

HTML contains invalid UTF-8 character(s)**THE MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF
WELLS RURAL ELECTRIC COMPANY****June 14, 1991**

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 June 14, 1991, at 9:00 a.m. The meeting was presided over by President D. Vernon Dalton.

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

Staff members present were Daniel L. Kessler, Jr., General Manager; Clay Fitch, Manager, Finance/Administration; Warren Linnell, Manager, Engineering/Operations; and Paul Johnson, Manager of Member Services. Also present was Diane Griswold, Executive Secretary.

APPROVAL OF MINUTES:

The minutes of the regular meeting of May 17, 1991 will stand approved as written.

ADDITIONS TO THE AGENDA:

A discussion regarding ACRE was added with no objections.

Felicia O[[#146]]Carroll and rich Etechegary of KaFoury &Armstrong Co. will address the board at 1:00 p.m. regarding the financial side of credit unions.

WENDOVER LAND:

Dan gave an update on the Wendover land situation and a discussion followed.

Our first rent installment for the exchanged Stateline property was paid June 1, 1991.

MICROWAVE CAPACITY:

We have not received any correspondence in response to the draft sent to Western Communications. A discussion ensued.

REPORT OF MEMBER CONTACTS:

Reports were given on member contacts and follow-ups that were made this month.

MANAGER[[#146]]S REPORT:

Dan reported on CFC interest rates and interest earned on investments.

A report was given on the uncoming NREA Youth Energy Seminar held at Boreal Ridge Resort.

A report was given on the REQUIP pilot program we are participating in through NRECA.

Dan gave a report on the REMDC meeting he attended in May. Addressed was alternate financing options for rural electric systems. A discussion ensued.

A letter was received from REA regarding the company [[#146]]s audit. We are preparing a response to the auditor [[#146]]s recommendations and comments.

Pacific Northwest Generating Company [[#146]]s annual meeting is scheduled for Monday, July 1, 1991 at the Airport Shilo Inn in Portland, Oregon.

A donation request of \$300.00 was received for the printing of and advertising in a brochure depicting the East Humboldt and Ruby Mountain Wilderness accesses. Following a discussion, IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY S.J. SMITH AND PASSED UNANIMOUSLY TO DONATE \$300.00 FOR THE PRINTING OF AND ADVERTISING IN THE WILDERNESS BROCHURE.

A letter was received from Bob Vaughan, Attorney, informing WREC of a 4.4% increase in his firm [[#146]]s fees. There were no objections to the fee increase.

A thorough discussion ensued regarding assembly bill 572.

Wells Rural Electric is hosting the National Energy and Marketing Committee meeting June 24 and 25 in Lake Tahoe. Dan reported.

The franchise to serve consumers in Wendover, Utah and within a 25-mile radius expires in 1995. A letter was received from Bob Vaughan regarding the renewal of the franchise. A discussion ensued. Bob Vaughan will send a letter renewing the franchise.

A recess was called at 10:00 a.m. The meeting was called back to order at 10:15 a.m.

A proposed Bylaw change concerning the qualifications and eligibility of directors to be nominated, elected, appointed and to serve was discussed and the opinion of general counsel considered. IT WAS ON MOTION MADE BY DIRECTOR LOIS NANNINI AND SECONDED BY DIRECTOR VERNON SCOTT TO APPROVE THE BYLAW CHANGES AS PRESENTED. DURING DISCUSSION, IT WAS ON MOTION BY S.J. SMITH, SECONDED BY DARYL ERIKSEN AND PASSED WITH A VOTE OF 9 IN FAVOR, 1 ABSTAINING (BORDEN), AND 0 OPPOSED TO AMEND THE MOTION TO ADD TO PARAGRAPH 3, SUBSECTION 3, (3) THE FOLLOWING: "NO MORE THAN ONE PERSON MAY SERVE ON THE BOARD OF DIRECTORS BASED UPON ANY ONE MEMBERSHIP." THE MOTION AS AMENDED WAS PASSED WITH A VOTE OF 8 IN FAVOR, 2 ABSTAINING (BORDEN & SMITH) AND 0 AGAINST AS FOLLOWS:

RESOLVED: That Article III, Section 2, subsection 3 of the Bylaws of Wells Rural Electric Company, regarding qualifications of directors be, superseded and amended to read and provide as follows:

"3. Qualifications and Eligibility.

