

HTML contains invalid UTF-8 character(s)**THE MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF
WELLS RURAL ELECTRIC COMPANY****OCTOBER 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 October 21, 1994 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, Orlin Kidner, Lois Nannini, Jerry Parkin, Vernon Scott, and Mary A. Wright.

Staff members present were Daniel L. Kessler, Jr., General Manager; Clay Fitch, Manager, Finance/Administration; and Warren Linnell, Manager, Engineering/Operations. Also present were Don McDonald and Tommi Reynolds, Member Services Representatives and Diane Griswold, Executive Secretary.

APPROVAL OF MINUTES:

The minutes of the regular meeting of September 22, 1994 will stand approved as written.

ADDITIONS TO THE AGENDA:

It was noted that Bob Vaughan, Attorney, will attend the meeting at 11:00 a.m. to discuss the Next Dollar Foundation and the Newmont Consolidated Agreement.

WENDOVER LAND:

A letter from Robert C. Hope, architect, was reviewed. Mr. Hope supported the decision to build on our Wendover, Nevada property due to the environmental problems on the Utah property. (EXHIBIT)

Parcel C, adjacent to our Nevada property, is in escrow. The site preparation work will begin as soon as the needed information is received from Mr. Hope. It is expected to begin soon.

The bids on constructing a new office/warehouse facility came in higher than expected. It was suggested we reject the bids received and that the bidding process be opened again. It is hoped that the bids will come in lower because of constructing on the Nevada property thus eliminating environment stipulations due to contamination of the Wendover property. Mr. Hope was asked to detail the savings by moving the construction to the Nevada property. Following a discussion, IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO REJECT THE BIDS AND OPEN THE BIDDING PROCESS AGAIN AND TO BEGIN BUILDING BY LATE FEBRUARY, EARLY MARCH 1995.

MEMBER CONTACTS:

Member contacts made and follow-ups were reported. Dan reported on the meetings with the two Wendover Water Boards, the City of Carlin, the City of Wells, and the City of Spring Creek regarding rural water and waste water systems. A task force is being formed through NRECA to look at the feasibility of cooperatives diversifying into these areas.

While Dan was meeting with SPPCo regarding power supply issues, he let them know that Spring Creek is interested in our program and that we are looking into the feasibility of serving their water/waste water needs. Their response was very positive.

There seems to be potential of WREC serving their needs. An in-depth feasibility study will be done. Letters will be sent out to the communities requesting information pertinent to this study. The possibility and feasibility of serving their water needs will be thoroughly studied.

MANAGER[[#146]]S REPORT:

Dan touched on CFC Briefs, RE Briefs, BPA Briefs, and CoBank Briefs stated in the agenda. CFC interest rates, investments made, and interest earned were reported.

Those attending the Region IX meeting reported.

The Nevada Rural Electric Association[[#146]]s Annual Meeting is scheduled November 3 & 4 in Mesquite, Nevada. An agenda was handed out and Dan reported. Valley Electric Association[[#146]]s and Wells Rural Electric Company[[#146]]s seats on the board are up for election. Also, the seat representing utilities headquartered outside the state of Nevada is open. IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO REAPPOINT DAN TO THE NREA BOARD REPRESENTING WREC. Daryl Eriksen,

Vernon Dalton, Orlin Kidner, Lois Nannini and Mary Wright will be attending.

On behalf of NRECA, Vernon Dalton presented Mary Wright with her Director[[#146]]s Certificate. She was unable to attend the Region IX meeting to receive it. Gerald Anderson, Jerry Parkin, and Vernon Scott received their certificates during the Region IX meeting.

The Utah Rural Electric Association[[#146]]s Annual Meeting is scheduled November 3 & 4 in St. George, Utah.

The Secretary of State Filing was presented to Vernon Dalton for signature.

Several donations were received for consideration:

The Wendover American Legion requested a donation to support their family bingo night for needy families during the holidays. IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY JERRY PARKIN, AND PASSED UNANIMOUSLY TO APPROVE A \$100.00 DONATION.

West Wendover Elementary School requested a donation for support of their program for students, "Caught Being Good." Dan asked if there were any objections to using the authorized manager[[#146]]s donation limit of \$50.00. There were none.

