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

September 1, 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 Wednesday, September 1, 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, Jerry Parkin, S. J. Smith, Paul Neff, Ron Springsteel, Howard Wright and Mary Wright.

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

ADDITIONS TO AGENDA:

- Article III, Board of Directors
- Donation request **[[#150]]** South Fork Band Council
- NREA ACRE Contributions

APPROVAL OF MINUTES:

The minutes of the regular meeting of August 4, 2004 were approved as written.

SAFETY FIRST VERSE: **[[#150]] Back to School **[[#150]]** Drive cautiously, kids today are our leaders tomorrow!**

ACTION ITEMS:

Board Election **[[#150]]** Clay reported on the 2004 director election. Results were as follows:

Ballots received **[[#150]]** 740

Ballots rejected **[[#150]]** 92

Vote Count:

F. Scott Egbert	514
James Murray (Jay) Jordan	159
Paul E. Neff	537
S. J. Smith, M. D.	513
Jerry Wayne Parkin	499

Elected:

F. Scott Egbert	514
Paul E. Neff	537
S. J. Smith, M. D.	513
Jerry Wayne Parkin	499

A discussion was held on how to get more information on the candidates to members. **IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY JERRY PARKIN AND PASSED FOR STAFF TO RESEARCH CREATING A CANDIDATE PROFILE PAGE ON THE WEBSITE AND THE COST TO HAVE THE SIGNATURE LINE ON THE BALLOT ENVELOPES IN RED INK.**

Article III, Board of Directors **[[#150]]** The next matter to come before the meeting related to amending Article III, Board of Directors, Section 2, 3, Qualifications and Eligibility (a) of the By-laws of the Corporation. The purpose of the amendment is to provide that to be elected or appointed to serve on the Board of Directors; the person must reside within the electric service area of the Corporation. The Board has given this matter serious consideration and has reviewed a positive opinion from General Counsel that such a provision would comply with the applicable law. The Board considers that having a Director be a resident of the service area is a requirement directly related to the best interests of the Corporation and its members. **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY MARY WRIGHT AND PASSED TO ADOPT THE FOLLOWING RESOLUTION. PAUL NEFF OPPOSED.**

RESOLVED: That there be added to Article III, Section E, 3(a) the following provisions relating to eligibility of a member to serve on the Board of Directors:

(10) (a) To be elected or appointed to the Board and to continue to serve on the Board a person must actually, as opposed to constructively, be a bona fide resident within the electric service area of the Cooperative at the time of the person **[[#146]]**s declaration of candidacy, election or appointment and, therefore, for the person **[[#146]]**s term of office.

(b) If a Director fails to so reside in the electric service area of the cooperative, a vacancy is created thereby and the appropriate action for filling the vacancy must be promptly taken by the Board.

(c) Jurisdiction and venue for any action which may be filed to determine any question of residency shall be in the Fourth Judicial District Court, Elko County, Nevada.

Donation Request, South Fork Band Council **[[#150]]** Clay reported receiving a request from the South Fork Band Council, to set one pole and connect service to their Pow Wow Grounds. It was reported that estimated costs for the project

would be approximately \$2,300.00. Following a discussion, **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY ORLIN KIDNER AND PASSED TO FORWARD THE DONATION REQUEST TO THE NEXT DOLLAR FOUNDATION.**

NREA ACRE Contributions **[[#150]]** The board reviewed ACRE contribution recommendations for the assembly and senate elections. The recommendations came from NREA Lobbyist Jim Wadhams. Following a discussion, **IT WAS ON MOTION BY PAUL NEFF, SECONDED BY JERRY PARKIN AND PASSED TO APPROVE THE ACRE DONATIONS AS RECOMMENDED.**

Policy 1-6, Director Fees and Expenses **[[#150]]** Following a discussion and review of Policy 1-6, **IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY JERRY PARKIN AND PASSED TO ADD THE FOLLOWING UNDER III. RESPONSIBILITIES: C. MINUTES OF THE MEETING SHALL BE INCLUDED IN THE BOARD AGENDA.**

IT WAS ON MOTION BY PAUL NEFF, SECONDED BY SCOTT EGBERT AND PASSED TO CHANGE I. OBJECTIVES TO READ: D. DIRECTORS ARE ALWAYS TO TRAVEL AT THE COMPANY[[#146]]S EXPENSE, AND TO BE REIMBURSED FOR THE LEAST EXPENSIVE METHOD. MARY WRIGHT OPPOSED.

