

HTML contains invalid UTF-8 character(s)**THE MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF
WELLS RURAL ELECTRIC COMPANY****January 18,1990**

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in Wells, Nevada in the board room of the Wells office and called to order January 18, 1990, at 9:00 a.m. The meeting was presided over by President D. Vernon Dalton.

Directors present were Larry Bradshaw, Ray Crawford, D. Vernon Dalton, Daryl Eriksen, Lois Nannini, Vernon Scott, Dr. S.J. Smith, and Mary A. Wright. Wanda Borden, Ferris Brough and Jerry Parkin were not present.

Present from the staff were Dan Kessler, General Manager; Warren Linnell, Manager, Engineering & Operations; Clay Fitch, Manager, Finance/Administration; Paul Johnson, Manager, Member Services; and Diane Griswold, Confidential Secretary.

APPROVAL OF MINUTES:

The minutes of the regular meeting of December 15, 1989, will stand approved as corrected and upon recommendation by Bob Vaughan, attorney: "Approval was requested on refunding and returning a total of \$244,604.76 of the patronage capital. The basis would be to refund \$122,302.38 on a first-in, first-out basis, for patronage capital contributed during the years 1974, 1976 and a portion of 1977. (In 1975, the cooperative had negative margins.) The balance of the refund of \$122,302.38 will be prorated and repaid on the basis of across-the-board to all other persons or entities who have unpaid capital credit accounts for capital contributed to and including the calendar year ending December 31, 1989. Following a discussion, IT WAS ON MOTION DULY MADE BY DARYL ERIKSEN TO APPROVE RETURNING THE TOTAL OF \$244,604.76 ON THE AFOREMENTIONED BASIS. THE MOTION WAS SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY." (There were no objections to the above correction.)

ADDITIONS TO THE AGENDA:

Dave Brough, Clover Valley, asked to give a presentation on solar water pumps. Ed Spencer, CFC, asked to update the Board on issues effecting CFC. Vernon Dalton informed the Board of the need to call an Executive Session sometime during the meeting. There were no objections to these additions.

ED SPENCER, CFC:

Ed Spencer, Area Representative of Cooperative Finance Corporation, gave an update on the Deseret G & T situation. (Ray Crawford came in at this time.) Also an update was given on the Colorado Ute/Tri-State proposed merger. A discussion ensued. (Mary Wright came in at this time.)

Mr. Spencer also noted the new location for CFC near the Dulles Airport in Washington, DC.

DAVE BROUGH:

Dave Brough gave a presentation on solar water pumps. Handed out was an information package. It was the consensus of the Board that more information was needed. Mr. Brough is to give the requested

information to the staff for study and recommendation.

WENDOVER LAND:

The preliminary work (i.e. reports [Borrower[[#146]]s Environmental Report], survey maps, etc.) for site preparation and REA/CFC approval and funding is progressing. Everything is moving along well. An update will be given at the February Board meeting.

MEMBER CONTACTS:

Reports on member contacts made and follow-ups were given. The Member Comments and Office Payment report, Thank You cards, Please Tell Us How We Did cards, and the Board & Administrator were handed out to the Board for review.

Letters were received from Senator Reid and Governor Miller acknowledging our concern over the Thousand Springs Project Moor access road.

A letter was received from PNGC thanking us for our membership.

A letter was sent to Tom Blankenship, Boise District Manager of Bonneville Power Administration, stressing that we would like to be continually updated on any planning regarding our future power needs and BPA[[#146]]s ability to serve them, especially concerning the Thousand Springs Power Project as a power source.

It was noted that Utah is protesting the building of the Thousand Springs Power Project due to adding to the pollution of Utah[[#146]]s air. A discussion ensued.

MANAGER[[#146]]S REPORT:

CFC interest rates/investments made were reported, with total interest earned through October being \$194,607.41.

The November Form 7 was handed out and reviewed. 336 million KWH were sold, a 62% increase over last year[[#146]]s sales, which caused a 15% increase in revenue. Our equity level is up approximately 3%.

