

HTML contains invalid UTF-8 character(s)**MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF
WELLS RURAL ELECTRIC COMPANY****September 15, 2000**

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in Wells, Nevada in the Boardroom of the Wells office and called to order Friday, September 15, 2000 at 9:00 am. The meeting was presided over by President D. Vernon Dalton.

Directors present were: Gerald Anderson, D. Vernon Dalton, Daryl Eriksen, Orlin Kidner, Lois Nannini, Paul Neff, Jerry Parkin, Vernon Scott, Howard Wright and Mary A. Wright. Robert Harris was absent.

Staff members present were Clay R. Fitch, Chief Executive Officer. Also present was Mr. Robert Vaughan, Attorney and Amanda Bourne, Executive Secretary. Don Angell, consultant attended portions of the meeting.

ACTION ITEMS:**APPROVAL OF MINUTES:**

The minutes of the regular meeting of August 18, 2000 were approved as written.

ADDITIONS TO AGENDA:

There were no objections to add the following:

- Wells Professional Building
- Policy 1-10
- ECO/fuel cell presentation

It was asked to hold the Executive Session following the Action Item Report. There were no objections.

Director Howard Wright was welcomed to the board.

President Dalton read a letter from retired director S. J. Smith. Directors expressed their appreciation to S. J. Smith[[#146]]s dedication and service as a director. It was the consensus of the board to send an appreciation letter to S. J. Smith for his service to the board.

SAFETY FIRST VERSE:

Test all fire alarms at least twice a year. This could save your life and the life of others.

ACTION ITEM REPORT:

Election Committee Report [[#150]] Estella Durazo read the minutes of the 2000 Election Committee. Results were as follows:

- Ballots received [[#150]] 739
- Ballots rejected [[#150]] 31

Vote Count:

- Thomas Stratton **[[#150]]** 175
- Orlin Kidner 390
- Judith Bradshaw **[[#150]]** 261
- S. J. Smith - 336
- Mary Wright **[[#150]]** 454
- Howard Wright **[[#150]]** 342

Elected:

- Mary Wright, Deeth **[[#150]]** 454
- Orlin Kidner, Wells **[[#150]]** 390
- Howard Wright, Carlin **[[#150]]** 342

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE THE ELECTION COMMITTEE REPORT AS PRESENTED.

Election of Officers - The board held an election of officers. The results are as follows: D. Vernon Dalton, President; Mary Wright, Vice President; Lois Nannini, Secretary/Treasurer; and Orlin Kidner, Alternate Secretary. IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO APPROVE THE ELECTION OF OFFICERS.

NRUCFC Mortgage **[[#150]]** The next matter to come before the meeting concerned the matter of obtaining a loan from National Rural Utilities Cooperative Finance Corporation (CFC) in the aggregate amount not to exceed FIFTY SIX MILLION DOLLARS (\$56,000,000.00) and purchase with equal funds a Loan Capital Term Certificate. The documents relating to the transaction were reviewed by counsel, comments of the Board were considered, after due consideration and the advice of counsel, IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY GERALD ANDERSON AND PASSED BY A VOTE OF NINE (9) IN FAVOR AND ONE (1) ABSTAINING PASSED THE FOLLOWING RESOLUTION:

RESOLVED, that the Cooperative borrow from 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 \$56,000,000.00, and purchase with general funds a Loan Capital Term Certificate, if required, in an amount not to exceed the amount set forth in the Loan Agreement; and

RESOLVED, that the proceeds of this loan be used for the purpose set forth in the Loan Agreement; and

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the following documents (including as many counterparts as may be required):

(a) an agreement with CFC, substantially in the form of the CFC Loan Agreement submitted to this meeting; and

(b) one or more secured promissory notes payable to the order of CFC, which in the aggregate equal the principal amount of \$56,000,000.00, bearing such interest and providing for such payment as is set forth in the CFC Loan Agreement and each note, substantially in the form of the note presented to this meeting; and

(c) a mortgage and security agreement with CFC as mortgage, substantially in the form of

the mortgage and security agreement presented to this meeting.

RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to make all payments, and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

- D. Vernon Dalton, President
- Mary Wright, Vice President
- Lois Nannini, Secretary/Treasurer

Articles of Incorporation **[[#150]]** Mr. Robert Vaughan, attorney and Clay reported on the proposed changes to the Articles of Incorporation. Following a discussion, IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE THE CHANGES TO THE ARTICLES OF INCORPORATION I THROUGH XII.

Discussion continued regarding Article XIII. IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY MARY WRIGHT AND PASSED UNANIMOUSLY TO APPROVE THE PROPOSED CHANGES TO ARTICLE XIII. As follows:

DISSOLUTION AND LIQUIDATION

A. Dissolution of the said corporation by the members may be in accordance with N. R. S. 82.446, or by the members and Directors in accordance with N. R. S. 82.451, and the statutes therein referred to and any amendments thereof.

B. Upon dissolution, after all debts and liabilities of the corporation shall have been paid, and all capital furnished through patronage shall have been retired without priority on pr rata basis, the remaining property and assets of the association shall be distributed among the members and former members in the proportion which the aggregated patronage of each member bears to the total patronage of all such members, to the extent practical, unless otherwise provided by law.

IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY MARY WRIGHT AND PASSED UNANIMOUSLY TO APPROVE THE ARTICLES OF INCORPORATION XIV THROUGH XVII AS PRESENTED.

The board discussed mailing a letter to all members with the Articles of Incorporation and asking them to approve the proposed changes.

Following further discussion, IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO AMEND THE THREE (3) FOREGOING RESOLUTIONS WITH AN EFFECTIVE DATE OF OCTOBER 20, 2000.

A recess was called at 10:40 am. The meeting was called back to order at 10:58 am.

Organizational Chart/Budget Augmentation **[[#150]]** The board reviewed the organizational chart. IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ORLIN KIDNER TO ACCEPT THE ORGANIZATIONAL CHART AS PRESENTED.

Discussion ensued. VERNON SCOTT AMENDED THE MOTION TO REMOVE THE SPECIAL

EARLY RETIREMENT PROGRAM (SERP) POSITIONS. ORLIN KIDNER, SECONDED THE AMENDED MOTION AND MOTION WAS PASSED UNANIMOUSLY.

A discussion and explanation was held on the Budget Augmentation. IT WAS ON MOTION BY PAUL NEFF, SECONDED BY GERALD ANDERSON AND PASSED UNANIMOUSLY TO APPROVE THE BUDGET AUGMENTATION AS PRESENTED.

NREA Position Paper **[[#150]]** A draft paper was handed out to the board with WREC**[[#146]]**s positions on NREA. IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY GERALD ANDERSON AND PASSED UNANIMOUSLY TO APPROVE THE NREA POSITION PAPER.

A lunch recess was called at 12:00 noon. The meeting was called back to order at 1:15 pm.

Strategic Planning **[[#150]]** The board discussed and agreed to hold a Strategic Planning meeting at 9:00 am, Wednesday, November 15th in the board room in Wells. Greg Boudreaux of NRECA will be the facilitator.

Annual Meeting Survey **[[#150]]** Clay handed out a proposed Annual Meeting Member Survey. IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE THE ANNUAL MEETING MEMBER SURVEY.

Wells Professional Building - Clay read a letter from the Elko County Commissioners Office. The Elko County Commissioners made a counter offer for \$175,000.00 to the WREC boards counter of \$190,000. Following a discussion, IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY PAUL NEFF AND PASSED WITH A VOTE OF SIX (6) IN FAVOR AND THREE (3) ABSTAINING TO ACCEPT THE COUNTER OFFER FROM THE ELKO COUNTY COMMISSIONERS IN THE SALE OF THE WELLS PROFESSIONAL BUILDING FOR \$175,000, WITH \$160,000.00 AS DOWN PAYMENT AND \$15,000.00 BALANCE DUE ON A NOTE AGREEABLE TO BOTH PARTIES.