(a) To be qualified and eligible to be nominated, elected, appointed and /or serve as a member of the Board of Directors of the corporation the following provisions apply:

(1) The person must be of voting age. (Amended 8/15/86 and 6/14/91)

(2) To be nominated or appointed the person must have been a bona fide resident of the Corporation[[#146]]s service area for a continuous period of twelve (12) months prior to nomination or appointment; and to remain eligible to serve as a director, must continue to be a resident thereof. (Amended 8/15/86 and 6/14/91)

(3) The person must be a member, a spouse of a member or where a partnership, corporation, association or body politic is a member, then an officer, director, partner or manager of the local enterprise of said business, organization or body politic; and to remain eligible to serve as a director, the person must continue to maintain such status. No more than one person may serve on the Board of Directors based upon any one membership. (Amended 8/15/86 and 6/14/91)

(4) Employees of the Corporation are not eligible to be nominated, elected, appointed or to serve on the Board of Directors. (Amended 8/15/86 and 6/14/91)

(5) Persons who have an unpaid account with the Corporation which has been outstanding for more than ninety (90) days, or who have had an obligation to the corporation written off as a bad debt, or who is a principal in the ownership of a company or entity, which company or entity has an unpaid account with the Corporation which has been outstanding for more than ninety (90) days, or has had an obligation to the Corporation written off as a bad debt, are not eligible to be nominated, elected, or appointed to serve on the Board of Directors. (Amended 4/21/78, 8/17/79, 8/15/86 and 6/14/91)

(6) To be qualified for election and have his or her name place on the ballot for election to the Board of Directors, or for a person to be appointed to fill a vacancy on the board, any person nominated or to be appointed, but who has not previously served on the Board of Directors, shall b required to attend an informational workshop to be prepared and presented by the Corporation. The workshop shall be held on a date or dates selected by the Corporation, which shall be after the close of nominations and prior to first Friday in August of each year, or at such time as the Directors set for a person to be appointed. Reasonable travel expenses of nominated persons or persons to be appointed, to attend the workshop shall be paid by the Corporation. Should the person fail to attend the workshop, the person shall not be eligible for election, appointment, or to serve, and said nominated person[[#146]]s name shall not appear on the ballot. (Added 8/15/86 and Amended 6/14/91)

(7) To remain eligible to continue to serve as a director, and subject to payment by the Corporation of his or her reasonable travel expenses, each newly elected or appointed director, who has not previously served on the board of directors of the Corporation, shall attend a directors orientation workshop to be prepared and

presented by the Corporation and designed and planned to orientate the newly elected or appointed director as to the operations of the Corporation and as to matters a director should be informed relating to a director[[#146]]s duties and responsibilities. The directors orientation workshop will be presented within three months from the date of the directors[[#146]] election or appointment. Should a newly elected or appointed director fail to attend the directors orientation workshop, said director[[#146]]s term or office shall thereby terminate creating a vacancy in the office. (Added 4/23/87 and Amended 6/14/91)

(8) To remain eligible as a director, and subject to the payment by the Corporation of his or her reasonable travel expenses, each director shall attend at the programs offered by the National Rural Electric Cooperative Association (herin "NRECA"), and be subject to the provisions as follows:

i. A first term director will attend Institute 500.2 or its successor program regardless of designation during the first term in office

ii. After attending Institute 500.2 or its successor program, the first priority of a director shall be to attend sufficient 500 series institutes to obtain the Board Member[[#146]]s Certificate offered by NRECA[[#146]]s Management Services Department. Until the certificate is obtained, to be eligible to continue to serve as a director, each director will be required to attend at least one institute or training seminar during each term they serve as a director. After obtaining the certificate, a director may attend a seminar or training program of his or her choice, however, attendance will not be required to maintain eligibility as a director.

