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

March 14, 2003

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 Wednesday, March 14, 2003 at 9:00 am. The meeting was presided over by President D. Vernon Dalton.

Directors present were: Gerald Anderson, D. Vernon Dalton, Orin Kidner, Lois Nannini, Paul Neff, Jerry Parkin, Ron Springsteel, Howard Wright and Mary Wright. Scott Egbert and S. J. Smith were 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 February 19, 2003 were approved as written.

ADDITIONS TO AGENDA:

There were no objections to add the following:

- [[#183]] Letter of Intent to World Renew
- [[#183]] Board Evaluation and Governance Seminar

SAFETY FIRST VERSE: Look before you leap! [[#150]] Before you jump off the next truck, trailers etc. consider the impact it has on your ankles and knees and descend with care.

ACTION ITEMS:

A. SPPC Plan [[#150]] The board discussed and accepted the SPPC Plan as presented.

B. Staline Accounts Receivable - The next business to come before the meeting was the matter of the accounts receivable from Staline Hotel, Inc. in the sum of \$176,963.56, Jim[[#146]]s Enterprises in the sum of \$109,351.11, Staline Properties in the sum of \$11,071.24 and Staline, Ltd. In the sum of \$1,999.12 (herein the [[#147]]Staline Accounts[[#148]]). By prior erroneous action the Staline Accounts were written off as being uncollectable. General Counsel advises that said accounts should not have been written off citing a portion of Paragraph 4 of Section 2 of Article VII of the Bylaws of the Company, which provides as follows.

[[#147]]4. At any time that a member is delinquent in payment for services received, in excess of sixty (60) days, or terminates service with the Corporation and has any obligation for service due and owing the Corporation, then and in that event: (a) all Capital Credits that have been theretofore credited to said members, but not retired, are automatically, by this provision, assigned to the Corporation, and shall remain so assigned until the obligation, with any interest accruing thereon, has been paid to the Corporation in full;[[#133]][[#148]]

That the total of the Capital Credits for the four (4) debtors hereinabove named is as follows:

Staline Hotel, Inc. the sum of \$908,519.18
Jim[[#146]]s Enterprises, the sum of \$537,051.80
Staline Properties, the sum of \$172,488.52
Staline Ltd., the sum of \$24,634.52

After due consideration and upon the advice of General Counsel, **A RESOLUTION WAS MOVED BY PAUL NEFF, SECONDED BY JERRY PARKIN AND PASSED AS FOLLOWS:**

RESOLVED that action writing off the Staline Accounts heretofore referred to is rescinded and pursuant to Paragraph 4 of Section 2 of Article VIII of the Bylaws of the Corporation the amount of the earned but unretired Capital Credits of the four (4) debtors in the sum of \$1,642,694.02, be and the same are assigned to the Corporation as capital of the Corporation. Upon payment of the accounts receivable, the balance of the Capital Credits will be eventually retired in accordance with the Bylaws of the Corporation.

C. Newmont Non-Current Receivable - The next matter to come before the meeting concerned the earned but unretired Capital Credits of Newmont Gold Company (herein [[#147]]Newmont[[#148]]). The Capital Credits are assigned to the Corporation pursuant to the terms of Paragraph 14 of the Consolidated Agreement for Electric Supply by and between Wells Rural Electric Company and Newmont Gold Company executed on October 21 and 25, 1994 (herein the [[#147]]Contract[[#148]]).

The Certified Public Accountants retained by the Corporation advised us that the Capital Credits should be placed in an [[#147]]unpaid account receivable[[#148]] in the amount of \$251,630.00.