West Wendover[[#146]]s PTO requested a donation of \$75.00 (sponsors a door) to support their "Trick or Treat Street" program. IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE SPONSORING A DOOR FOR \$75.00.

The Silver Wings Magazine has requested support of their magazine through an ad. IT WAS ON MOTION BY LARRY BRADSHAW, SECONDED BY DARYL ERIKSEN AND PASSED UNANIMOUSLY TO APPROVE A \$100.00 AD IN THEIR MAGAZINE, AS WE HAVE IN THE PAST.

The Wells Booster Club has requested the donation of a meter lamp for an auction to support student extracurricular activities. IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE THE DONATION OF THE METER LAMP.

A letter was received from Sidney Mills on behalf of the Wells High School Band Flag Corp. They are requesting a \$350.00 donation to purchase light weight jackets, with the WHS logo on the back, to complete their uniforms. Following a discussion, IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY MARY WRIGHT AND PASSED UNANIMOUSLY TO APPROVE A \$100.00 DONATION.

A proposal was reviewed regarding Don Angell of POWER Engineers. He would like to go into business for himself to semi-retire. He has done a considerable amount of engineering consulting for WREC through the years. Mr. Angell would like to work, on a consulting basis, for WREC. He has presented a two year proposal. Dan reported. Confidentiality was stressed. It was also noted that WREC is not unhappy with the services of POWER Engineers and that we will still use them as needed. Following a thorough discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY LOIS NANNINI AND PASSED UNANIMOUSLY TO APPROVE USING DON ANGELL AS AN ENGINEERING CONSULTANT.

Dan reported on areas of diversification that are being studied in order to bring needed services to our member owners. The feasibility of these areas will be thoroughly studied as to whether or not our involvement would be a sound business venture.

Dan reported on Newmont[[#146]]s Consolidated Agreement. Newmont and WREC have agreed on this document. Fifteen power supply contracts, with Newmont since 1984, were consolidated into one. The terms and key areas of the contract were explained by Dan. Dan commend Clay, Warren, Don Angell and Bob Vaughan for the excellent job they did on this document. The document will be sent to the Federal Regulatory Commission (FERC) for approval, as well as REA. It was requested that Vernon Dalton be authorized to sign the final draft of the contract; authorize Dan to sign the Western States Power Pool Agreement (WSPP); and authorize Dan to send a letter to Bonneville Power Administration (BPA) expressing the contract[[#146]]s approval. Following a thorough and lengthy discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY GERALD ANDERSON, AND PASSED UNANIMOUSLY TO AUTHORIZE DAN SENDING A LETTER TO BPA EXPRESSING OUR APPROVAL OF THE CONSOLIDATED AGREEMENT.

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO AUTHORIZE DAN SIGNING THE WSPP AGREEMENT.

IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE VERNON DALTON SIGNING THE FINAL DRAFT OF THE CONSOLIDATED AGREEMENT WITH NEWMONT.

NEVADA COOPERATIVE CREDIT UNION:

Vernon Dalton reported. They are gaining new members in City of Wells and getting close to an agreement with the state of Nevada in opening the outer offices in Wendover and Carlin. The outer offices are expected to open soon.

An agreement between Wells Rural Electric Company and the Nevada Cooperative Credit Union was brought before the board for consideration. Vernon reported. Following a discussion, IT WAS ON

MOTION BY DARYL ERIKSEN, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE VERNON DALTON SIGNING THIS AGREEMENT ON THE CONDITIONS STIPULATED IN THE AGREEMENT. (EXHIBIT)

Bob Vaughan came into the meeting at 11:00 a.m. to discuss the Next Dollar Foundation and Newmont[[#146]]s Consolidated Agreement. The proposed Articles of Incorporations, Bylaws and policy were thoroughly discussed and reviewed. The board gave Mr. Vaughan some direction on requested changes to the documents. Following a discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE THE DRAFT ARTICLES OF INCORPORATION.

IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY DARYL ERIKSEN AND PASSED UNANIMOUSLY TO AUTHORIZE MR. VAUGHAN TO PROCEED WITH THE BYLAWS AS AMENDED. Mr. Vaughan will send the proposed draft of Bylaws to our CPA[[#146]]s to insure compliance financially, etc.

