

**HTML contains invalid UTF-8 character(s)****THE MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF  
WELLS RURAL ELECTRIC COMPANY****MARCH 10, 1992**

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 March 10, 1992 at 9:00 a.m. The meeting was presided over by President D. Vernon Dalton.

Directors present were Larry Bradshaw, Ferris Brough, D. Vernon Dalton, Daryl Eriksen, Lois Nannini, Jerry Parkin, Vernon Scott, S.J. Smith, and Mary A. Wright. Ray Crawford and Robert Harris were 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 March 10, 1992 will stand approved as written.

**ADDITIONS TO THE AGENDA:**

There were no additions to the agenda. It was noted that Robert O. Vaughan, attorney, would be here to review Bylaw and policy revisions. Also, the following presentations were scheduled: Jay Smith, Ernst & Whinney; Rick Itami, BPA Idaho Falls District Manager; Debbie Smith[[#151]]Executive Director of NENDA, Dave McFee and Sally Hylton[[#151]]NENDA Board of Directors; and Mike Sheppard, Nevada Commission of Economic Development.

**AUDIT REPORT:**

Jay Smith of Ernst & Whinney handed out and reviewed the preliminary audit report for 1991 for Wells Rural Electric Company. Following review and discussion, IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY FERRIS BROUGH AND PASSED UNANIMOUSLY TO APPROVE THE AUDIT REPORT WITH ONE CORRECTION (an address was incorrectly listed).

**WENDOVER LAND:**

Letters were received from Larry Herron, Manager of Stateline, and Ted Thatcher of Delta Geo-Tech. A discussion ensued. A meeting was scheduled for Thursday, March 12 with Mr. Herron, Mr. Thatcher, Dan Kessler, and Warren Linnell. Stateline wants to get this matter taken care of as well.

**MEMBER CONTACTS:**

Member contacts made and follow-ups were reported. Vernon Dalton spoke to a member/owner regarding the member[[#146]]s concerns over the proposed formation of the credit union.

Due to the work load of the electrician, Shawn Kelley, Wells meter reader/laborer, will be working with the electrician. This could lead to an Apprentice Electrician program. A temporary meter reader/laborer

position will be available. A detailed report will be given during the April board meeting.

MANAGER[[#146]]S REPORT:

Wells Rural has been reassigned to the Bonneville Power Administration[[#146]]s Idaho Fall District office from the Boise District office. Rick Itami, Idaho Falls District Manager, will be giving a presentation. Mr. Itami has approached WREC about re-opening the study on geothermal potential in our service territory. BPA has set aside funding to complete a feasibility study of the geothermal potential.

A letter was received from Paul Hovan of Newmont Gold Company asking that the existing four contracts and planned future contracts for their project expansions be combined into one controlling contract. Dan reported. The benefits to both companies were reviewed and discussed. Following a discussion, IT WAS ON MOTION BY S.J. SMITH, SECONDED BY LARRY BRADSHAW AND PASSED UNANIMOUSLY TO HAVE STAFF AND ROBERT O. VAUGHAN, ATTORNEY, DO WHAT IS NECESSARY TO SIMPLIFY THE CONTRACTS.

The following policies were presented to the board for review and consideration:

Policy 1-1: Statement of Functions of the Board of Directors

(replace) III.B. To Act as Trustee of Members[[#146]] Interest with Respect to:

4. Keeping informed, growing in their own skills and understanding as board members, and occasionally arranging for an evaluation of the board[[#146]]s performance with a systematic review process to assist them in improving their individual and group abilities.

Policy 1-5: Board Meetings

(add) III. RESPONSIBILITY

The president of the board of directors shall be responsible for the enforcement and review of this policy.

Policy 1-8: Statement of Functions for Company Attorney

(add) IV. RESPONSIBILITY

The president of the board of directors and the general manager shall be responsible for the enforcement and review of this policy.

Policy 4-2: Capital Credits

(add) II. F. 1. The members shall be divided into and assigned[[#133]][[#133]][[#133]][[#133]]...

industrial service[[#133]].