Upon advice of the accountants and after due consideration, **A RESOLUTION WAS MOVED BY JERRY PARKIN, SECONDED BY ORLIN KIDNER AND PASSED AS FOLLOWS:**

RESOLVED that all capital credits heretofore and hereafter earned by Newmont shall be held as an [[#147]]unpaid account receivable[[#148]] as security and assurances pursuant to the terms of the Contract above referred to. [[#148]]

D. 2003 Fee Schedule [[#150]] **IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY JERRY PARKIN AND PASSED TO ACCEPT ATTORNEY ROBERT O. VAUGHAN[[#146]]S FEE SCHEDULE FOR 2003.**

E. Annual Meeting Date - **IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY GERALD ANDERSON AND PASSED TO SCHEDULE THE 2003 ANNUAL MEETING IN WELLS ON SATURDAY, SEPTEMBER 20TH.**

- F. Letter of Intent to World Renew **[[#150]]** The board reviewed a draft letter of intent for World Renew. Clay explained the content of the letter and terms of a contract. A discussion ensued. **IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY ORLIN KIDNER AND PASSED TO APPROVE SENDING THE **[[#147]]**LETTER OF INTENT**[[#148]]** TO WORLD RENEW AS REVIEWED.**
- G. Board Evaluation and Governance Seminar **[[#150]]** President Dalton reported speaking with Monica Smith of NRECA regarding a board evaluation and governance seminar with NRECA attorney Susan Orlander. Board members discussed their views and experiences of board evaluations and board retreats. **IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY GERALD ANDERSON TO BRING NRECA ATTORNEY SUSAN ORLANDER IN-HOUSE TO GIVE A GOVERNANCE SEMINAR ON COMPANY BYLAWS. MOTION FAILED.**

Following further discussion on costs associated with the board evaluation in conjunction with the Governance Seminar, **IT WAS ON MOTION BY PAUL NEFF, SECONDED BY GERALD ANDERSON AND PASSED TO ACCEPT THE PROPOSAL FROM NRECA TO HIRE MONICA SMITH AND ATTORNEY SUSAN ORLANDER TO CONDUCT AN IN-HOUSE BOARD EVALUATION WITH A GOVERNANCE SEMINAR.**

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

NEW MEMBERSHIPS: IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY GERALD ANDERSON AND PASSED TO APPROVE 57 NEW MEMBERSHIPS AS REVIEWED: WELLS **[[#150]]8; CARLIN **[[#150]]**14; WENDOVER, NV **[[#150]]**25 AND WENDOVER, UT **[[#150]]**10.**

INFORMATIONAL ITEMS:

- A. Newmont Gold Issues **[[#150]]** Clay discussed with the board, a letter that was received from Jacqueline Beckett, Esq. of Newmont, concerning issues regarding Newmont**[[#146]]**s contract with Wells Rural. Clay explained that these are the same issues that come up over the years and informed the board that he requested Ms. Beckett to send Wells Rural a letter stating her position and what exactly they are requesting and are wanting to accomplish, so the request could be reviewed by our company attorney

DEPARTMENT OR OTHER REPORTS

The following reports were included as information in the agenda:

- [[#183]]** Outage
- [[#183]]** Finance and Administration
- [[#183]]** Member Services
- [[#183]]** Office Services
- [[#183]]** Operations
- [[#183]]** Diversified Services
- [[#183]]** Integrated Resources
- [[#183]]** Member Information Systems

POWER SUPPLY REPORT

The power supply report was included in the agenda.

BOARD REPORTS

Directors attending the NRECA Annual Meeting reported.

A report was made on a 100th birthday of the Ruby Mountain Wildlife Refuge and the 102nd birthday celebration for Lourinda Wines.

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

Legislative Conference **[[#150]]** Clay reminded the board of the upcoming Legislative Conference, May 4th through the 7th.

Standard Market Design **[[#150]]** Clay reported an update would be given at the April board meeting.

Legislative Update **[[#150]]** Clay gave an update on the tax bills that have been introduced this session and the bills WREC will monitor that could have an impact on the cooperative.

Grassroots Organization **[[#150]]** Clay handed out an article from NRECA **[[#147]]**The Electricity Title of the Energy Bill: Rural America is Harmed**[[#148]]** and explained that the same article will be sent to the Grassroots Organization, requesting their support against the Barton Discussion Draft which would raise electrical rates for rural cooperatives.

OTHER BUSINESS:

EXECUTIVE SESSION:

An executive session was held.

As there was no further information to discuss, the meeting was adjourned at 12:20 pm.

D. Vernon Dalton, President

Lois Nannini, Secretary/Treasurer

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