A lunch recess was called at 12:15 p.m. The meeting was called back to order at 1:30 p.m. (Larry Bradshaw did not attend the afternoon session.)

Mr. Vaughan stated that the Newmont Consolidated Agreement was a major favorable development for WREC. It was a complicated agreement and he commend Dan, Clay, Warren and Don Angell on their team effort and accomplishments.

BOARD COMMITTEE REPORTS:

Robert Harris reported on behalf of the Policy committee which met to review proposed changes to Policy 4-1, 5-1, 6-1, and 7-4. Upon recommendation of the Policy committee: IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY GERALD ANDERSON AND PASSED UNANIMOUSLY TO APPROVE POLICY 6-1 AS PROPOSED.

IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY LOIS NANNINI AND PASSED UNANIMOUSLY TO APPROVE POLICY 7-4 AS PROPOSED.

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY MARY WRIGHT AND PASSED UNANIMOUSLY TO APPROVE POLICY 4-1 AS PROPOSED.

IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE POLICY 5-1 AS PROPOSED.

The Financial Advisory committee met to review the 2nd half 1995 budget. Upon committee recommendation, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY DARYL ERIKSEN AND PASSED UNANIMOUSLY TO APPROVE THE 2ND HALF 1995 BUDGET.

A Policy committee meeting was scheduled for Thursday, November 10 at 9:00 a.m.

POWER SUPPLY REPORT:

A new system peak of 78.95 was reached. A discussion ensued.

FINANCIAL/ADMINISTRATIVE REPORT:

The REA Form 268 was presented for signature. This is to comply with Title 7 of the Civil Rights Law

regarding non-discrimination. IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY FERRIS BROUGH AND PASSED UNANIMOUSLY TO APPROVE THE REA FORM 268.

Clay reported on the Prescription Drug Management program now available through NRECA. A \$9.00 co-payment is required for a prescription through designated pharmacies. A directory of participating pharmacies is available. It was noted that the Wells Pharmacy is a member. IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE PARTICIPATION IN THE NRECA PRESCRIPTION DRUG MANAGEMENT PROGRAM.

COLLECTION/ACCOUNT AGING REPORT:

Clay reported on cycle billing and some complaints received due to the 48 hour disconnect procedure, following a delinquent notice and door knocker notice, as outlined in our policy. A discussion ensued.

SAFETY MINUTES:

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

ENGINEERING/OPERATIONS REPORT:

Warren reported on the contacts made regarding central station power access through a tap off of SPPCo[[#146]]s line. The University of Nevada Reno Gund Ranch and a family has requested power in the southern most area of our service territory and beyond the BPA limit. The feasibility of serving these consumers was discussed.

Warren was complimented for his report in the agenda on Ruralite Services, Inc.

ELECTRICIAN REPORT:

Warren gave an in-depth report on the revenues and expenses of the electrician department. August was the first month to show a margin. A discussion ensued.

MEMBER SERVICES REPORT:

The Wells Blood Mobile drive is scheduled for November 3 at WREC[[#146]]s service center. Participation was encouraged.

The WREC Christmas party is scheduled following the board meeting on December 16 at the golf course. A list of past directors was presented for approval.

Don McDonald will be attending a seminar for apply for and writing grants, etc. This will be very beneficial to WREC, especially in the economic development areas. A report will be given during the November board meeting.

Tommi Reynolds is attending a retail meeting in Carson City in November. A report will be given during the November meeting.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT SECONDED BY JERRY PARKIN AND PASSED

UNANIMOUSLY TO APPROVE 35 NEW MEMBERSHIP: 7-WELLS, NV; 13-CARLIN, NV; 10-WENDOVER, NV; AND 5-WENDOVER, UT.

An executive session was called to discuss the general manager[[#146]]s evaluation. Following the session, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE A 2 [[#189]]% INCREASE IN BASE SALARY AND A 6.6% INCREASE IN EITHER DEFERRED COMPENSATION OR A CUSTODIAL ACCOUNT.

As there was no further business to come before the board, the meeting adjourned at 3:00 p.m.

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