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

November 3, 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, November 3, 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, S. J. Smith, Paul Neff, Jerry Parkin, 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:

- [[#183]] Chris Melville, Chairman of Next Dollar Foundation
- [[#183]] Next Dollar Foundation, Request for Member Information

#### APPROVAL OF MINUTES:

The minutes of the regular meeting of October 6, 2004 were approved as written.

The minutes of the regular meeting of March 12, 2004 were presented for correction as proposed by the company auditing firm, Bolinger, Segar, Gilbert and Moss L. L. P. **IT WAS ON MOTION BY PAUL NEFF, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE CORRECTING THE MARCH 12, 2004 MINUTES TO THE FOLLOWING: \$370,858.14 OF ACCOUNTS RECEIVABLE DUE TO AN INCREASED REVENUE REQUIREMENT FROM NEWMONT AS A RESULT OF A COST OF SERVICE ANALYSIS APPLICABLE TO 2003 OPERATIONS, AS PER ARTICLE 14 OF THE CONSOLIDATED AGREEMENT AND THE COMPANY[[#146]]S BY-LAWS.**

SAFETY FIRST VERSE: [[#150]] Drive defensively; be aware of your surroundings and conditions of the road.

#### ACTION ITEMS:

Chairman Next Dollar Foundation [[#150]] Chris Melville addressed the board with a concern of the Next Dollar[[#146]]s in regards to member[[#146]]s accounts that are transferred due to moving. Their enrollment for the Next Dollar is not being transferred to the new account. Mr. Melville asked for the board[[#146]]s support in assisting Wells Rural[[#146]]s staff in getting the information transferred to the new accounts. Clay reported the software to make the transfer possible would cost approximately \$10,000; however there may be an upgrade available at no cost. A discussion ensued. Staff will pursue the upgrade.

Next Dollar Foundation, Request for Member Information [[#150]] Clay presented a Request for Member Information from the Next Dollar Foundation. The Next Dollar is requesting the member mailing list to use for a brochure promoting the foundation. Following a discussion, it was the consensus of the board to not approve the request, but that Wells Rural will mail the brochure to the members, on behalf of the Next Dollar Foundation. Clay was asked to report to the board in December if Newmont Corp., Praxair and Graymont are members of the Next Dollar Foundation.

Policy 1-6, Director Fees and Expenses [[#150]] The board reviewed and thoroughly discussed proposed changes to Policy 1-6. **IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY SCOTT EGBERT AND PASSED TO DELETE I-D.**

**IT WAS ON MOTION BY S. J. SMITH, SECONDED BY GERALD ANDERSON AND PASSED TO ADD [[#147]]WITHIN THE SERVICE TERRITORY[[#148]] FOLLOWING PRIMARY RESIDENCE IN II-B,1 AND II-B,2 AND TO ADD: [[#147]]II-D,3 NO EXPENSES FOR SPOUSES OR FAMILY MEMBERS WILL BE REIMBURSED[[#148]].**

**IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY S. J. SMITH AND PASSED TO APPROVE II-D,2 [[#147]]DIRECTORS HAVE AN OPTION TO TAKE AN ALLOWANCE TO COVER ALL OUT-OF-POCKET EXPENSES. THE ALLOWANCE IS \$75.00 PER DAY. RECEIPTS DO NOT HAVE TO BE PRESENTED TO THE COMPANY. HOWEVER, ALL ALLOWANCES WILL BE REPORTED BY THE COMPANY ON THE IRS FORM 1099[[#148]].**

A discussion was held on reporting benefit premiums on the IRS 1099. Robert Cobb of Bolinger, Segar, Gilbert and Moss, L. L. P. was present to report on the research conducted by the firm that supported directors are not considered employees of the company and premiums paid by the company must be reported to the IRS as compensation. A discussion ensued.

Following further discussions regarding Policy 1-6; **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY PAUL NEFF AND PASSED TO ADOPT POLICY 1-6, DIRECTOR FEES AND EXPENSES AS AMENDED.** (Attachment A) (1hr. 5 min.)

Policy 1-13, Fraud **[[#150]]** The board reviewed and discussed the proposed policy. Following a discussion, **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY GERALD ANDERSON AND PASSED TO APPROVE THE DRAFT POLICY 1-13 AND TO FORWARD IT TO THE COMPANY ATTORNEY FOR REVIEW AND COMMENTS.**

2004 Budget **[[#150]]** Clay presented the board with the 2004 Budget as requested at the October meeting. The board reviewed the format and information contained within. **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY JERRY PARKIN AND PASSED TO CONTINUE WITH THE FORMAT OF THE PRESENTED 2004 BUDGET.**

3<sup>rd</sup> Quarter Director Expense Report **[[#150]]** A handout was given to the board which itemized individual director**[[#146]]**s expenses. **IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY ORLIN KIDNER AND PASSED TO APPROVE THE 3<sup>RD</sup> QUARTER DIRECTOR EXPENSE REPORT.**

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

New Memberships **[[#150]]** **IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY GERALD ANDERSON AND PASSED TO APPROVE 46 NEW MEMBERSHIPS AS REVIEWED; WELLS **[[#150]]** 9; CARLIN **[[#150]]** 9; WENDOVER, NV **[[#150]]** 17 AND WENDOVER, UT **[[#150]]** 11.**

#### MANAGEMENT REPORTS:

Board Reports: Directors who attended the NREA Annual Meeting reported.

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
- [[#183]]** Safety Committee Minutes
- [[#183]]** Information Services
- [[#183]]** Diversified Services - Wireless Internet **[[#150]]** Clay handed out a chronological report on the problems experienced in Wendover with the wireless internet and what has been done to eliminate them. A discussion was held.

Power Supply Report **[[#150]]** Clay reported a decision has not been made on the transmission rate increase. A question was raised as to whether or not Wells Rural is in Newmont**[[#146]]**s air shed path. Clay will report to the board in December.

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

Clay reported on the NRECA Annual Meeting.

Pre-Employment Physical **[[#150]]** Clay reported staff is reviewing legal information on HIPPA and ADA requirements and will begin drafting a physical form. It was noted for the record that S. J. Smith proposed staff review the current pre-employment physical, but as the Wells physician he would ask to be removed from discussions due to a conflict of interest.

Re-Pricing CFC Debt **[[#150]]** Clay explained to the board that four of the CFC loans will be expiring in January 2005, at which time there will be a couple options for the board to consider.

Election Results **[[#150]]** The board discussed the results of the 2004 Presidential and State Elections.

Auditor Update **[[#150]]** Clay reported Robert Cobb of Bolinger, Segar, Gilbert and Moss L. L. P. will not be conducting the 2004 Financial Audit and that Greg Gilbert of the firm will take his place. A discussion was held.

The board was reminded there will be no Christmas Party.

#### BOARD AGENDA ITEMS:

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

#### EXECUTIVE SESSION:

An Executive Session was held.

OTHER BUSINESS:

A request was made for staff to develop a rate forecast model that does not include Newmont Corporation.

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

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