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

May 16, 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 Friday, May 16, 2003 at 9:00 am. The meeting was presided over by President D. Vernon Dalton.

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

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

President Dalton introduced Monica Schmidt of NRECA to the board. Ms. Schmidt was present during part of the meeting, evaluating board procedures.

ACTION ITEMS:**APPROVAL OF MINUTES:**

The minutes of the regular meeting of April 18, 2003 were approved as corrected. The word **[[#147]]unanimously[[#148]]** will be added to **[[#147]]**motion passed**[[#148]]** on each motion that was approved unanimously.

ADDITIONS TO AGENDA:

There were no objections to add the following:

- [[#183]]** Election Committee Discussion
- [[#183]]** Director Expenses
- [[#183]]** 1099 Reporting
- [[#183]]** Director Health Insurance
- [[#183]]** Manager**[[#146]]**s Salary
- [[#183]]** Capital Credits

Executive Session: An executive session was held

SAFETY FIRST VERSE: Smoke detectors **[[#150]]** Spring is a great time to clean smoke detectors and replace batteries if needed.

ACTION ITEMS:

Escheated Capital Credits **[[#150]]** The next matter to come before the meeting was the matter of the amendment of Section 11 of Article VI of the Bylaws. The amendments related to retired capital credits. The purpose was to: provide for reasonable efforts to locate former members who move from the area without leaving any forwarding address; provide that a check for any retired capital credits due the former member is mailed to the member at the member**[[#146]]**s last known address or the last address given to the Corporation; that in the event the check is not negotiated within one year of the original mailing a reasonable effort be made

to locate the former member; that a notice of the availability of the capital credits or a check be mailed to the former member at the current address if member is located, or if not to the member **[[#146]]**s last known address or the last address given to the; that if the former member has not been located within three (3) years of the date of the original mailing, the retired capital credits of the former member assigned to the corporation, and if the former member is later located that the member be paid a sum equal to that that had been assigned to the Corporation. Upon the advise of Counsel and after discussion and due consideration, IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY S. J. SMITH AND PASSED UNANIMOUSLY TO ADOPT THE FOLLOWING RESOLUTION:

RESOLVED that Section 11 of Article VI of the Bylaws of the Corporation be amended to read and provide as follows:

[[#147]]Section 11. Capital Credits of Former Members.

1. It is the responsibility of every member or former member (both herein referred to as **[[#148]]**member**[[#148]]**), and the heirs, executors, administrators, successors and assigns of every member, to keep the Corporation informed as to the member**[[#146]]**s current location and address, from the time of first becoming a member to the time that all of the capital credits credited to that member**[[#146]]**s account have been paid to the member or assigned to the Corporation.
2. Within a reasonable time after any portion of the capital credits of a member is determined to be retired, the Corporation shall mail a check in retirement of said capital credits to the last known address of the member or to the last address given by the member to the Corporation. The foregoing is hereinafter referred to as the **[[#147]]**original mailing**[[#148]]**.
3. In the event that the check in retirement of the capital credits is not negotiated within one (1) year, then, and in that event, the Corporation shall: (a) make a reasonable effort to locate the member by contacting any near former neighbor, any known relative and any known former or present employer. (b) If the member is located, the Corporation shall mail a check, in the amount of the capital credits to the member at the member**[[#146]]**s found location. (c) If the reasonable effort does not disclose the location of the member, the Corporation shall mail either a check in retirement of the capital credits or a notice to the last address given by the member to the Corporation.
4. If within three (3) years of the date of the original mailing provided above in Subsection 2, the Corporation has not located the member, and the member has not cashed the check or responded to the notice as set out in Subsection 3 above, then, and in that event, it will be deemed, and presumed by the Corporation that the member cannot be found. In such event, the member**[[#146]]**s capital credits shall be retained by the Corporation and assigned to the equity capital credit account of the Corporation as a donation from the member.
5. In the event at a later date, information comes to the attention of the Corporation and the member is found, a sum equal to the retired, but unpaid capital credits of the member that were assigned to the Corporation shall be paid to the member.**[[#148]]**

Monica Schmidt of NRECA left the meeting.

The next matter to come before the meeting involved the matter of the company having clear authority to assign and transfer the interest of its members. It was noted that NRS 81.480 Section 10 provides statutory authority for the company to have such rights. Upon the advice of counsel and due consideration, IT WAS ON

MOTION BY MARY WRIGHT, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE THE FOLLOWING RESOLUTION: _

RESOLVED: That there be added to ARTICLE III, Section 1 General Powers the following power. The Board of Directors of the Company shall have the authority and power to make assignments and transfers of the interest of the members. The interest of the members includes both allocated and retired capital credits.

