

HTML contains invalid UTF-8 character(s)**THE MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF
WELLS RURAL ELECTRIC COMPANY****OCTOBER 15, 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 October 15, 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, Jerry Parkin, Vernon Scott, S.J. Smith and Mary A. Wright. Robert Harris and Lois Nannini were 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 were Diane Griswold, Executive Secretary and Lorrie Egbert.

APPROVAL OF MINUTES:

The minutes of the regular meeting of September 10, 1993 will stand approved as written.

ADDITIONS TO THE AGENDA:

There were no additions to the agenda.

GENERAL MANAGER EVALUATION:

An executive session was called for the general manager[[#146]]s evaluation.

Following the executive session, IT WAS ON MOTION BY LARRY BRADSHAW TO APPROVE AN INCREASE OF 4.1% TO THE MANAGER[[#146]]S SALARY AND 5% TO DEFERRED COMPENSATION, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY.

Dan reported on a statistic we can be proud of.

We are the largest cooperative customer in KWH sales of BPA. We are in the top ten in KWH sales of all BPA customers including Seattle City Light.

WENDOVER LAND:

The ERM-Rocky Mountain proposal was discussed which was sent by Mr. Robert Hill. A call was received from Steve Perry of the Stateline and Steve would like to meet with Dan and Barry Jones. Steve offered to help get things done on WREC building in Wendover and that Stateline would split the cost.

Discussion ensued, IT WAS ON MOTION BY DARYL ERIKSEN TO DO INTERMITTENT DRILLING FOR SOIL SAMPLING AND COMPACTION TESTING OF SOIL UNDER THE HEADQUARTERS BUILDING AND WAREHOUSE SITE, SECONDED BY GERALD ANDERSON, PASSED UNANIMOUSLY.

MEMBER CONTACTS:

Member contacts made and follow-ups were reported. Request from member to grant additional year for paying off line extension, asking for five years instead of four. Warren reported. Discussion ensued. Also discussed plant/revenue ratio.

The board determined that the policy should remain as stated for the present time.

MANAGER[[#146]]S REPORT:

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

Dan reported our CD[[#146]]s have matured and suggested closing our account with Shearson/Lehman. We could use the proceeds to capitalize the Nevada Cooperative Credit Union. There were no objections.

Total interest earned through July, 1993 on Agenda was incorrect. Amount should be \$58,992.00, Dan reported.

Discussed REA proposed rules long-range financial forecasting. Clay and Dan reported.

Clay reported on the effects of tiered rates, unbundling and wholesale contracts. Bonneville would probably want to bring all the costs of conservation down in tier 1 and make us pay for those costs in tier 1 and we are opposed to that. We are having a meeting on October 21, at that time BPA will finally let the Marketing Plan out.

There are people in Bonneville who think rates ought to be set in this region based on opportunity costs. They are talking about bringing back older employees to get new Bonneville employees back in touch with the roots of the organization. There are employees and people in key positions that think you should set the price in California, if you could sell it for 30 mils there that[[#146]]s what you sell it for here. The law says Bonneville was put together in order to meet the loads of the region first and then go outside of the region after that.

Dan reported on RE Briefs. Nevada Rural Electric Association will be meeting on October 29 to put together our legislative position for the next session which will start in January 1995. Retail Wheeling will be the big topic of conversation.

Dan reported the Annual Meeting went well. Congratulated Member Services Department and all employees for the terrific job they always do in getting the meeting together.

Our REA loan was approved.

A thorough discussion ensued regarding restructuring within the company.

Dan asked that the board approve the addition of a Journeyman/Lineman in Wendover and approve the revised Organizational Chart.

IT WAS ON MOTION BY S.J. SMITH, SECONDED BY JERRY PARKIN TO APPROVE THE ADDITION OF A JOURNEYMAN/LINEMAN IN WENDOVER AND OTHER RESTRUCTURING CHANGES. A discussion ensued. MOTION PASSED UNANIMOUSLY.

Dan reported on the Consolidated Agreement with Newmont. IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY MARY WRIGHT AND PASSED UNANIMOUSLY TO AUTHORIZE VERNON DALTON AND LARRY BRADSHAW TO SIGN GENERAL TRANSFER AGREEMENTS AND THE CONSOLIDATED AGREEMENT.

The Wendover (TACT) Teens & Citizens Together requested a donation. Dan was advised to handle this within his own perimeters and exercise discretion.

Old WREC building bid discussed. Chris Dixon received the bid on this job, which was to bring the 510 Lake Street building up to Americans with Disability Act requirements. The bid was awarded at \$ 95,506.12.

