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

July 18, 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, July 18, 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.

ACTION ITEMS:**APPROVAL OF MINUTES:**

The minutes of the regular meeting of June 20, 2003 were approved as written.

ADDITIONS TO AGENDA:

There were no objections to add the following:

- Board Re-Organizational Meeting

SAFETY FIRST VERSE: Heat stroke is the most severe form of heat illness. It can occur even in people who are not exercising, if the weather is hot enough. It is very important to stay hydrated while exposed to heat.

ACTION ITEMS:

Election Committee Report **[[#150]]** Clay reported the Election Committee did not meet due to only three nominations received from the incumbents, therefore, an election will not be held. IT WAS ON MOTION BY PAUL NEFF, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE THE THREE INCUMBENTS NOMINATIONS.

Voting Delegates **[[#150]]** The board approved the following voting delegates for:

- | | | |
|-------------|-------------------------|--------------------------|
| • CFC | Paul Neff, delegate | Clay Fitch, alternate |
| • Federated | S. J. Smith, delegate | Clay Fitch, alternate |
| • NRECA | Scott Egbert, delegate | Howard Wright, alternate |
| • NRTC | Vernon Dalton, delegate | Clay Fitch, alternate |

National Endangered Species Act Reform Coalition - IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE MEMBERSHIP WITH NESARC.

Strategy 2, Operational Efficiencies and Cost Reductions **[[#150]]** A discussion was held on cost reductions and efficiencies. The board recognized and complimented management and staff for the efficiencies completed thus far. IT WAS ON MOTION BY PAUL NEFF, SECONDED BY ORLIN KIDNER AND PASSED

UNANIMOUSLY TO APPROVE STRATEGY 2, OPERATIONAL EFFICIENCIES AND COST REDUCTIONS AS PRESENTED.

Wells High School Rodeo Club **[[#150]]** Sam Venturacci of the Wells High School Rodeo Club presented a plaque to the board for Wells Rural**[[#146]]**s support with the state rodeo finals. Sam reported on the success of the rodeo and thanked the board for the support.

Last Mile Electric Cooperative Membership Request **[[#150]]** Clay reported on the wind site Last Mile set up on Pequop and that data has been collected from the test site the past year. Following a discussion, IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO NOT RENEW THE MEMBERSHIP WITH THE LAST MILE ELECTRIC COOPERATIVE.

The board discussed other membership options. Clay brought the information to the meeting and read the **[[#147]]**Associate Membership**[[#148]]** benefits to the board. IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY S. J. SMITH AND PASSED UNANIMOUSLY TO APPROVE THE \$25.00 ASSOCIATE MEMBERSHIP WITH LAST MILE ELECTRIC COOPERATIVE.

Board Re-Organization **[[#150]]** It was suggested by a board member to hold the re-organization of the board in October, due to scheduling conflicts with incumbents. It was the consensus of the board to add this topic for discussion and review at the August board meeting.

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 ORLIN KIDNER AND PASSED TO APPROVE 61 NEW MEMBERSHIPS AS REVIEWED: WELLS **[[#150]]** 11; CARLIN **[[#150]]**22; WENDOVER, NV **[[#150]]**18 AND WENDOVER, UT **[[#150]]**10.

DEPARTMENT OR OTHER REPORTS

The following reports were included as information in the agenda:

- Finance and Administration **[[#150]]** The board authorized Clay to lock-in interest rates.
- Long-Term Debt Portfolio
- Information Services
- Accounting
- Outage
- Operations
- Division Services and Human Resources

The Key Accounts, Member Services and Marketing Reports were handed out at the board meeting

POWER SUPPLY REPORT

The power supply report was included in the agenda. Don Angell was present and reported on current issues concerning Wells Rural and power supply.

BOARD REPORTS

There were no reports made.

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

Employee/Board Christmas Party **[[#150]]** The board reviewed a proposal from the El Rancho in Wells for the annual Christmas Party. IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY HOWARD

WRIGHT AND PASSED UNANIMOUSLY TO APPROVE HOLDING THE CHRISTMAS PART ON DECEMBER 19TH AT THE EL RANCHO.

Rule 9 **[[#150]]** Clay explained the last changes made to Rule 9 did not clearly identify how the line extension refund would be handled. Clay suggested a revision be made which limits who is eligible to a line extension refund. Staff will bring a proposed scenario to the board for consideration.

Company Physicals **[[#150]]** Clay explained that the recent changes to the medical policy eliminated physicals for spouses and in the Union Contract it was agreed to have a policy, which allowed for such a provision. Staff will provide the board with a draft policy for consideration.

Electrician Business Plan **[[#150]]** Clay asked the board for direction as to the questions raised at the June meeting, regarding the exit plan for Electrician Services. Following a discussion, it was the consensus that the exit plan should be one that directs the company to terminate Electrician Services when the business is not making a profit. The company would also consider offers of purchase.

OTHER BUSINESS:

The board discussed a possible date for a work-planning meeting, using the governance tools and the board evaluation as a guide. It was agreed to schedule the work planning session in October with Greg Boudreaux of NRECA as facilitator

BOARD AGENDA ITEMS:

- Board Re-organization

As there was no further information to discuss, the meeting was adjourned at 11:55 am.

D. Vernon Dalton, President

Lois Nannini, Secretary/Treasurer

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