iii. Any director who has failed to fulfill the applicable requirements as above set out shall be eligible to only serve the balance of the term for which he or she had been elected and shall not be eligible for re-election for a period of (3) years. (Amended 8/15/86 and 6/14/91)

a. Upon establishment of the fact that a Director is holding office in violation of any of the foregoing provisions, the board of directors shall remove such Director from office. Nothing contained in this Section

shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors. (Added 6/14/91)"

COOPERATIVE CREDIT UNION:

Glenn Reese from the Nevada Credit Union League will attend the July board meeting. Information regarding a survey is forthcoming from the Nevada Credit Union League. A discussion ensued.

BOARD COMMITTEE REPORTS:

The Financial Advisory Committee met on June 10. Dan reported. After discussion and upon recommendation of the committee, IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY WANDA BORDEN AND PASSED UNANIMOUSLY TO APPROVE THE BUDGET WITH AUGMENTATIONS AS PRESENTED.

The Nominating Committee report will be presented at the July board meeting.

A discussion ensued regarding a Board Retreat and related expenses.

POWER SUPPLY REPORT:

The Power Supply Report was reviewed and discussed.

FINANCIAL/ADMINISTRATIVE REPORT:

IT WAS ON MOTION BY WANDA BORDEN, SECONDED BY FERRIS BROUGH AND PASSED UNANIMOUSLY TO APPROVE AND SIGN THE REQUIRED DOCUMENTS FOR THE \$1.5 MILLION SHORT-TERM LINE OF CREDIT WITH CO-BANK.

COLLECTION & ACCOUNT AGING REPORT:

A new format was presented for board review. A discussion ensued.

SAFETY MINUTES:

IT WAS ON MOTION BY RAY CRAWFORD, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE THE SAFETY MINUTES.

ENGINEERING & OPERATIONS REPORT:

A Copy Of Resolution Of Board Of Directors Authorizing Application To American Bonding Company for a bond in the amount \$15,000.00, which is required by the State of Nevada for our electrician contracting license, was presented to the board. IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY FERRIS BROUGH AND PASSED UNANIMOUSLY TO APPROVE AND SIGN THE COPY OF RESOLUTION OF BOARD OF DIRECTORS AUTHORIZING CORPORATE INDEMNITY OR SUBORDINATOIN. (EXHIBIT I)

Application documents for WREC[**146**]s Utah electrician license were presented to the board for their review and signature. There were no objections.

It was recommended by Bob Vaughan, Attorney, that WREC enter into easements instead of out right

purchase of property for substation sites at Newmont. Two Statement Of President and Board Of Directors Wells Rural Electric Company were presented for signature and approval. The statements concerned Pit Dewatering Substation/Mill 2/5 Substation, Crusher Tap Metering Station and Pilot Interchange Substation. There were no objections. (EXHIBIT II)

The low bid for the service center paving project was presented to the board for their review. A discussion ensued. There were no objections to proceeding with the project in conjunction with the City of Wells Pacific Avenue project.

OUTAGE REPORT:

The Outage Report was reviewed.

HYDRO REPORT:

The Hydro report was reviewed.

MEMBER SERVICES REPORT:

The Member Services Report was reviewed.

ACRE:

A discussion ensued regarding ACRE. It was suggested that WREC host a political function for ACRE members. Further discussion ensued.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE 27 NEW MEMBERSHIPS: 5-WELLS, NEVADA; 9-CARLIN, NEVADA; 5-WENDOVER, NEVADA; AND 8-WENDOVER, UTAH.

A lunch recess was called at 11:45 a.m. The meeting was called back to order at 1:00 p.m.

CREDIT UNION PRESENTATION:

Felicia O[[#146]]Carroll and Rich Etchegary of KaFoury & Armstrong Co. gave a presentation on the financial requirements of a credit union. A discussion ensued.

As there was no further business to come before the board, the meeting was adjourned at 2:20 p.m.

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