Auditors will be here in February.

The 1990 Legislative Conference is scheduled April 29-May 4. A change in the meeting format was noted and explained. Vernon Dalton, Mary Wright and Dan Kessler will be attending.

The official voting representative credentials, NRECA Annual Meeting, need to be signed and sent in. NRECA delegate is Lois Nannini who is not attending this year[[#146]]s meeting. Larry Bradshaw is alternate. There were no objections to Larry serving as voting delegate. CFC delegate is Joe Smith with Vernon Scott as alternate. NRTC delegate is Larry Bradshaw. Official notice of the meeting has been received.

Several donation requests have been received. The LDS Cutting is on the standard donation list for \$50.00, but the last two years \$100.00 has been donated. IT WAS ON MOTION BY VERNON SCOTT TO DONATE \$100.00 TO THE LDS CUTTING. THE MOTION WAS SECONDED BY RAY CRAWFORD AND PASSED UNANIMOUSLY. The Elko silver Eagle Squadron Civil Air Patrol requested a donation. IT WAS ON MOTION BY DARYL ERIKSEN TO DONATE \$50.00 TO THE

ELKO SILVER EAGLE SQUADRON CIVIL AIR PATROL. THE MOTION WAS SECONDED BY MARY WRIGHT AND PASSED UNANIMOUSLY. A \$150.00 donation request was received from the Wells Chariot Club to sponsor their invitational. More information was requested so Kay Schacht was contacted. Following a discussion, IT WAS ON MOTION BY LARRY BRADSHAW TO DONATE \$150.00 TO THE WELLS CHARIOT CLUB. THE MOTION WAS SECONDED BY DARYL ERIKSEN AND PASSED UNANIMOUSLY.

Information on the NRECA Director **[#146]**'s Conference scheduled for March 18-21 in San Antonio, Texas was handed out for review.

Bonneville Power Administration scheduled a meeting for their draft 1990 Resource Program on February 1 at their headquarters in Portland, Oregon.

The Thousand Springs Advisory Board met on January 9. Dan gave report. Addressed were items of immediate importance to the Advisory Board: funding, state & local; unified position on Moor Access; taxation; and Environmental Impact Statement. On January 22 a meeting was scheduled with Larry Warren of Sierra Pacific to discuss the Moor access as the primary access. A discussion ensued.

It was noted that according to the Elko Daily Free Press Sierra Pacific is seeking approval to raise rates approximately 2.9% of the average Elko residential customer utility bills.

Recapped were issues before the 101 Congress.

It was requested that Policy 7-2 R. Employee Loans (1.b) be increased to \$200.00. A discussion ensued. IT WAS ON MOTION BY DARYL ERIKSEN TO RAISE THE AMOUNT OF THE LOAN TO NOT EXCEED \$200.00. THE MOTION WAS SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY.

ACRE contributions were discussed.

It was asked that the Board consider changing the March Board meeting from Friday, March 16 to Friday, March 23 due to conflicting schedules. Following a discussion, IT WAS ON MOTION BY RAY CRAWFORD TO CHANGE THE MARCH MEETING TO FRIDAY, MARCH 23. THE MOTION WAS SECONDED BY MARY WRIGHT AND PASSED UNANIMOUSLY.

The feasibility of hiring an electrician was discussed. It was noted that the lease with the city of Wells expires June 30, 1990. A lengthy discussion ensued regarding the feasibility of an electrician and the possibility of needing the old building for expansion and the options available. The full diversification study will not be completed until September.

The impact of the proposed Thousand Springs Project on the City of Wells was discussed: Sierra Pacific should pay, in part, for the impact on Wells; funding for a feasibility study (\$90,000.00); explain position on I-80 access; placement of the work camp (closer to Wells not on-site); further funding from the state for NENDA.