## (add) III. RESPONSIBILITY

A. The general manager is responsible for the overall administration of this policy.

B. The office manger, or other designated staff member(s), shall periodically review the needs for revisions and the implementation of this policy.

## Policy 7-2: Employment Practices

(replace) III. H. Sick Leave (2<sup>nd</sup> paragraph, 1<sup>st</sup> sentence)

Sick leave shall be accrued at the rate of 5 1/3 hours per month per calendar year.

## (add) IV. RESPONSIBILITY

It shall be the responsibility of the general manager, together with the department heads, to administer this policy. The general manager is to report annually to the board of directors upon the effectiveness of the policy.

## Policy 7-4: Safe Working Practices

(replace) II. B. Safety Meetings (2<sup>nd</sup> sentence)

Replace manager with general manager

## Policy 7-8: Equipment and Supply Purchases

## (replace) II.B. Policy

(i.e., if a vehicle is to be used at the Wells office, the bid or quote will reflect delivery to the "Wells" office. (The same for Carlin and Wendover))

## Policy 9-1: Scholarship Program

## (add) X RESPONSIBILITY

The Scholarship Committee and general manager shall be responsible for the enforcement and review of this policy.

## Policy 10-1: Injury to Company Property

## (add) III. RESPONSIBILITY

It shall be the responsibility of the general manager,

together with the department heads, to administer this policy.

IT WAS ON MOTION BY S.J. SMITH, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE THE REVISIONS TO THE ABOVE POLICIES.

A REQUIP presentation is scheduled for the April board meeting. It was also noted that a REQUIP presentation will be given at the Northwest Managers/Directors Conference.

A discussion ensued regarding a letter from the Citizen[[#146]]s Ambassador Group. This group is selecting a delegation of gas and electric utility specialists to visit Russia, Czechoslovakia, and German in April 1993.

Bob Crump, Wells Line Working Foreman has requested reassignment. Bob was transferred to Journeyman Lineman on the Wells crew. Mike Cromie was promoted to Line Working Foreman.

The RS&I Department released information regarding the moratorium on retirement. The moratorium will continue through 1992. Dan reported.

The NRECA Legislative Conference is scheduled for May 4 & 5, 1992. Asking to attend were Vernon Dalton and Mary Wright. There were no objections.

S.J. Smith requested approval to attend two director courses: 510.2 and 520.2 in July in Jackson Hole, Wyoming. Vernon Scott requested attending the 510.2 course in Jackson Hole. There were no objections.

A break was called at 10:15 a.m. The meeting was called back to order at 10:40 a.m.

COOPERATIVE CREDIT UNION:

Training dates have been set up for April 7 (1:00 p.m.), 8 (all day), and 9 (all day) with Glenn Reese of the Nevada Credit Union League. Mr. Reese will also attend the board meeting on the 10<sup>th</sup>. A discussion ensued regarding the credit union board of directors. Several members of the WREC board are interested in serving on the credit union board to get it started. It was also suggested that members of Wells Rural Electric may be interested in serving on the credit union board.

RICK ITAMI, BPA IDAHO FALLS DISTRICT MANAGER:

Rick Itami was introduced to the board. He reviewed the BPA rate case and the issues contributing to the proposed increase. A double digit rate increase is expected for wholesale power in October 1993. A video was shown regarding BPA Resource Allocation. Also addressed was the geothermal feasibility study.

A BPA Customer meeting is scheduled in Burley, Idaho on April 29, 1992 from 10:00 a.m. to 2:00 p.m.

Programs in Prospective meeting is scheduled in Burley, Idaho for July 9, 1992.

A discussion ensued regarding the proposed wholesale rate increase and the effects on Wells Rural Electric. A cost of service study is being prepared.

ROBERT O. VAUGHAN, ATTORNEY:

Mr. Vaughan attended the meeting to discuss the re-drafted Bylaw amendments and revision to Policy 1-

10.

The matter of the qualifications and eligibility of directors to be nominated, elected, appointed and to serve was discussed and the opinion of general counsel considered.