Letter of Engagement for 2004 Financial Audit **[[#150]]** **IT WAS ON MOTION BY PAUL NEFF, SECONDED BY ORLIN KIDNER AND PASSED TO ACCEPT THE LETTER OF ENGAGEMENT AS SUBMITTED BY BOLINGER, SEGAR, GILBERT AND MOSS L. L. P.**

Grid West Comments **[[#150]]** The board reviewed and discussed a proposed letter to BPA addressing Wells Rural[[#146]]s position on Grid West. **IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY HOWARD WRIGHT AND PASSED TO APPROVE SENDING THE LETTER WITH COMMENTS TO BPA AS PRESENTED.**

Purchase of 4-H Beef **[[#150]]** **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY ORLIN KIDNER AND PASSED TO PURCHASE A MARKET STEER AT THE ELKO COUNTY FAIR.**

Diversified Services Second Quarter Report **[[#150]]** A discussion was held and questions answered regarding the loss in revenues reported for the second quarter. **IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY JERRY PARKIN AND PASSED TO APPROVE THE DIVERSIFIED SECOND QUARTER REPORT.**

NRUCFC Line of Credit Agreement **[[#150]] IT WAS ON MOTION BY HOWARD WRIGHT, SECONDED BY SCOTT EGBERT AND PASSED TO APPROVE THE \$3,500,000.00 LINE OF CREDIT AGREEMENT WITH NRUCFC.**

PRESENTATION:

Youth Energy Seminar Participants **[[#150]]** Karley Fitch, Danny Kough, Camille Moffitt and Julie Riddle, reported on attending the Nevada and Utah Energy Seminars.

Annual Meeting **[[#150]]** Jeff Cromie gave a presentation on this year**[[#146]]**s Annual Meeting events, exhibits and guest speaker. The board discussed the CEO**[[#146]]**s speech.

A lunch recess was held at 12:00 noon. The meeting was called back to order at 12:48 pm.

INFORMATION ITEMS:

Member Survey **[[#150]]** Clay handed out a sample survey he received from NRECA, **[[#147]]**A Residential Member Satisfaction and Identity Survey for XYZ Rural Electric**[[#148]]**. Following a discussion, it was the consensus of the board to add the member survey to the October agenda and for each director to bring back what they feel should be accomplished by conducting a survey.

Safety Minutes **[[#150]] IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE THE SAFETY MINUTES AS PRESENTED.**

New Memberships **[[#150]] IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE 65 NEW MEMBERSHIPS AS REVIEWED; WELLS [[#150]]14; CARLIN [[#150]] 12; W. WENDOVER, NEVADA, NV [[#150]] 28 AND WENDOVER, UT [[#150]] 11.**

MANAGEMENT REPORTS:

Board Reports: A discussion was held regarding a letter received from a member regarding the new disconnect policy.

The cost of the election was discussed.

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]] Operations
- [[#183]] Outage **[[#150]]** outages in Carlin were discussed
- [[#183]] Safety Committee Minutes
- [[#183]] Information Services
- [[#183]] Diversified Services

Power Supply Report **[[#150]]** A discussion held.

CEO **[[#146]]**s REPORT:

Ruralite CEO Selection Update **[[#150]]** Clay read out the applicants who will be interviewed for the Ruralite CEO position. Interviews will be held September 16th and 17th.

NREA Annual Meeting **[[#150]]** This years NREA Annual Meeting will be held October 26th **[[#150]]** 28th in Pahrump, Nevada.

BOARD AGENDA ITEMS:

- Director Compensation 1099 **[[#146]]**s
- Member Survey
- Grassroots Public Involvement

EXECUTIVE SESSION:

An Executive Session was not held.

OTHER BUSINESS:

Scott Egbert asked to be excused from the Annual Meeting due to a conflict in schedule

S. J. Smith thanked the board for their support with the director election.

As there was no further information to discuss, the meeting was adjourned at 1:25 pm.

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