share of the substation costs in west Wendover. Because Silversmith is above 1900 KVA it has the option to ask, again, the Board's consideration of financing. Linnell reported that Silversmith would exercise this option and is asking the Board's permission to pay half of the \$108,000.00 currently due, now, and would like WREC to retain power credits until the balance of \$54,000.00 is paid.

Most of the Board Members felt that it was the responsibility of the Casino to accurately estimate building costs and to maintain adequate financing to meet these costs. Partial payment would adversely affect WREC's cash flow.

It was further felt that to accept Silversmith's request would set an undesirable precedent for other casinos to follow in financing their own future expansions.

WANDA BORDEN MOVED TO DENY SILVERSMITH'S REQUEST. JOHN KRENKA SECONDED THE MOTION. THE MOTION CARRIED WITH A VOTE OF EIGHT IN FAVOR AND TWO AGAINST. MARY WRIGHT AND RAY CRAWFORD VOTED IN OPPOSITION.

#### MEMBER SERVICES REPORT

##### Youth Camp

Lee Standley noted that a NREA Board Meeting will be held in Ely on March 21, 1984. He expects decisions made at this meeting to allow the Youth Camp plans to proceed on course.

##### Ruralite Magazine

Standley also reported that Ken Dollinger, in charge of publications at Ruralite, would like to include a visit to WREC's Board of Directors while on a tour of similar Boards. It is his desire to show how the Ruralite magazine can be used to impart important information to coop members. He is further requesting help in financing this tour. The Board agreed to invite Mr. Dollinger, at his convenience, and to help with his expenses.

#### ANNUAL MEETING REPORT

In discussing the Annual Meeting, Claudia Wines mentioned that many consumers have expressed dissatisfaction that WREC Employees seem to win a disproportionate number of prizes at the drawings held at the Annual Meetings. It was noted that Directors do not include their names for the drawings and that many employees voluntarily withdraw their names. Other areas of consumer discontent were also discussed. It was noted that most complaints reached the Board via rumors rather than as written complaints. It was agreed that presenting consumers with the facts is the best way to prevent and counter rumors. The Newsletter, newspaper and Ruralite articles, and speaking at civic clubs were mentioned as ways of presenting WREC's views to the public.

#### NEW MEMBERSHIPS

VERNON SCOTT MOVED TO ACCEPT FIVE NEW MEMBERS FROM CARLIN; SEVEN FROM WENDOVER, UTAH; EIGHT FROM WENDOVER, NEVADA; AND ONE FROM WELLS. CLAUDIA WINES SECONDED THE MOTION. IT PASSED UNANIMOUSLY.

#### MANAGER'S REPORT

##### Resolution

The next matter to come before the Meeting concerned the matter of service to Salmon River Cattlemen's Association, Inc. at the Knoll Creek Station, pursuant to a contract originally entered into between Wells Rural Electric Company and the University of Nevada. Salmon River Cattlemen's Association, Inc. had advised that they wished to terminate service. Upon advice of counsel, and after a thorough discussion of the matter, on MOTION DULY MADE BY VERNON SCOTT AND SECONDED BY JOE RIORDAN IT WAS UNANIMOUSLY:

"RESOLVED: That pursuant to Paragraph IX of that certain contract made and entered into the 28th day of September, 1962 by and between Wells Rural Electric Company and the University of Nevada, which had been assigned by the University to Salmon River Cattlemen's Association, Inc., Wells Rural Electric Company does hereby terminate the Contract and that the manager is directed to give Salmon River Cattlemen's Association, Inc. notice of such termination."

### Meter Testing Equipment

Lee Standley asked the Board's approval on the addition of \$11,000.00 to the capital budget. The additional funds will be used to purchase new meter testing equipment to replace older inadequate equipment. Standley noted that other capital purchases will be moved later in the year.

JOHN KRENKA MOVED TO APPROVE THE REQUEST; JOE RIORDAN SECONDED THE MOTION; IT WAS UNANIMOUSLY APPROVED.

### Copiers

Standley again approached the Board with a request to purchase copiers. He explained that the three offices' copier needs, equipment availability, and costs, had been researched and that the best option seemed to be to buy a new Cannon 500 AF (\$10,345.00) for Wells and a new 211 Mita (\$2,795.00) for Wendover. Wendover's current copier would be moved to Carlin. The current lease with Xerox would have to be bought out. Total copier costs for 1984 would come to \$17,148.65. Over five years this cost would prove more advantageous than a lease agreement.

VERNON SCOTT MOVED TO INCREASE THE CAPITAL BUDGET AS NEEDED TO PURCHASE THE TWO NEW COPIERS WITH A CORRESPONDING DECREASE IN THE ADMINISTRATIONS OPERATIONS BUDGET AND WITH ANY CREDIT ON MAINTENANCE OF THE OLD MACHINE TO GO TO THE CAPITAL BUDGET. MARY WRIGHT SECONDED THE MOTION AND IT PASSED UNANIMOUSLY.

### Insurance Mailouts

Lee Standley told the Board of a NRECA request for a members list, to be used for insurance mailouts. Because NRECA had previously received this list and had had limited response the BOARD UNANIMOUSLY AGREED WITH A MOTION, MADE BY VERNON SCOTT AND SECONDED BY JOE RIORDAN TO DENY THE REQUEST.

### Irrigation Rates

B.P.A. has offered non-firm energy for irrigation in the month of May. Two programs will be available, one for the month of May and one for May-July. It was agreed that these programs might be helpful to, and couldn't hurt irrigators. VERNON SCOTT MOVED TO AUTHORIZE LEE STANDLEY TO MAIL COPIES OF THE CONTRACT - AFTER RECEIVING THEM FROM B.P.A. - TO IRRIGATORS. A cover letter explaining the program would also be sent. JOHN KRENKA SECONDED THE MOTION. IT PASSED UNANIMOUSLY.

### Resistance Heat Law

Bob Vaughan spoke to the Board regarding the law which forbids new buildings to use resistance heat as the primary heat source. Mount Wheeler Power Company has approached other Coops and asked their support in opposing this regulation. Vaughan's office will be responsible for researching the law and will present an opinion as to the probability of successfully opposing the law. Vernon Dalton suggested that it might be more economical to wait until the next legislative session, then seek to repeal or amend the law.

### Wendover Land

Vaughan further advised the Board that Wendover Land wants to revamp its plan in a way that would disrupt WREC's rights-of-way into Company property. Vaughan expressed his belief that the rights-of-way had been strongly established and that any changes Wendover Land wished to make would be contingent on WREC's consent.

### WPSS

Vaughan then gave each Director a copy of a letter (Exhibit 2) from the offices of Riddell, Williams, Bullit and Walkinshaw regarding the B.P.A. v. WPSS suit. Vaughan asked each Director to review the letter and to direct any comments to his office.

Vernon Dalton adjourned the regular meeting of the Wells Rural Electric Company Board of Directors at 3:48 p.m.

D. Vernon Dalton, President

Wanda Borden, Secretary