Dan reported that he is the United Way Campaign Chairman for Wells Rural Electric. The money can be targeted to stay in Wells.

Final closing papers on Cipollini property have been received.

Region IX meeting went very well. Nevada did an excellent job as host. Special thanks given to Sergeant at Arms, our helpers, ACRE, NREWA and other employees who participated. ACRE auction was very successful.

A lunch recess was called at 12:30 p.m. The meeting was called back to order at 1:30 p.m.

ARTICLES OF INCORPORATION:

Bob Vaughan reported on the proposed amendments to the Articles of Incorporation for Wells Rural Electric Company. Articles 12 and 13 were reworked. A discussion ensued.

No objections to Article 12 as presented. IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY JERRY PARKIN TO APPROVE THE RESOLUTIONS PRESENTED BY COUNSEL ON THE AMENDMENT OF THE ARTICLES. THE VOTING WAS UNANIMOUS WITH 9 IN FAVOR AND 0 AGAINST. (EXHIBIT)

Consolidation Contract RE: Capital Credit refund discussed.

Mr. Bob Vaughan left the meeting at 2:00 p.m.

NEVADA COOPERATIVE CREDIT UNION:

Mr. Glade Williams from Overton, Nevada has been hired as General Manager. Tentatively, Mr. Williams will resume duties November 15. Hopefully, we are looking at December 1, 1993 to open doors.

BOARD COMMITTEE REPORTS:

The Financial Advisory and Policy Committees will meet on October 20 at 8:30 a.m.

FINANCIAL/ADMINISTRATIVE SERVICES REPORT:

Dan advised Vernon that it is time to sign REA Form 268, which is the Civil Rights form. IT WAS ON MOTION BY LARRY BRADSHAW, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE REA FORM 268.

Dan recommended that through the winter we extend meter reading dates so a consumer gets no more than 33-35 days in a billing cycle. We expect cycle billing to be fully in effect by April 1, 1994.

SAFETY MINUTES:

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

ENGINEERING & OPERATIONS REPORT:

Warren reported that we need to discuss entering into a Wheeling Agreement with Sierra Pacific Power. They want 10kW to provide power to the Tom Tomera Stock water pump in Pine Valley.

IT WAS ON MOTION BY S.J. SMITH, SECONDED BY LARRY BRADSHAW TO ENTER INTO A WHEELING AGREEMENT BETWEEN WELLS RURAL ELECTRIC COMPANY AND SIERRA PACIFIC POWER COMPANY SPECIFICALLY TO SERVE THE SPRINT 10 KW, WHICH IS AN EXISTING AGREEMENT AND THE TOMERA RANCH STOCK WATER EXTENSION. THIS AGREEMENT CONSOLIDATES BOTH. MOTION PASSED UNANIMOUSLY.

OUTAGE REPORT:

Discussed hazardous conditions of the Salmon River Cattle Association line. Warren reported. We were told by Bonneville in Reno that the distance measuring equipment can go on at Bridge, will look at the Wendover line beginning October 25. Once there is a fault on the line or someone shoots an insulator it will electronically measure the distance of the fault and Raft River will be able to tell right where it is.

MEMBER SERVICES REPORT:

Loan Deferment, Section 12 is not feasible at this time. We will continue to monitor the loan programs, Paul reported.

Christmas Party was discussed. IT WAS ON MOTION BY S.J. SMITH, SECONDED BY JERRY PARKIN TO CHANGE THE DATE OF THE CHRISTMAS PARTY TO DECEMBER 17 THE SAME DAY AS THE BOARD MEETING. MOTION PASSED UNANIMOUSLY.

IT WAS ON MOTION BY LARRY BRADSHAW, SECONDED BY VERNON SCOTT TO HOLD THE BOARD MEETING DECEMBER 17 AT 10:00 AM UTAH TIME. MOTION PASSED WITH 8 IN FAVOR AND 1 OPPOSED, DARYL ERIKSEN.

A discussion ensued concerning tour of the WREC Wendover office site.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY FERRIS BROUGH AND PASSED UNANIMOUSLY TO APPROVE 47 NEW MEMBERSHIPS: 8-WELLS, NV; 19-CARLIN, NV; 12-WENDOVER, NV; AND 8-WENDOVER, UT.

S.J. Smith suggested placing Brass Plates on Director [[#146]]'s pictures with the member [[#146]]'s name and dates of service on the WREC board. A discussion ensued.

As there was no further business to come before the board, the meeting was adjourned at 2:40 p.m.

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