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

**August 15, 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, August 15, 2003 at 9:00 am. The meeting was presided over by President D. Vernon Dalton.

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

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 July 18, 2003 were approved as written.

**SAFETY FIRST VERSE:** School Zones **[[#150]]** Pay particular attention to driving in and around school zones. School is starting this month and kids will be dashing about.

**PRESENTATIONS:** Youth Energy Seminar **[[#150]]** Students attending the Nevada and Utah Youth Energy Seminars took the time to thank the board and Wells Rural Electric for sending them to the seminars. The general message from the students was that the seminars are very appreciated and each student in his or her own experience came away with more respect and knowledge on cooperatives, with some of the students gaining more self-esteem and confidence.

**ACTION ITEMS:**

CEO Evaluation **[[#150]]** The board called an Executive Session to review and discuss the evaluation of the CEO. Following the Executive Session, IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO INCREASE THE CEO **[[#146]]**S SALARY BY \$4,175/ YEAR. (25 MIN.)

Director Election Bylaws **[[#150]]** The board reviewed excerpts of the Bylaws regarding the election of directors. The board discussed the possibility of a more thorough review of the Bylaws during the board planning session in October. IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY SCOTT EGBERT TO RE-ORGANIZE THE BOARD IN OCTOBER.

The board continued to discuss changes to the bylaws. Following the discussion, IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY SCOTT EGBERT AND PASSED

UNANIMOUSLY TO APPROVE REPLACING THE WORD **[[#147]]**SEPTEMBER**[[#148]]** WITH **[[#147]]**OCTOBER**[[#148]]** IN SECTION 10-8A; SECTION 10-14 AND SECTION 2. (25 MIN)

Rule 9, Service Connections and Line Extensions **[[#150]]** The board reviewed and discussed the proposed changes to Rule 9. Following the discussion, IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY MARY WRIGHT AND PASSED UNANIMOUSLY TO APPROVE THE CHANGES TO RULE 9. Attachment A (15 MIN)

Physical Policies **[[#150]]** Director S. J. Smith excused himself from the discussion due to a conflict of interest. The board reviewed and discussed the changes to Policy 1-11, Directors Physical and Policy 7-2, Section III-A, Pre-Employment and Continuing Work Physicals. IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO APPROVE THE PROPOSED POLICIES AS PRESENTED.

Further discussion ensued regarding payment to the provider. IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO APPROVE POLICY 1-11 AND POLICY 7-2 AS AMENDED. Attachment B (20 MIN)

Strategy 6.2 and 6.3, Communication, Member Education and Demographics **[[#150]]** The board discussed the report included in the agenda. IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE STRATEGY 6.2 AND 6.3, COMMUNICATION, MEMBER EDUCATION AND DEMOGRAPHICS AS PRESENTED. (10 MIN)

4-H Beef Purchase **[[#150]]** IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY HOWARD WRIGHT AND PASSED UNANIMOUSLY TO PURCHASE A BEEF FROM THE 4-H LIVESTOCK AUCTION AND TO USE AS DOOR PRIZES AT THE ANNUAL MEETING. DIRECTOR VERNON DALTON WILL ATTEND THE LIVESTOCK AUCTION TO MAKE THE PURCHASE.

Board Expense Summary **[[#150]]** A director expense worksheet was handed out to the board, reviewed and discussed. Clay explained the line items and how expenses are coded to each line by the information submitted on the expense worksheets. The board also reviewed an opinion from Robert Cobb, CPA of Bolinger, Segar, Gilbert and Moss L. L. P., which noted that the medical insurance must be reported as a taxable fee on the IRS1099. It was also noted, that the written opinion of Tom Straight (Washington Utility Group), was in agreement with Bolinger, Segars, Gilbert and Moss L. L. P.

The board discussed the information received from the auditors. IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY MARY WRIGHT AND PASSED UNANIMOUSLY TO DIRECT STAFF TO EXPLORE OPTIONS TO THE INSURANCE PLANS FOR THE DIRECTOR GROUP, PER THE ADVICE RECEIVED FROM BOLINGER, SEGARS, GILBERT & MOSS L. L. P. (30 MIN) The board requested the presence of NRECA Region Benefit Coordinator, Mike Stiff to attend a board meeting as soon as possible to discuss options to the medical insurance plan.

SAFETY MINUTES: IT WAS ON MOTION BY PAUL NEFF, SECONDED BY SCOTT EGBERT 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 76 NEW MEMBERSHIPS AS

REVIEWED: WELLS **[[#150]]** 11; CARLIN **[[#150]]**17; WENDOVER, NV **[[#150]]**27 AND WENDOVER, UT **[[#150]]**21.

### DEPARTMENT OR OTHER REPORTS

The following reports were included as information in the agenda:

- Finance and Administration
- Long-Term Debt Portfolio
- Accounting
- Member Services
- Marketing
- Outage
- Operations
- Key Accounts

### POWER SUPPLY REPORT

The power supply report was included in the agenda.

### BOARD REPORTS

Directors attending the NREA Annual Meeting made reports.

A report was given from a Director attending the NRECA Summer School.

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

Clay reported on attending the NREA Annual Meeting.

Picnic Reminder **[[#150]]** Clay reminded the board of the company picnic, Saturday, August 23<sup>rd</sup> at 3:00 pm in Lamoille Canyon.

Christmas Party **[[#150]]** Clay updated the board on the latest planning efforts of the Christmas Committee. The committee has been reviewing the options of holding the Christmas party at the El Rancho, but has encountered a couple obstacles. A report will be given in September

Ruralite Board Meeting **[[#150]]** Clay reported on attending Ruralite**[[#146]]**s board meeting. Bob Gallucci, CEO of Ruralite has asked for an early buy-out of his retirement. The Ruralite board will review a scenario at the next board meeting.

FYI Folder **[[#150]]** Clay discussed the following handouts that were included in the board packets: General Pacific Dividend, FASB99, NERC statement on Eastern power outage and an article from NRECA, Glenn English regarding **[[#147]]**All For Sale**[[#148]]**.

### OTHER BUSINESS:

There was no other business to discuss at this time.

### EXECUTIVE SESSION:

An Executive Session was held.

As there was no further information to discuss, the meeting was adjourned at 12:25 pm.

D. Vernon Dalton, President

Lois Nannini, Secretary/Treasurer

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