

HTML contains invalid UTF-8 character(s)**THE MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF
WELLS RURAL ELECTRIC COMPANY****APRIL 16, 1993**

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 April 16, 1993 at 9:00 a.m. The meeting was presided over by President D. Vernon Dalton.

Directors present were Gerald Anderson, Larry Bradshaw, Ferris Brough, D. Vernon Dalton, Daryl Eriksen, Robert Harris, Lois Nannini, Jerry Parkin, Vernon Scott, and Mary A. Wright. S.J. Smith was not present.

Staff members present were Daniel L. Kessler, Jr., General Manager; Clay R. 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 special meeting of March 25, 1993 will stand approved as written.

The minutes of the regular meeting of March 26, 1993 will stand approved as written.

ADDITIONS TO THE AGENDA:

It was noted that Don Angell of POWER Engineers will update the board during this meeting on the power supply issue between Sierra Pacific Power Company and Bonneville Power Administration and the New Large Single Load Issue. Robert O. Vaughan, attorney, will update the board regarding the Wendover land issue, WPPSS, and discuss the WREC Articles of Incorporation.

DON ANGELL [REDACTED] POWER ENGINEERS:

Don Angell of POWER Engineers, Inc. addressed the status of the General Transfer Agreement between SPPCO and BPA. He was optimistic about the outcome. He also addressed the New Large Single Load issue. Discussed was the potential financial impact that the new resource rate would have on Newmont and Praxair. The long-range transmission systems proposed by SPPCO, BPA, and Idaho Power for the Northwest and northeastern Nevada were discussed at length.

REPORT ON MEMBER CONTACTS:

All member contacts and follow-ups were reported.

The Mt. Wheeler Board election was discussed.

It was noted that Ross Dohlen, Manager, of Valley Electric has resigned.

A discussion ensued regarding the problems with meter reading in the outlying areas due to weather conditions.

MANAGERS REPORT:

CFC interest rates, investments made, and interest earned were reported.

Dan reported on the proposed change to the Ruralite Magazine. Ruralite[[#146]]s Annual Meeting is scheduled for April 29.

Several donation requests were received. Participants in the Nevada Odyssey of the Mind (Elko County team) and Utah Odyssey of the Mind (Wendover students) requested donations to attend the World Finals competition in Maryland. Dan reported. A discussion ensued. As there are no participants from the WREC service area involved in the Nevada competition and Wendover students are involved in the Utah competition, IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE A DONATION OF \$250.00 TO SEND THE WENDOVER PARTICIPANTS TO THE ODYSSEY OF THE MINDS WORLD COMPETITION. It was asked that the participants from Wendover give a short presentation to the board. Also a request was received from the Nevada Environmental Energy Education Network (NEENET). Dan reported. Following discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY MARY WRIGHT AND PASSED UNANIMOUSLY TO TABLE THE REQUEST.

Dan was asked to write an article about our involvement in Total Quality Management for the NWPPA Magazine. Dan asked the board if anyone on the board would give the board[[#146]]s perspective. Robert Harris will work with Dan on the article.

A survey on the employee/director picnic and Christmas party was given to the board for review and comment. A discussion ensued. Member Services department will compile the results.

The Legislative Conference in Washington DC, May 3-4, schedule was reviewed.

Four organizations (NWPPA, PNGC, PPC, NIU) in the Northwest were evaluated by the staff. Dan reported on the findings. A handout on each association and dues comparisons was reviewed. Following a discussion and upon management recommendation, IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO MAINTAIN OUR CURRENT MEMBERSHIPS IN THESE FOUR ORGANIZATIONS. The effectiveness of these organizations will continue to be monitored. Several other organizations that WREC has membership in will be evaluated as well.

The Management Audit and Market Research Study figures were reported: Management Audit - \$19,918.17 and Market Research Study - \$10,000.00 for a total of \$29,918.17. The amount budgeted was \$38,000.00.

Mike Walling of the Economic Development Department of NRECA visited WREC. Dan reported. A discussion ensued on the lack of elder care within WREC service territory. Funds for a feasibility study are available through the National Cooperative Bank. There were no objections to staff getting more facts and figures regarding a feasibility study of elder care.

