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MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS
OF
WELLS RURAL ELECTRIC COMPANY

October 18, 2002

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, October 18, 2002 at 9:00 am. The meeting was presided over by President D. Vernon Dalton.

Directors present were: Gerald Anderson, D. Vernon Dalton, Scott Egbert, Lois Nannini, Paul Neff, Jerry Parkin, S. J. Smith, Ron Springsteel, Howard Wright and Mary Wright. Orlin Kidner was absent.

Staff member present was Clay R. Fitch, Chief Executive Officer. Also present was Amanda Moffitt, Executive Secretary.

ACTION ITEMS:**APPROVAL OF MINUTES:**

The minutes of the regular meeting of September 11, 2002 were approved as written.

ADDITIONS TO AGENDA:

There were no objections to add the following:

- [[#183]] Long-term Dept Portfolio
- [[#183]] NRECA Cash or Benefits Plan

SAFETY FIRST VERSE: Ghosts and Goblins **[[#150]]** Beware of trick-or-treaters dashing and darting this Halloween. Drive with caution!

ACTION ITEMS:

- A. Strategic Plan **[[#150]]** Clay and the board discussed the draft Strategic Plan. It was the consensus of the board to add the following:
 - 2.2 add**[[#148]]**, including a disaster response plan.
 - 2.8 Continue to monitor growth opportunities through territorial acquisitions and report to the board.
 - 6.4 Providing assistance to our member/s and communities by supporting their viable initiatives.

IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO APPROVE THE 2003 STRATEGIC PLAN WITH THE ADDITION OF 2.2, 2.8 AND 6.4 ABOVE.

- B. Wireless Internet **[[#150]]** Clay asked for the board**[[#146]]**s approval to test 6 wireless internet units. Initial costs associated with the testing would be approximately \$1,000.00. IT WAS ON MOTION BY S. J. SMITH, SECONDED BY GERALD ANDERSON AND PASSED UNANIMOUSLY TO APPROVE PURCHASING SIX WIRELESS INTERNET UNITS FOR TESTING.

PRESENTATIONS:

- A. Matt Morrison, Clover Valley 4-H Club **[[#150]]** Matt presented the board with a gift basket and thanked them for purchasing his steer at the Elko County Fair.
- B. Youth Energy Seminar **[[#150]]** Jay McDonald, Wendy Lundy, Frannie Garcia, Garrett Hylton and Anthony Hales reported on this year **[[#146]]**'s YES Camp.
- C. Wells High School Leadership Council **[[#150]]** Garrett Hylton, Mindy Uhlig, Nathan Reber, Brittany Smith, Audrey Wright, Tell Sallee, and Jay McDonald thanked the board for their community involvement and support. They discussed the positive impact that speaker, Ken Johnson had on the students at Wells High School.
- D. Dave Warren, Last Mile Cooperative **[[#150]]** Mr. Warren updated the board on the progress of wind power as a wholesale energy source. He also discussed small wind turbines, Last Mile **[[#146]]**'s latest project. Last Mile Coop is hoping to install at least ten small wind turbines over the next 18 months, and invited WREC to participate.

Jerry Parkin arrived at the meeting at 10:40am.

Following Mr. Warren **[[#146]]**'s presentation, the board discussed the possibility of participating in the program as an option post 2006, when WREC **[[#146]]**'s contract with BPA would expire. The board asked staff to prepare an economic analysis and not to commit to participate at this time.

ACTION ITEMS (continued):

- B. Long-term Debt Portfolio **[[#150]]** Clay gave the board a handout with the current interest rates and WREC **[[#146]]**'s long-term debt portfolio. A discussion ensued as to whether or not to change the variable rates to a fixed rate. IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY GERALD ANDERSON TO GIVE CLAY FITCH AUTHORITY, UNTIL THE NOVEMBER BOARD MEETING, TO LOCK THE CURRENT DEBT IN AT A FIXED RATE IF INTEREST RATES INCREASE BY .5% FOR THE LONGEST TIME PERIOD. MOTION FAILED.

Following further discussion, IT WAS ON MOTION BY PAUL NEFF, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY FOR STAFF TO MONITOR RATES FOR ANOTHER MONTH. The board requested monthly updates on the long-term debt portfolio and access to a website where they can view the daily rates.

