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

October 6, 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, October 6, 2004 at 9:00 a.m. The meeting was presided over by President D. Vernon Dalton.

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

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

ADDITIONS TO AGENDA:

- Financial Report Discussion
- Executive Committee Session

APPROVAL OF MINUTES:

The minutes of the regular meeting of September 1, 2004 were approved as written.

SAFETY FIRST VERSE: [[#150]] It[[#146]]s hunting season and each year someone shoots insulators and wire. Watch for hanging wires.

EXECUTIVE SESSION: An executive session was held. (1hr. 20 min.)

ACTION ITEMS:

Re-Organization of the Board - The board held an election of officers. **IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY HOWARD WRIGHT AND PASSED TO RECORD THE VOTE COUNT.** The results are as follows:

President:	D. Vernon Dalton - 7 votes
	Paul Neff [[#150]] 2 votes
Vice-President:	Scott Egbert [[#150]] 6 votes
	Mary Wright [[#150]] 2 votes
	Paul Neff [[#150]] 1 vote

Secretary/Treasurer: Lois Nannini **[[#150]]** 6 votes
 Mary Wright **[[#150]]** 2 votes
 Orlin Kidner **[[#150]]** 1 vote
 Alternate Secretary: Orlin Kidner and S. J. Smith

Member Survey Questions **[[#150]]** A handout from NRECA on **[[#147]]** Value Propositions **[[#148]]** was given to the board and discussed. Potential survey questions raised were: distributed generation and the willingness to pay the price; and member awareness, do you know you are a member. **IT WAS ON MOTION BY PAUL NEFF, SECONDED BY SCOTT EGBERT AND PASSED TO PROCEED WITH A PROPOSAL FROM NRECA TO CONDUCT A SURVEY.** (25 min.)

Strategic Planning Dates **[[#150]]** President Dalton reported speaking with Greg Boudreaux, NRECA and November 11th and 12th are available for meeting. **IT WAS ON MOTION BY RON SPRINGSTEEL, SECONDED BY ORLIN KIDNER AND PASSED TO APPROVE HOLDING A BOARD RETREAT ON THURSDAY, NOVEMBER 11TH AND STRATEGIC PLANNING ON FRIDAY, NOVEMBER 12TH IN THE WELLS OFFICE.**

Potential Changes in Director Elections **[[#150]]** A report was given to the board with numerous options and related costs in an attempt to bring the voters attention to sign the ballot. Following a discussion, **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY SCOTT EGBERT AND PASSED TO APPROVE **[[#147]]**BOLDING TEXT ON THE ENVELOPE AND INSTRUCTIONS**[[#148]]** AND **[[#147]]**PLACING THE UNIVERSAL **[[#147]]**X**[[#148]]** FOR THE SIGNATURE**[[#148]]**.**

A recess was called at 11:44 am in order to hold The Next Dollar Foundation **[[#146]]**s Annual Meeting of the Members. The meeting was called back to order at 11:55 am and a lunch recess taken. The meeting was called back to order at 12:35 pm.

INFORMATION ITEMS:

Safety Minutes **[[#150]]** **IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE THE SAFETY MINUTES AS PRESENTED.** Allen Hess reported on a vehicle accident in Wells.

New Memberships **[[#150]]** **IT WAS ON MOTION BY PAUL NEFF, 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: Directors who attended the NRECA Region IX Conference

reported. Directors who received leadership certificates were commended.

It was proposed that Wells Rural consider an in-house financial education class, which was offered by CFC.

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

Office Services

[[#183]] Finance and Administration **[[#150]]** CFC monthly interest rates were given to the board.

[[#183]] Accounting

[[#183]] Member Services

[[#183]] Marketing

[[#183]] Member Business Development

Operations Department

[[#183]] Operations

[[#183]] Outage **[[#150]]** Clay reported the outages experienced on Line 1 and 2 in Carlin were a result of two-piece insulators cracking and moisture causing the insulators to break. The lines are being patrolled and the cracked insulators replaced.

[[#183]] Safety Committee Minutes

[[#183]] Information Services

[[#183]] Diversified Services

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

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

Financial Report **[[#150]]** Clay handed out Policy 4-1 *Financial Management Policy* and Policy 4-2 *Capital Credits* and explained Wells Rural currently operates from these policies. The following graphs were given to the board, reviewed and discussed: Times Interest Earned Ratio, Debt Service Coverage, Current Ratio, and Equity. (1hr. 10 min)

Draft Policy Concerning Fraud **[[#150]]** It was reported that this policy is currently being drafted and will be mailed with the November agenda.

CRC Call Log **[[#150]]** Clay handed out a report from CRC that summarized the calls received from our members for the year. A discussion was held.

Director Portraits **[[#150]]** Clay informed the board that Gene Russell Photography will be at Wells Rural November 3rd to take board pictures.

Director Finance Committee **[[#150]]** A discussion was held on director credit cards and expenses while attending business functions. Staff was directed to draft a proposal for director credit cards with a per-diem option and bring back to the board.

BOARD AGENDA ITEMS:

- Director Compensation 1099[[#146]]s
- Budget Detail and Explanation
- Pre-Employment Physical Form
- Director Fees and Expenses

EXECUTIVE SESSION:

An Executive Session was held.

OTHER BUSINESS:

As there was no further information to discuss, the meeting was adjourned at 4:10 pm.

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