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

November 12, 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, November 12, 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 October 17, 2003 were approved as written.

ADDITIONS TO AGENDA

- Section 125 Cafeteria Plan
- BPA Contract Amendment
- Re-Structure of Past Service Reliability

SAFETY FIRST VERSE: Tire Traction/Wear **[[#150]]** Now is a good time to have your vehicle tires checked for air pressure and tread wear. With the cold weather ahead and snow coming, don't **[[#146]]** be stuck without the appropriate tires.

PRESENTATION: City of West Wendover, Mayor Josephine Thaut **[[#150]]** Mayor Thaut, Craig Neeley, City Engineer, Tom Stratten, Public Works and Chris Melville, City Manager were present to speak with the board on power factor and future city growth. The City stressed their concerns of Wells Rural Electric **[[#146]]**'s ability to serve the City of West Wendover, with the current power load available. Clay responded that with the power factor studies conducted by Bonneville Power Administrators and the installation of capacitors at those facilities with power factor problems, approximately 20 mW was placed back on the line.

President Dalton informed the City of West Wendover, that it is the cooperatives responsibility to be certain that all members **[[#146]]** loads are served, and that the board must consider all members when making decisions. He continued, by stating that Wells Rural Electric will, in the most economical way serve all of Wendover **[[#146]]**'s loads. (55 minutes)

ACTION ITEMS:

Rule 9: Line Extensions **[[#150]]** The board discussed the current Rule 9 and the associated costs for a line extension. Clay discussed loans available to the members at a high interest rate through Cooperative Finance Corporation.

Policy 1-1 **[[#147]]**Duties of the Board of Directors **[[#148]]** **[[#150]]** Following a discussion, **IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY S. J. SMITH AND PASSED UNANIMOUSLY TO ADOPT POLICY 1-1 AS REVIEWED.** (Attachment A)

Policy 1-6 **[[#147]]**Director Fees and Expenses **[[#148]]** **[[#150]]** Following a discussion, **IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO ADOPT POLICY 1-6 AS REVIEWED.** (Attachment B)

Policy 1-7 **[[#147]]**Board Meetings **[[#148]]** **[[#150]]** Following a discussion, **IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO ADOPT POLICY 1-7 AS REVIEWED.** (Attachment C)

Strategy 4 **[[#147]]**Legislative and Regulatory **[[#148]]** **[[#150]]** **IT WAS ON MOTION BY ORLIN KIDNER, SECONDED**

BY PAUL NEFF AND PASSED UNANIMOUSLY TO APPROVE STRATEGY 4 AS REPORTED.

Section 125 Cafeteria Plan **[[#150]]** Clay asked the board for their consideration is restating the current Section 125 Plan for year 2004. **IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE THE RESTATEMENT OF THE 2004 SECTION 125 CAFETERIA PLAN.** President Dalton signed the Section 125 Cafeteria Plan Restatement Contract.

BPA Contract Amendment **[[#150]]** Clay explained the proposed amendments to the BPA contract. Following a discussion, **IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY GERALD ANDERSON TO APPROVE THE BPA CONTRACT AMENDMENTS AS PRESENTED.** The BPA Contract was signed by President Dalton.

Re-Structure of Past Service Reliability **[[#150]]** Clay asked for the board to consider an eight (8) year fixed loan from Cooperative Finance Corporation (CFC) to payoff the current NRECA loan, which carries an 8% interest. **IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY GERALD ANDERSON AND PASSED UNANIMOUSLY TO BORROW \$789,000 FROM CFC TO PAYOFF THE CURRENT NRECA LOAN. THE LOAN WITH CFC WILL CARRY A FIXED RATE WITH A PAYOFF OF EIGHT (8) YEARS.**

SAFETY MINUTES: **IT WAS ON MOTION BY PAUL NEFF, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE THE SAFETY MINUTES AS PRESENTED.**

NEW MEMBERSHIPS: **IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY HOWARD WRIGHT AND PASSED UNANIMOUSLY TO APPROVE 46 NEW MEMBERSHIPS AS REVIEWED: WELLS **[[#150]]** 8; CARLIN **[[#150]]**11; WENDOVER, NV **[[#150]]**18 AND WENDOVER, UT **[[#150]]**9.**

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

POWER SUPPLY REPORT

The power supply report was included in the agenda.

DEPARTMENT OR OTHER REPORTS

The following reports were included as information in the agenda:

Finance and Administration

[[#183]] Long-Term Debt Portfolio and CFC interest Rates

[[#183]] Accounting

[[#183]] Member Services

[[#183]] Conservation and Renewable Program

[[#183]] Member Business Development

[[#183]] Marketing

[[#183]] Diversified Services and Human Resources

Operations

[[#183]] Outage

[[#183]] Information Services

BOARD REPORTS

Director Mary Wright reported NWPPA did not receive the necessary funding to continue operating the Northwest Utilities Training Facility. They have returned Wells Rural Electric **[[#146]]**s donation of \$5,000.00.

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

Geo-Thermal Sites **[[#150]]** Clay reported the geo-thermal sites which were mentioned in the Power Supply Report in October are all located outside of Wells Rural Electric **[[#146]]**s service territory.

Board Expense Report **[[#150]]** The board reviewed the current expense reports.

December Board Meeting **[[#150]]** The board was reminded the December board meeting will be held, Friday, December 12, 2003 in Wells and John Saven, Executive Director of Northwest Requirements Utilities will be making a presentation regarding long-term power supply and will give a settlement update.

NREA Board Meeting **[[#150]]** Clay reported.

Nevada Department of Taxation **[[#150]]** Clay reported the committee is beginning to look at property tax and if cooperatives would be exempt because of the non-profit status.

NRECA International Fund **[[#150]]** Clay asked the board to consider in lieu of a monetary donation to the International

Fund to donate a Ford truck and Chevy van that are no longer used. **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE DONATING THE USED FORD TRUCK AND CHEVY VAN TO NRECA[[#146]]S INTERNATIONAL FUND.**

Operation Budget Changes [[#150]] Clay presented the board with a new format for the Operation[[#146]]s Budget. The board reviewed and suggested that the Capital Budget follow the same format.

BOARD AGENDA ITEMS:

[[#183]] Board Expense Committee

OTHER BUSINESS:

There was no further business to discuss.

EXECUTIVE SESSION:

An Executive Session was not held.

As there was no further information to discuss, the meeting was adjourned at 1:55 pm.

D. Vernon Dalton, President

Lois Nannini, Secretary/Treasurer

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