ON MOTION MADE BY DIRECTOR MARY A. WRIGHT, SECONDED BY DIRECTOR VERNON SCOTT, ON A VOTE OF 9 IN FAVOR AND 0 OPPOSED, IT WAS:

RESOLVED: That Article III, Section 2, Subsection 3(8) of the By-Laws of Wells Rural Electric Company, regarding qualifications of directors, be superseded and amended to read and provide as follows:

"(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 the courses and programs approved by the National Rural Electric cooperative Association (NRECA), and be subject to the provisions as follows:

(i) A first term director must attend Institute 500.2, or its successor course regardless of designation, during the first year in office.

(ii) After attending Institute 500.2 or its successor course, the requirement of a director, during said director[[#146]]s first term of office, shall be to attend at least two (2) other series courses, which courses are required courses to obtain the Director[[#146]]s Certificate offered by NRECA[[#146]]s Management Service Department. The director may also attend such other required or elective courses as may advance said director to receiving the Director[[#146]]s Certificate.

(iii) During a director[[#146]]s second term of office, said director shall attend sufficient additional required and elective courses to the extent that the director obtains the Director[[#146]]s Certificate, offered by NRECA[[#146]]s Management Service Department, prior to the end of the director[[#146]]s second term. The requirements to be met are as set by NRECA[[#146]]s Management Service Department, and as said Department may from time to time change the same.

(iv) After obtaining the Director[[#146]]s Certificate, a director may attend a course or training program of his or her choice, however, attendance will not be required to maintain eligibility as a director.

(v) Should a director be appointed and commence service during me-term, then, and in that event, and for purposes of the requirement of this Subsection 3(8) only, the first three (3) years of the director[[#146]]s service shall be considered his or her "first term"

during which he or she shall attend at least the courses required by Subparagraphs (i) and (ii) hereof; and the second three (3) years of service the "second term", and said director shall attend sufficient additional required and elective courses to the extent that the director is qualified to obtain the Director [146]s Certificate, prior to the end of six years of service as a director.

(vi) As the directors in office at the time of the amendment of this Subsection (8) increasing the requirements, and who have not obtained their Director [146]s Certificate, the schedules for obtaining the same, as set out in (ii) and (iii), shall not apply. However, any such director must attend one required course each year until all of the required courses to obtain the Director [146]s Certificate have been attended, and prior to or within the period of time permitted to attend the required courses, have also attended the three elective courses required to obtain the Director [146]s Certificate, to the extent that said director is qualified to obtain the Director [146]s Certificate prior to the end of the period of time permitted to attend the required courses.

(vii) 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 reelection for a period of three (3) years."

IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY LOIS NANNINI AND PASSED WITH A VOTE OF 6 IN FAVOR, AND 3 OPPOSED TO BRING FROM THE TABLE ARTICLE III, SECTION 2 SUBSECTION 3 THE ADDITION OF (10) OF THE BY-LAWS. Following a thorough and lengthy discussion, IT WAS ON MOTION BY S.J. SMITH, SECONDED BY DARYL ERIKSEN TO APPROVE THE ADDITION TO ARTICLE III, SECTION 2, SUBSECTION 3 AS AMENDED. THE MOTION FAILED WITH A VOTE OF 4 IN FAVOR AND 4 OPPOSED.

ON MOTION MADE BY DIRECTOR S.J. SMITH, SECONDED BY DIRECTOR MARY A. WRIGHT, ON A VOTE OF 8 IN FAVOR AND 0 OPPOSED, IT WAS:

RESOLVED: That Article III, Section 2, Subsection 3(b) of the By-Laws of Wells Rural Electric Company, regarding qualifications of directors, be superseded and amended to read and provide as follows:

"(b) Upon establishment of the fact that a nominee for director lacks eligibility under this Section (3) or as may be provided elsewhere in these By-Laws, it shall be the duty of the Board to disqualify him or her. Upon the establishment of the fact that any person being considered for, or already holding, a directorship in the corporation lacks eligibility under the Section (3), it shall be the duty of the Board to withhold such position from such person, or to cause her or her to be removed therefrom, as the case may be, and thereby a vacancy in the office shall be created. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the

Board of Directors."

