

HTML contains invalid UTF-8 character(s)**THE MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF
WELLS RURAL ELECTRIC COMPANY****JANUARY 21, 1994**

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 21, 1994, at 9:00 AM. The meeting was presided over by President D. Vernon Dalton.

Directors present were Gerald Anderson, Larry Bradshaw, Ferris Brough, Ray Crawford, D. Vernon Dalton, Daryl Eriksen, Robert Harris, Lois Nannini, Jerry Parkin, Vernon Scott, S. J. Smith and Mary Wright.

Present from the staff were Daniel L. Kessler, Jr., General Manager; Clay R. Fitch, Manager, Finance/Administration; and Warren Linnell, Manager, Engineering/Operations. Also present were Diane Griswold, Executive Secretary and Robert O. Vaughan, Attorney.

APPROVAL OF MINUTES:

The minutes of the regular meeting of December 17, 1993, will stand approved as written.

ADDITIONS TO AGENDA:

It was requested that the Financial/Administrative Services Report be moved up on the agenda and Bob Vaughan address the Restated Articles of Incorporation and the concurrent REA and CFC loans (Nevada 15-L6 Wells). There were no objections. Dr. Smith left the meeting.

FINANCIAL/ADMINISTRATIVE SERVICES REPORT:

The uncollectible accounts to be written off for 1993 were presented to the board for review and consideration. Dan and Clay reported. Following a discussion, IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY GERALD ANDERSON AND PASSED UNANIMOUSLY TO APPROVE THE 1993 WRITE OFFS. (EXHIBIT)

Re-Authorization of CoBank[**146**]s \$1,500,000.00 short-term (annual) line of credit was presented to the board for consideration. Following a discussion. IT WAS ON MOTION BY MARY WRIGHT TO APPROVE THE SHORT-TERM LINE OF CREDIT RESOLUTION AND SIGNATURES OF THE APPLICATION FOR CREDIT.

Clay gave a presentation regarding cycle billing. The impacts of cycle billing were addressed. The results of the customer survey on cycle billing were presented. A discussion ensued. Also discussed was discounting for early or on-time of bills, or penalizing late payers.

A request for approval to pay \$280,913.00 in capital credits in April 1994 was brought before the board. Clay reported. This will bring WREC into a thirteen-year rotation. Following a discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE THE ALLOCATION OF \$280,913.00 IN CAPITAL CREDITS IN APRIL 1994.

ROBERT O. VAUGHAN, ATTORNEY:

The next matter to come before the meeting related to the filing with the Secretary of State of Restated Articles of Incorporation of Wells Rural Electric Company. It was noted that the program to completely amend the Articles had been successful and that the Articles are now amended as approved unanimously by the Directors, consented to by a majority of the members, and a Certificate thereof has been file in the office of the Secretary of State. It is now recommended by counsel that the corporation file "Restated" Articles of Incorporation so that hereafter copies of the text of the Articles may be certified by the Secretary of State without inclusion of extraneous motions and procedural detail. After due consideration, IT AS ON MOTION BY VERNON SCOTT, SECONDED BY ROBERT HARRIS, UNANIMOUSLY RESOLVED: That the President or Vice President and Secretary of the corporation are hereby authorized and directed to file with the Secretary of State of the State of Nevada, a certificate of Restated Articles of Incorporation of Wells Rural Electric Company, and in relation thereto, execute a Certificate of this Resolution as provided by N.R.S. 82.371, Subparagraph2; and that the said Certificate set forth the text of the Articles as amended to the date of the Certificate. BE IT FURTHER RESOLVED: That the foregoing action by the officers of the corporation be taken at such time as they are informed by counsel that recent amendments of the Articles of Incorporation have been formally filed and accepted by the Secretary of State.

The next matter to come before the meeting concerned the matter of the concurrent REA and CFC Loans designated as "Nevada 15-L6 Wells." After review and all related documents, a thorough discussion of the matter and advice of the company attorney and staff members, ON MOTION BY MARY WRIGHT, SECONDED BY ROBERT HARRIS AND PASSED BY A VOTE OF 10 IN FAVOR AND 0 OPPOSED.

1. RESOLVED that the Cooperative borrow form United States of America an additional amount not to exceed \$1,532,000; and
2. RESOLVED that the Cooperative borrow form the National Rural Utilities Cooperative Finance Corporation (CFC), from time to time as determined by the officers or proper persons designated by the Board of Directors of the Cooperative, an aggregate amount not to exceed \$296,907, three percent (3%) of which amount shall be used for the purchase of Capital Term Certificates of the series being issued by CFC at the time of the initial advance of loan funds on account of such loans; and
3. RESOLVED that the Cooperative construct and operate additional electric transmission, distribution and service lines, together with all necessary appurtenances, make conversions and line changes and build such substations, and switching stations and make metering point changes as shall be approved by the Administrator of the Rural Electrification Administration or the Governor of National Rural Utilities cooperative Finance Corporation; and
4. RESOLVED that the president is authorized on behalf of the Cooperation to execute and deliver under its corporate seal, which the secretary is directed to affix and attest:

- a. As many counter parts respectively as

shall be deemed advisable of an agreement with the United State of America, acting through the Administrator of the Rural Electrification Administration, substantially in the form of the REA loan agreement submitted to this meeting, and the CFC loan agreement also substantially in the form submitted to this meeting; and

b. A note payable to the order of United State in the principal amount of \$1,532,000 bearing interest at the rate of five percent (5%) per annum and providing for the payment of the indebtedness evidenced thereby with in five (35) years after the date thereof substantially in the form of the REA note submitted to this meeting; and

c. A promissory note or notes payable to the order of the National Rural Utilities Cooperative Finance Corporation, in the aggregate principal amount of \$296,907 bearing interest at the interest rate referred to therein and providing for the payment of the indebtedness evidenced thereby within thirty five (35) years after the date thereof, substantially in the form of the note presented to this meeting; and

d. As many counterparts as shall be deemed advisable of a Restated Mortgage and Security Agreement by and among the Cooperative, the United States of America, and National Rural Utilities Cooperation substantially in the form of the security instrument presented to this meeting; and

5. RESOLVED that the officers of the Cooperative be, and each of them is authorized in the name and on behalf of the Cooperative, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposed and intent of the foregoing resolutions.