Mr. Robert Vaughan informed the board that he has not heard from Newmont, regarding the letter sent to their attorney, Jacqueline Beckett. Mr. Vaughan left the meeting.

2003 Budget **[[#150]]** Buddy Welsh gave a presentation on 5-year line item trends of actual vs. budgeted dollars. An explanation and discussion was held for each 5**[[#150]]**year comparison. The Budget Summary was included in the agenda. A discussion was held and a request made to include the 5-year trends in the summary for future reporting. IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE THE PROPOSED 2003 BUDGET AS PRESENTED.

A recess was called at 12:05 pm. The meeting was called back to order at 12:45 pm.

Residential Member Identity and Satisfaction Study **[[#150]]** Hank James gave a presentation on the content of the member survey and the benefits to be gained. NRECA would randomly select 500 members, including Spanish speaking to conduct the survey. The cost of the survey was discussed, along with the content and the reasoning behind the survey. It was pointed out that the reason for the survey was a result of the Strategic Plan and to find out if WREC**[[#146]]**s members understand the are members. Following a lengthy discussion, IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY ORLIN KIDNER AND PASSED WITH TEN (10) DIRECTORS IN FAVOR AND ONE (1) DIRECTOR OPPOSED TO ACCEPT THE PROPOSED RESIDENTIAL MEMBER IDENTITY AND SATISFACTION STUDY AS INFORMATION ONLY AND TO RE-VISIT STRATEGY 6.1 OF THE STRATEGIC PLAN.

Strategy 1.1 Power Supply **[[#150]]** Clay reported a draft was completed in November with May as the final deadline. A report was included in the agenda, which identified long-term power supply and Wells Rural**[[#146]]**s energy needs for 2005 through 2015. IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE STRATEGY 1.1 POWER SUPPLY AS PRESENTED.

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

NEW MEMBERSHIPS: IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY SCOTT EGBERT AND PASSED TO APPROVE 43 NEW MEMBERSHIPS AS REVIEWED: WELLS **[[#150]]** 8; CARLIN **[[#150]]**18; WENDOVER, NV **[[#150]]**11 AND WENDOVER, UT **[[#150]]**6.

DEPARTMENT OR OTHER REPORTS

The following reports were included as information in the agenda:

- Outage **[[#150]]** A director made a request to be notified about outages and the details involved.
- Finance and Administration
- Long-Term Debt Portfolio **[[#150]]** Clay asked the board if they were interested in locking any of the variable loans in to a fixed rate. The board was not interested at this time.
- Member Services
- Office Services
- Operations
- Human Resources and Diversified Services **[[#150]]** The board congratulated Hank James and the

electrician staff on their success with Diversified Services.

- Integrated Resources
- Member Information Systems

POWER SUPPLY REPORT

The power supply report was included in the agenda.

BOARD REPORTS

Directors attending the NRECA Legislative Conference made reports. It was the consensus of those attending that the conference went very well, as well as the NREA/UREA hosted breakfast and the meetings with the legislators.

CEO[[#146]]S REPORT

Clay reported on the NRECA Legislative Conference and the issues discussed with the legislators.

Legislative Tax Update [[#150]] Clay reported on bills concerning electric cooperatives and that the legislature may have to hold a special session to get the issues completed.

Clay reminded the board about the resolution passed to hold the June board meeting in Wendover.

OTHER BUSINESS:

A request was made by a director to hold the regularly scheduled June meeting on Wednesday, June 18th. President Dalton said he would contact Monica Schmidt of NRECA to see if her schedule permits her to attend on June 18th to give her report.

IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO REPORT INDIVIDUAL DIRECTOR EXPENSES TO THE BOARD EACH QUARTER.

IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY SCOTT EGBERT TO REPORT DIRECTOR 1099[[#146]]S AS RECOMMENDED BY THE COMPANY[[#146]]S AUDITING FIRM, BOLINGER, SEGAR, GILBERT AND MOSS.

Following further discussion regarding 1099 compliance, IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE TABLING THE PREVIOUS MOTION UNTIL THE JUNE BOARD MEETING.

The following motion was a result of the Executive Session held previously during the meeting. IT WAS ON MOTION, SECONDED AND PASSED UNANIMOUSLY TO SET THE MAXIMUM COMPENSATION OF THE CEO AT \$5,000.00.

Director Paul Neff requested the board permission to attend two non-credit courses at an NRECA Summer School. There was no objection.

As there was no further information to discuss, the meeting was adjourned at 3:00 pm.

D. Vernon Dalton, President

Lois Nannini, Secretary/Treasurer

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