A Statement of Intention is needed for compliance with National Safety Accreditation Program. IT WAS ON MOTION BY VERNON SCOTT TO APPROVE SIGNATURES FOR THE STATEMENT OF INTENTION. THE MOTION WAS SECONDED BY LARRY BRADSHAW AND PASSED UNANIMOUSLY.

Information on the new forms of membership applications was received from Bob Vaughan, attorney. It was called to the Board **[#146]**'s attention that it is not necessary to have membership certificates signed

by the officers of the corporation. After due consideration and upon recommendation of counsel: IT WAS ON MOTION BY DIRECTOR RAY CRAWFORD TO APPROVE THE NEW MEMBERSHIP CARD. THE MOTION WAS SECONDED BY DIRECTOR LARRY BRADSHAW AND PASSED UNANIMOUSLY (EXHIBIT I); 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 Section 2 of Article VI of the By-Laws of the Corporation be amended to read and provide as follows, to-wit:

Section 2. Membership Certificates. Membership in the Corporation shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefore upon such uniform terms as the Board of Directors may prescribe.

The Rural Utilities Economic Development Academy sponsored by National Rural Electric Developers Association is scheduled for January 26-31 at the University of Oklahoma.

The Electrician Feasibility Report was handed out for the Board[[#146]]s review and discussion. Also handed out was a copy of the section of the approved Strategic Plan this feasibility report was listed (1.A.1). Dan and Paul explained the report. A lengthy discussion ensued. The Member Services department was commended on the work done on this project. Further consideration will be taken.

A lunch recess was called at 12:00 p.m. The meeting was called back to order at 1:15 p.m.

BOARD COMMITTEES:

Several committee meetings need to be scheduled prior to the March meeting: Director[[#146]]s Expense; Policy; and Financial Advisory. These will be scheduled during the February meeting.

FINANCIAL/ADMINISTRATIVE SERVICES REPORT:

1099s will be sent out by the end of the month.

COLLECTION & ACCOUNT AGING REPORT:

The Collection & Account Aging report was reviewed.

SAFETY MINUTES:

IT WAS ON MOTION BY DARYL ERIKSEN TO APPROVE THE SAFETY MINUTES. THE MOTION WAS SECONDED BY LARRY BRADSHAW AND PASSED UNANIMOUSLY.

DESIGN & CONSTRUCTION REPORT:

It was noted the Reilly Chemical has contacted us and will be adding 1.8 MWs to the load. That will constitute approximately 20% of the Wendover load.

ENGINEERING & OPERATIONS REPORT:

A demonstration of the Geographic Information System (GIS) was given to the Board.

The Board requested looking at the Underground Power Supply system.

Warren presented and reported on the Long Range Plan (1989-2008), asking for Board consideration. (Joe Smith came in at this time.) Following a discussion, IT WAS ON MOTION BY VERNON SCOTT TO APPROVE THE LONG RANGE PLAN. THE MOTION WAS SECONDED BY LARRY BRADSHAW AND PASSED UNANIMOUSLY.

A discussion ensued on our microwave system and the possibility of renting excess space. The legal ramifications are being considered by Bob Vaughan.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT TO APPROVE 20 NEW MEMBERSHIPS: 5-WELLS, NEVADA; 4-CARLIN, NEVADA; 5-WENDOVER, NEVADA; AND 6-WENDOVER, UT. THE MOTION WAS SECONDED BY LARRY BRADSHAW AND PASSED UNANIMOUSLY.

EXECUTIVE SESSION:

An executive session was called to discuss the recent Union negotiations and contract. Following the session, IT WAS ON MOTION BY VERNON SCOTT TO RATIFY THE CONTRACT AS DISCUSSED. THE MOTION WAS SECONDED BY RAY CRAWFORD AND FAILED WITH THREE (3) IN FAVOR, FOUR (4) OPPOSED, AND ONE (1) ABSTAINING. Further discussion ensued.

As there was no further business to come before the Board, the meeting adjourned at 3:45 p.m.

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