S.J. Smith asked to go on record as not being comfortable with the By-Laws as passed.

Policy 1-10, Directors Retirement Policy, was brought before the board for review and consideration.

A lunch break was called at 12:20 p.m. The meeting was called back to order at 1:40 p.m.

The discussion on Policy 1-10 was continued. Following a thorough discussion, IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY LARRY BRADSHAW, AND PASSED WITH A VOTE OF 6 IN FAVOR AND 2 OPPOSED TO APPROVE POLICY 1-10 AS PRESENTED. (EXHIBIT)

Mr. Vaughan reported on WPPSS.

A letter of retirement and resignation was received from Ray Crawford. IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY LARRY BRADSHAW AND PASSED UNANIMOUSLY TO ACCEPT RAY CRAWFORD[[#146]]S LETTER OF RETIREMENT AND RESIGNATION.

Following a discussion, IT WAS ON MOTION BY MARY A. WRIGHT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE CONTINUANCE OF RAY CRAWFORD[[#146]]S PRESENT MEDICAL BENEFITS OFFERED BY THE COMPANY AND TO SEND A LETTER OF APPRECIATION AND RECOGNITION FOR 26 YEARS OF SERVICE.

Further discussion ensued regarding Policy 1-10 and the By-Laws. It was suggested that a Policy Committee be scheduled to discuss Policy 1-10 and the By-Law amendments further. (Mr. Vaughan left the meeting.)

#### NENDA:

Debbie Smith, Executive Director of NENDA, Dave McFee and Sally Hylton, NENDA Directors, and Mike Sheppard of the Nevada Commission of Economic Development were introduced to the board. Mr. Smith gave an overview of NENDA with a brief history of NENDA, economic development goals and achievements, advertising campaign, and funding. An information packet about NENDA was handed out. Mike Sheppard complimented Debbie and the NENDA board on their achievements and offered his support. A request for funding will be send to the board.

#### BOARD COMMITTEE REPORTS:

Mary A. Wright reported on behalf of the Financial Advisory Committee. Upon committee recommendation, IT WAS ON MOTION BY MARY A. WRIGHT, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE THE 4<sup>TH</sup> QUARTER 1992 BUDGET AS AUGMENTED.

A revised board expense form was handed out to the board for review. A discussion ensued. It was asked that credit card statements be submitted to the Manger/Director[[#146]]s Expense Committee for approval.

WREC employees, IBEW, 4-Way, and several people in Wells are donating to the Lloyd Hildestad Scholarship Fund. Following a discussion, IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY FERRIS BROUGH AND PASSED UNANIMOUSLY TO APPROVE A \$500.00 DONATION TO THE LLOYD HILDESTAD SCHOLARSHIP FUND.

#### SAFETY MINUTES:

IN WAS ON MOTION BY JERRY PARKIN, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE THE SAFETY MINUTES.

ENGINEER/OPERATIONS REPORT:

A board resolution and supporting documents for the West Wendover Highlands No. 11-69kV Reroute was brought before the board for approval. IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY MARY A. WRIGHT AND PASSED UNANIMOUSLY TO APPROVE THE RESOLUTION AND SIGN THE SUPPORTING DOCUMENTS. (EXHIBIT)

Also brought before the board for approval was a board resolution for the Borrowers Environment Report to accompany the Two Year Construction Workplan. IT WAS ON MOTION BY MARY A. WRIGHT, SECONDED BY S.J. SMITH AND PASSED UNANIMOUSLY TO APPROVE THE BOARD RESOLUTION **[[#150]]** BORROWERS ENVIRONMENTAL REPORT.

(EXHIBIT)

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY FERRIS BROUGH AND PASSED UNANIMOUSLY TO APPROVE 24 NEW MEMBERSHIPS: 3-WELLS, NEVADA; 6-CARLIN, NEVADA; 10-WENDOVER, NEVADA; AND 5-WENDOVER, UTAH.

An Executive Session was called.

As there was no further business to come before the board, the meeting adjourned at 4:00 p.m.

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