A letter was received from the Wells Presenters. This organization is asking for funding to bring in theater works, orchestras, etc. to Wells. There was no objection to asking them to give a presentation during the May board meeting.

A request was received from Leife Eriksen. She is competing in the Miss Nevada Teen pageant. Dan reported. Following a discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE A \$100.00 DONATION. (Daryl Eriksen was excused due to conflict of interest.)

Information on the Bonneville Power Administration rate increase will be circulated to the membership through news articles, newsletter, etc. A discussion ensued.

ROBERT O. VAUGHAN, ATTORNEY:

Wendover Land: Frank Devine, city councilman from Wendover, Utah, sought the support of Utah Bureau of Environmental Response. Mr. Vaughan reported. A letter from Robert Hill, attorney, was reviewed and discussed in length. A hearing officer has been appointed to conduct hearings as to apportionment of liability under the Utah underground storage tank program. It is hopeful an early determination that WREC is not the responsible party for the cleanup of its property will be made. Under the present Utah statute, it is very clear that WREC is not liable. A discussion was held on the inflated cost of construction. Also discussed were REA lien accommodation stipulations and whether financing is contingent upon the state saying that remediation is being accomplished. Information was requested regarding lien accommodations and lending associated with the remediation.

Nevada Cooperative Credit Union: The note and agreement sent by Glen Reese was discussed. The language of the note and agreement causes WREC to be placed in the position of a sponsor, not a depositor. Mr. Vaughan reported. It was asked that Mr. Vaughan fax a letter to Mr. Reese with the concerns discussed. Mr. Reese is scheduled to meet with the NCCU board Wednesday, April 21 at 10:00 a.m. Mr. Vaughan was asked to attend the NCCU meeting on Wednesday the 21st.

A short discussion was held on districting. The board is not interested in districting at this time.

Mr. Vaughan reported his concerns on bi-medical insurance premiums. Questions are being raised regarding deferred compensation being regarded as a salary. There are two federal cases: one indicating yes and the other no that deferred compensation is in effect a salary. Active directors do not present a problem but retired directors with medical insurance do. A discussion ensued. It was requested the Bob draw up the proposed amendments to the Articles of Incorporation, bylaws and policy.

WPPSS: An update on the WPPSS litigation and settlement was given.

Articles of Incorporation: Mr. Vaughan recommended a massive approval of Article of incorporation amendments and file restated Articles. Mr. Vaughan explained. Following a discussion, IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO AUTHORIZE MR. VAUGHAN TO DRAW UP THE PROPOSED AMENDMENTS TO THE ARTICLES OF INCORPORATION AND, AFTER BOARD APPROVAL OF THE AMENDMENTS, PLACE THEM INTO ONE DOCUMENT OF RESTATED ARTICLES OF INCORPORATION FOR FILING WITH THE SECRETARY OF STATE.

BOARD COMMITTEE REPORTS:

The Financial Advisory Committee is scheduled for Thursday, April 22, at 9:00 a.m., to go through lines 1-3 on the new flexible budget format.

The Financial Advisory Committee is scheduled for Thursday, May 13, at 9:00 a.m.

The Scholarship Committee is scheduled for Wednesday, May 12. The first interviews will be in Wendover at 9:00 a.m. MST. Those wanting to ride over to Wendover will meet in Wells at 7:00 a.m. PST.

Reports were given by Vernon Dalton, Larry Bradshaw and Jerry Anderson on the Directors Conference.

SAFETY MINUTES:

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

MEMBER SERVICES REPORT:

A new record of 79 has been set for ACRE memberships.

1,115 letters have been sent to Nevada[[#146]]s US representatives, senators and the President opposing the President[[#146]]s proposal to eliminate the federal subsidy for electric cooperatives through REA interest rates.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE 49 NEW MEMBERSHIPS: 8-WELLS, NV; 14-CARLIN, NV; 15-WENDOVER, NV; AND 12-WENDOVER, UT.

Vernon Dalton and Daryl Eriksen asked to attend the NWPPA Annual Meeting. There were no objections.

A resolution approving the Construction Work Plan Amendments and Borrower[[#146]]s Environmental Report was presented to the board. IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE THE ABOVE STATED RESOLUTION. (EXHIBIT)

As there was no further business to come before the board, the meeting adjourned at 1:45 p.m.

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