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

- C. NRECA Cash or Benefits Plan **[[#150]]** Clay informed the board of amendments to the current NRECA Cash or Benefits Plan. The amendments area a result of new regulations issued by the Internal Revenue Service. IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY GERALD ANDERSON AND PASSED UNANIMOUSLY TO AMEND THE CURRENT NRECA CASH OR BENEFITS PLAN AS PRESENTED. Resolution attached.
- D. Trade Association Membership **[[#150]]** Clay explained the positions and costs associated with membership of three trade associations, Northwest Requirement Utilities (NRU), Public Northwest Utilities Conference Committee (PNUCC), and Public Power Council (PPC). Management **[[#146]]**'s recommendation to the board is to join NRU and drop membership with PPC, which would increase dues approximately \$2,000, but the new representation will be more consistent with WREC **[[#146]]**'s needs. IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO APPROVE JOINING NRU, MAINTAINING MEMBERSHIP WITH PNUCC AND DISCONTINUING WREC **[[#146]]**'S MEMBERSHIP WITH PPC.

A recess was called at 1:20pm.

The meeting of the members of the Next Dollar Foundation was called to order at 1:20 pm.

The matter of replacing Trustees of the Next Dollar Foundation, who wish to resign and to appoint Kerrie Supanich, as Trustee to fill out the balance of Mr. Sweat[[#146]]s term, and to appoint Karen Shepherd to fill out the balance of Mrs. Johnston[[#146]]s term.

The board is advised that it is the desire of Mr. Sweat and Mrs. Johnston to resign and Ms. Supanich and Mrs. Shepherd are anxious and able to serve.

UPON THE ADVICE OF COUNSEL, AND CONSIDERATION OF THE MATTER, ON MOTION MADE BY GERALD ANDERSON, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY AS FOLLOWS:

RESOLVED, that the resignation of Dennis Sweat and Marie Johnston as Trustees of the Next Dollar Foundation are accepted with our appreciation to them for their service; and

BE IT FURTHER RESOLVED, that Kerry Supanich is hereby appointed as Trustee of the Next Dollar Foundation for the balance of the term held by Dennis Sweat, and which Trusteeship is in District Four (4), Seat Eight (8).

And BE IT FURTHER RESOLVED, that Karen Shepherd is hereby appointed as Trustee of the Next Dollar Foundation for the balance of the term held by Marie Johnston, and which Trusteeship is in District Four (4), Seat Seven (7).

The Next Dollar meeting was adjourned at 1:25 pm.

The Wells Rural Electric Board Meeting was called back to order at 1:25 pm.

E. Strategy 4, Legislative and Regulatory [[#150]] Tommi Reynolds gave a presentation. Clay reported he and Evelyn Twitchell, representing NREA, distributed ACRE contributions to seven candidates in Reno and thirteen in Las Vegas.

DISCUSSION ITEMS:

A. Rule 23 [[#150]] The board discussed the proposed changes to Rule 23. Management was directed to finalize Rule 23 for approval at the November board meeting.

SAFETY MINUTES: IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY GERALD ANDERSON AND PASSED UNANIMOUSLY TO APPROVE THE SAFETY MINUTES AS PRESENTED.

NEW MEMBERSHIPS: IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE 55 NEW MEMBERSHIPS AS REVIEWED: WELLS [[#150]] 15; CARLIN [[#150]] 11; WENDOVER, NV [[#150]] 16 AND WENDOVER, UT [[#150]] 13.

INFORMATIONAL ITEMS:

DEPARTMENT OR OTHER REPORTS

The following reports were included as information in the agenda:

- Outage
- Finance and Administration

- Member Services
- Office Services **[[#150]]** The board was asked to consider participating in e-billing.
- Diversified Services
- Integrated Resources
- Member Information Systems

POWER SUPPLY REPORT

This report was included in the agenda.

BOARD REPORTS

Ron Springsteel will be attending the fast track classes.

S. J. Smith reported attending **[[#147]]**Understanding the Electric Utility Business.**[[#148]]**

Vernon Dalton reported attending the Golden State Statewide**[[#146]]**s Annual Meeting.

CEO**[[#146]]**S REPORT

NREA Annual Meeting **[[#150]]** This meeting is scheduled November 20th and 21st in Mesquite, Nevada.

Union Update **[[#150]]** Clay updated the board on the pending Union negotiations, which will begin in November.

A break was taken at 3:05pm.

Letter from Senator Maria Cantwell **[[#150]]** The board discussed a letter to Chairman Jeff Bingaman and Ranking Member Frank Murkowski calling for enhanced consumer protections in the electricity title of the energy bill. Senator Harry Reid also signed the letter supporting the protections. The board was asked to sign letter to Senator Reid, thanking him for his support.

OTHER BUSINESS:

November Board Meeting **[[#150]]** IT WAS ON MOTION BY PAUL NEFF, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE CHANGING THE NOVEMBER BOARD MEETING TO TUESDAY, NOVEMBER 19, 2002.

EXECUTIVE SESSION:

An executive session was held.

As there was no further information to discuss, the meeting was adjourned at 3:40 pm.

D. Vernon Dalton, President

Lois Nannini, Secretary/Treasurer

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