A Waiver of Notice was signed by all directors. Copies of the loan documents and resolutions are attached. (EXHIBIT)

As there was no further business for Mr. Vaughan to address, he left the meeting. (Dr. Smith returned at this time).

WENDOVER LAND:

The Stateline board of directors approved \$6,500.00 for their share of the environmental testing. Stateline is not interested in testing the old tank site on the property at this time. A discussion ensued. Mr. Robert Hill, attorney was instructed to proceed with the contract for the environmental testing, not to exceed \$13,000.00. It was noted that Al Park and AMOCO were added to the list litigants.

MEMBER CONTACTS:

Member contacts made and follow-ups were reported. A consumer requested extending our line extension policy to five years instead of four. A discussion ensued. The request was denied.

MANAGER[**#146**]'S REPORT:

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

The NRECA Annual Meeting is scheduled for February 6-9, 1994. Gerald Anderson NRECA voting delegate, cannot make the business meeting on February 9. IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPOINT MARY WRIGHT AS THE NRECA VOTING DELEGATE.

A Legislative Update column will be added to the member newsletter.

Updates were given on the Newmont Consolidated Agreement and the General Transfer Agreements negotiations, as well as the Praxair Power Sales agreement. A discussion ensued.

PNGC has requested support by becoming a full member for \$28,008.00. A discussion ensued. IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVED RENEWING OUR AFFILIATE MEMBERSHIP FOR \$2,000.00.

The NRECA Legislative Conference is scheduled for May 1-4. Appointments with the U.S. Nevada Representatives and Senators will be scheduled for May 2 & 3. An early luncheon will be scheduled this year instead of breakfast on Monday (2).

A request, from Bob Bergland, for support to build a memorial to Franklin D Roosevelt was reviewed. More information was requested.

The LA earthquake effects on Bonneville Power Administration were reported.

Concerns with the problems at Mt. Wheeler and the possibility of the Nevada Legislature intervening were discussed.

A donation request was received from the Western Folk Life Center in Elko for support of the Cowboy Poetry Gathering. IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY S J SMITH AND PASSED UNANIMOUSLY TO TABLE THE REQUEST.

The results of the BPA customer survey were reported.

A donation request was received from the Wells Chariot Club for support in their Invitational Meet scheduled February 4 & 5. Following a discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE A \$200.00 DONATION TO THE WELLS CHARIOT CLUB.

A donation request was received from the Wendover American Legion Auxiliary Unit #40 for support in sponsoring Girls State. Following a discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY LARRY BRADSHAW AND PASSED UNANIMOUSLY TO APPROVE \$208.00.

A discussion ensued regarding donations. A letter is to be sent out with each donation requesting information on the use of donation funds, etc.

A new Performance management Appraisal document for employees has been developed. Dan reported.

NEVADA COOPERATIVE CREDIT UNION:

Vernon Dalton reported. The grand opening went very well. Looking forward to soon serving Carlin and Wendover. An account has been set up with WREC to track the loan funds dispersed to NCCU.

BOARD COMMITTEE REPORT:

A Financial Advisory committee meeting was scheduled for Tuesday, February 15 at 9:00 AM. The new flexible budget manual will be presented.

There were no objections to changing the MARCH BOARD MEETING FROM THE 18TH TO THE 25TH. Mary Wright will not be able to attend the meeting due to prior commitment.

SAFETY MINUTES:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE THE SAFETY MINUTES

ENGINEERING & OPERATIONS REPORT:

A lineman was hired for Wendover: Robert Parry. He began working on the 17th.

The electrician department is doing well.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE 22 NEW MEMBERSHIPS: 6 ~~[[#150]]~~ WELLS, NEVADA; 6- CARLIN, NEVADA; 6 ~~[[#150]]~~ WENDOVER, NEVADA; AND 4 - WENDOVER, UTAH.

EXECUTIVE SESSION-BOARD COMPENSATION:

Following the executive session, IT WAS ON MOTION BY S J SMITH, SECONDED BY LOIS NANNINI AND PASSED WITH A VOTE OF 7 FOR AND 3 OPPOSED (FERRIS BROUGH, MARY A WRIGHT AND VERNON SCOTT) TO APPROVE RAISING THE BOARD COMPENSATION TO \$200.00 FOR A SCHEDULED FULL DAY AND \$125.00 FOR A SCHEDULED HALF DAY. THE COMPENSATION IS TO BE ADJUSTED, AUTOMATICALLY, WITH THE COST OF LIVING FACTOR UNLESS THE BOARD OF DIRECTOS DIRECT OTHERWISE. FOR MILEAGE COMPENSATION, OTHER METHODS OF COMPUTING REIMBURSEMENT, OTHER THAN THE IRS FACTOR, ARE TO BE LOOKED INTO TO OBTAIN A MORE REALISTIC REIMBURSEMENT. A thorough discussion ensued.

As there was no further business to be brought before the board, the meeting adjourned at 1:45 PM

(MST).

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