Policy Revision 1-10 **[[#150]]** The board discussed retired director S. J. Smith**[[#146]]**s insurance benefits. IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY DARYL ERIKSEN AND PASSED UNANIMOUSLY TO RECOGNIZE DIRECTOR S. J. SMITH**[[#146]]**S ELEVEN (11) YEARS AND NINE (9) MONTHS BEING TWELVE (12) YEARS SERVED, THEREFORE MAKING HIM ELIGIBLE FOR MEDICAL AND DENTAL INSURANCE WITH WREC PAYING 50% OF THE PREMIUM.

ECO Fuel Cell Presentation **[[#150]]** Clay asked the board to consider scheduling a presentation with ECO at the October board meeting. There were no objections.

SAFETY MINUTES:

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

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO APPROVE 88 NEW MEMBERSHIPS AS REVIEWED: WELLS **[[#150]]** 15; CARLIN **[[#150]]** 20; WENDOVER, NV **[[#150]]** 35 AND WENDOVER, UT **[[#150]]** 18

EXECUTIVE SESSION:

An executive session was held.

The following were a result of the executive session:

IT WAS ON MOTION, SECONDED AND PASSED UNANIMOUSLY TO CONDUCT A REVIEW AND UPDATE WREC[[#146]]S WAGE AND SALARY PLAN.

IT WAS ON MOTION, SECONDED AND PASSED UNANIMOUSLY TO INCREASE THE CHIEF EXECUTIVE OFFICER[[#146]]S SALARY TO \$79,000.00/YEAR.

IT WAS ON MOTION, SECONDED AND PASSED WITH FIVE (5) IN FAVOR AND FOUR (4) OPPOSED TO ESTABLISH A POLICY THAT REQUIRES THE COST OF SERVING ON OTHER ASSOCIATION BOARDS TO BE PAID BY THAT ASSOCIATION, TO INCLUDE AIR TRAVEL, LODGING AND FOOD.

INFORMATIONAL ITEMS:

DEPARTMENT OR OTHER REPORTS

The following reports were included as information in the agenda:

- Strategic Plan
- Outage
- Finance and Administration
- Member Services
- Office Services
- Operations
- Marketing and Diversified Services

The board accepted Co-operative Plus as the name for the Marketing and Diversified Services department. IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY GERALD ANDERSON AND PASSED UNANIMOUSLY TO APPROVE FORMING A "DOING BUSINESS AS" (DBA) GROUP UNDER WELLS REC FOR CO-OPERATIVE PLUS.

BOARD REPORTS

No board reports were given.

CEO[[#146]]S REPORT:

CEO Activities [[#150]] Clay reported.

Denison Culture Model [[#150]] Clay reported. A discussion ensued.

GTA/FERC Filing [[#150]] Clay reported SPPCo has files our General Transfer Agreement with FERC and WREC has intervened in support of the filing.

Future Board Meetings [[#150]] Clay reported the following topics would be covered in future board meetings:

- October - Tom Strait presentation
- Financial Advisory Committee

- Insurance Report
 - Safety Report
 - ECO Fuel Cell presentation
- November - Final approval of Strategic Plan
- Marketing & Diversified Services Report
- December - Capital Budget

POWER SUPPLY:

Don Angell reported on the following topics: BPA Subscription/Rate Case; Newmont Issues; Wendover Power Factor; Nevada Restructuring; Federal Restructuring; and Distributed Generation.

OTHER BUSINESS

Clay asked the board their opinion on having a Christmas Party. It was the general consensus of the board to hold a board/employee Christmas Party. The board asked Clay to have staff organize it.

WREC Auction **[[#150]]** Clay reported there is a number of vehicles and surplus items at the warehouse. He suggested to the board holding a public auction to auction the items off. A discussion ensued

As there was no further information to discuss, the meeting was adjourned at 4:05 pm.

D. Vernon Dalton, President Lois Nannini, Secretary/Treasurer

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