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

March 12, 2004

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, March 12, 2004 at 9:00 a.m. 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 February 12, 2004 were approved as corrected: **[[#147]]** There were no objections to changing the March board meeting to Friday, March 12. **[[#148]]**

**ADDITIONS TO AGENDA:**

- Wendover School **[[#147]]** Renaissance Program **[[#148]]**
- CRC Equity Investment Program

**SAFETY FIRST VERSE:** As winter thaws into spring, be cautious of mud when traveling on dirt roads.

**ACTION ITEMS:**

Policy 1-9 and 2-7, Member Requests for Company Information **[[#150]]** The two policies, which covered the same information were combined by legal counsel at the request of the board. The board reviewed and discussed the proposed policy. **IT WAS ON MOTION BY S.J. SMITH, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE DELETING SECTION [[#147]]E[[#148]] PAGE TWO.**

**IT WAS ON MOTION BY S.J. SMITH, SECONDED BY HOWARD WRIGHT TO DELETE PARAGRAPH 2, SEC. IV ON PAGE 2. MOTION DEFEATED.**

Discussion continued on Policy 1-9, the board agreed to have Mr. Vaughan review and get comments regarding the member address list for the director election process only. **IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE -CHANGES TO SEC. III, B TO READ: [[#147]]HOURLY WAGES OR SALARIES AND FRINGE**

**BENEFITS OF EMPLOYEES. HOWEVER, IF A WAGE AND SALARY PLAN IS IN EFFECT, SUCH PLAN WILL BE RELEASED AS WELL AS ANY RELATED FRINGE BENEFIT PRINCIPLES OR PERCENTAGES, BUT NO EMPLOYEE[[#146]]S CURRENT STANDING IN SUCH PLAN SHALL BE REVEALED; OR[[#148]].**

**IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE CHANGES TO SEC. III, B, PARAGRAPH 2, REMOVING: [[#147]](INCLUDING THE CHIEF EXECUTIVE OFFICER).**

**IT WAS ON MOTION BY PAUL NEFF, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO ADOPT POLICY 1-9 WITH THE ABOVE CHANGES AND TO RESCIND POLICY 2-7. Attachment A.**

Policy 1-1, Duties of the Board of Directors [[#150]] The board reviewed general counsel[[#146]]s recommendation for changes. Following discussion, **IT WAS ON MOTION BY PAUL NEFF, SECONDED BY ORLIN KIDNER TO ADOPT POLICY 1-1 AS PRESENTED.**

Discussion on Policy 1-1 continued. **PAUL NEFF MADE A MOTION TO AMEND THE PREVIOUS MOTION TO ADD [[#147]]MONITORING STATE OR FEDERAL LEGISLATURES[[#148]]. ORLIN KIDNER SECONDED THE MOTION. MOTION PASSED UNANIMOUSLY. Attachment B**

Policy 1-4, Director Duties and Standards of Conduct [[#150]] Following review and discussion, **IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY HOWARD WRIGHT AND PASSED UNANIMOUSLY TO CHANGE SEC. III (A) (3) b TO READ: [[#147]]CONTINUE TO ACQUIRE AND DEVELOP KNOWLEDGE AND SKILLS NECESSARY TO DIRECT THE AFFAIRS OF THE COOPERATIVE[[#148]]. Attachment C**

Policy 1-7, Board Meetings [[#150]] **IT WAS ON MOTION BY HOWARD WRIGHT, SECONDED BY ORLIN KIDNER, AND PASSED UNANIMOUSLY TO APPROVE ADOPTING LEGAL COUNSEL[[#146]]S RECOMMENDED CHANGES TO SEC. II(C)(1) ONLY. Attachment D**

Rule 9, Service Connections and Line Extensions [[#150]] The board reviewed line extension policies from other co-ops. Clay explained the current Wells Rural policy in detail. **IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY JERRY PARKIN TO CHANGE SEC. III (C)(3) FROM [[#147]]TEN (10) YEARS[[#148]] TO [[#147]]FIVE (5) YEARS[[#148]]. MOTION FAILED.** Staff will write a draft which will include a reasonable accounting fee for maintaining records in accordance with Section III (C)(3). 55minutes.

Project Graduation - Darcy Tate, member and parent of Wells High School graduating senior, spoke of the success of the previous years [[#147]]Project Graduation[[#148]] and asked the board to consider making a donation of a used laptop computer. Darcy explained that the computer would be used as a prize for one of the attending seniors. Following a discussion, **IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE DONATING A USED LAPTOP COMPUTER TO [[#147]]PROJECT**

**GRADUATION 2004[[#148]].**

Policy 1-6, Director Fees and Expenses [[#150]] Handouts were given to the board by director, Howard Wright, all pertaining to IRS Form1099. The board discussed Policy 1-6 as it applies to [[#147]]Other Expenses[[#148]]. 45 minutes

A lunch recess was called at 12:00 noon. The meeting was called back to order at 12:45 pm.

An Executive Session was called. **IT WAS ON MOTION BY RON SPRINGSTEEL, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO ADOPT POLICY 1-6 AS PRESENTED.** 45 minutes

Wendover High School Renaissance Program [[#150]] Clay explained the nature of the donation request from Wendover High School. **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY HOWARD WRIGHT AND PASSED UNANIMOUSLY TO FORWARD THE REQUEST TO THE NEXT DOLLAR FOUNDATION.**

CRC Equity Investment Program [[#150]] Clay explained the program to the board. Wells Rural has a guaranteed payment to CRC of \$10,000. CRC is offering the option to buy the guarantee for \$10,000 and in return Wells Rural will receive Class A stock in CRC, which guarantees up to 6% dividends for three years. **IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO ACCEPT THE CRC EQUITY INVESTMENT PROGRAM OFFER.**

Post-Retirement Benefits for Directors and Employees [[#150]] Clay explained that an Actuarial Study on post-retirement benefits was completed by NRECA this year. The board discussed, at length, their views and concerns. **IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO REVIEW THE POST-RETIREMENT BENEFIT PLAN TO FAIRLY AND ECONOMICALLY CONTINUE THE BENEFIT IN THE FUTURE.** Staff will put scenarios together and bring to the board for review. 30 minutes.

Strategy 3.1, Human Resources, Staff Development and Employee Involvement [[#150]] **IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE STRATEGY 3.1 AS PRESENTED.** The board commended staff on the education program.

Diversified Services Quarterly Report [[#150]] The report was given to the board for review and will on the April agenda for discussion.

Newmont Non-Current Receivable [[#150]] Following an explanation and discussion, **IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY GERALD ANDERSON AND PASSED UNANIMOUSLY TO APPROVE MOVING \$370,858.14 FROM NEWMONT[[#146]]S ASSIGNED CAPITAL CREDITS TO THEIR UNPAID ACCOUNTS RECEIVABLE ACCOUNT, AS PER ARTICLE 14 OF**

## THE CONSOLIDATED AGREEMENT AND THE COMPANY [[#146]]S BY-LAWS.

Safety Minutes [[#150]] IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE THE SAFETY MINUTES AS PRESENTED.

New Memberships [[#150]] IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY RON SPRINGSTEEL AND PASSED UNANIMOUSLY TO APPROVE 44 NEW MEMBERSHIPS AS REVIEWED; WELLS [[#150]] 12; CARLIN [[#150]] 12; W. WENDOVER, NEVADA [[#150]] 10 AND WENDOVER, UT [[#150]] 10.

### INFORMATION ITEMS:

Department Reports [[#150]] The following reports were included as information in the agenda:

#### Office Services

- [[#183]] Finance and Administration
- [[#183]] Accounting
- [[#183]] Member Services
- [[#183]] Marketing
- [[#183]] Member Business Development

#### Operations Department

- [[#183]] Outage
- [[#183]] Information Services

#### Power Supply Report

Clay updated the board on the current wireless business.

BOARD REPORTS: Directors attending the NRECA Annual Meeting reported.

### CEO [[#146]]S REPORT:

Stateline Bankruptcy [[#150]] Clay gave an update.

RFP for Wendover and Wells [[#150]] The board reviewed the proposed RFP for Wendover and Wells Switching Studies. The board directed staff to forward the RFP to Power Engineers for a cost to complete the study.

Rural/Ag Co-op Meeting [[#150]] Clay and Vernon will be attending the Rural/Ag Co-op Meeting in Elko.

Basic Electricity Class [[#150]] Clay informed the board of a Basic Electricity Class to be held in the Board Room on April 7<sup>th</sup> and 8<sup>th</sup> from 8:30 am [[#150]] 4:30 pm.

WREC Annual Meeting [[#150]] This year [[#146]]s annual meeting has been scheduled for Saturday, September 18<sup>th</sup> in Wells.

NRECA Legislative Conference **[[#150]]** The conference will be held May 3<sup>rd</sup> **[[#150]]** May 6<sup>th</sup> in Washington DC.

Wells Rural 2003 Financial Audit **[[#150]]** Clay informed the board the audit is completed and Robert Cobb of Bolinger, Segar, Gilbert and Moss, L. L. P. will be reporting at the April board meeting. Clay informed the board of a billing problem with the IRS. Bolinger, Segars, Gilbert and Moss will be representing Wells Rural in correcting the problem with the IRS.

**BOARD AGENDA ITEMS:**

- Board Communication Policy
- Post-Retirement Benefits Scenarios
- Diversified Quarterly Report
- Rule 9/Prorata
- Wild Blue
- Capital Credit Buyout

As there was no further information to discuss, the meeting was adjourned at 3:55 pm.

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