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

December 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, December 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, 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:**

- Escheated Capital Credits
- CFC Debt

**APPROVAL OF MINUTES:** The minutes of the regular meeting of December 1, 2004 were approved as written.

**SAFETY FIRST VERSE:** **[[#150]]** Smoke Alarms **[[#150]]** Now is a good time to check the batteries in your smoke detectors.

**ACTION ITEMS:**

Capital Credit Retirement, Member Allocation - Clay discussed the reasons for having two separate retirements. He noted that this was consistent with WREC**[[#146]]**s bylaws and was based on advice from our auditors and attorney. **IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY SCOTT EGBERT AND PASSED TO APPROVE CAPITAL CREDIT RETIREMENTS DISTRIBUTION, IN THE AMOUNT OF \$750,000 AS PROVIDED BY WREC[[#146]]S BYLAWS.**

Expense Budget **[[#150]]** The board reviewed the preliminary budget with actuals through October 2004. Following an in-depth review and discussion, **IT WAS ON MOTION BY PAUL NEFF, SECONDED BY SCOTT EGBERT AND PASSED TO TENTATIVELY APPROVE THE BUDGET, WITH THE ACTUAL BUDGET SCHEDULED FOR PRESENTATION IN APRIL OR MAY 2005.**

As a result of the discussion on the Expense Budget, staff was directed to contact legal counsel regarding a policy that would make the members whose accounts go into collections, pay for the expenses incurred as a result of their account.

2004 **[[#150]]** 2005 Capital Budget **[[#150]]** The board reviewed the capital budget and discussed various line items. Staff was present to answer questions the board had regarding the budget. **IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY HOWARD WRIGHT AND PASSED TO APPROVE THE GENERAL PLANT ACQUISITION WITH THE EXCLUSION OF THE CARD LOCK SYSTEM AND THE OFFICE SERVICES HP LASER JET 5100TN PRINTER.** (20 minutes)

CFC Debt **[[#150]]** Clay explained the loans that will be re-priced January 1, 2005 at no cost to Wells Rural. A discussion was held. **IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY PAUL NEFF TO FIX TWO LOANS FOR FIVE YEARS AND THE REMAINING TWO LOANS TO VARIABLE. MOTION FAILED.**

Following further discussion, **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY JERRY PARKIN AND PASSED TO FIX ALL FOUR LOANS FOR A FOUR YEAR TERM, WHEN THE INTEREST RATE REACHES 6%.** Staff will place the loans on a **[[#147]]**rate watch**[[#148]]** status, which will automatically lock in the loans when interest rates reach 6%.

Bill Draft 835 - Escheated Capital Credits **[[#150]]** Clay explained to the board the current bill draft, Senator Rhoades**[[#146]]**s introduced on escheated capital credits and asked the board to determine Wells Rural**[[#146]]**s position. Following a discussion, **IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY HOWARD WRIGHT AND PASSED UNANIMOUSLY TO PROCEED AS THE CURRENT BILL DRAFT IS WRITTEN.**

Third Quarter Diversified Services Report **[[#150]]** Following a review and discussion, **IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE THE THIRD QUARTER DIVERSIFIED SERVICES REPORT AS PRESENTED.**

2005 Strategic Plan **[[#150]]** The board reviewed the 2005 Strategic Plan. **IT WAS ON MOTION BY PAUL NEFF, SECONDED BY SCOTT EGBERT AND PASSED TO ADD **[[#147]]**HYDRO**[[#148]]** TO 1.2.**

**IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY ORLIN KIDNER AND PASSED TO PRESENT 5.4 IN APRIL 2005.**

A discussion was held regarding the **[[#147]]**value-grading**[[#148]]** of the plan. **IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY HOWARD WRIGHT AND PASSED TO ADJUST THE VALUES TO READ: 1. POWER SUPPLY **[[#150]]** 15; 3. HUMAN RESOURCES, STAFF DEVELOPMENT AND EMPLOYEE INVOLVEMENT **[[#150]]** 15; 4. LEGISLATIVE AND REGULATORY **[[#150]]** 15; 5. BUSINESS PLANNING AND DIVERSIFICATION **[[#150]]** 15 AND 6. COMMUNICATION AND MEMBER EDUCATION **[[#150]]** 20.**

**IT WAS ON MOTION BY PAUL NEFF, SECONDED BY SCOTT EGBERT AND PASSED TO APPROVE THE 2005 STRATEGIC PLAN AS AMENDED.**

2005 Board Meeting Schedule **[[#150]]** The board reviewed the current bylaw and the schedule of board meetings. Following a discussion and review, **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY GERALD ANDERSON AND PASSED TO APPROVE THE FOLLOWING BOARD MEETING SCHEDULE FOR 2005: JANUARY 5, FEBRUARY 2, MARCH 7, APRIL 6, MAY 11, JUNE 1, JULY 6, AUGUST 3, SEPTEMBER 7, OCTOBER 5, NOVEMBER 9 AND DECEMBER 7.**

Write-Offs **[[#150]]** The board reviewed the current write-off list. **IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY HOWARD WRIGHT AND PASSED TO APPROVE THE 2004 WRITE-OFF LIST AS PRESENTED.**

NRECA Section 125Plan **[[#150]]** The board was informed of the renewal documents to continue the NRECA Section 125Plan. **IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE RENEWING THE SECTION 125 PLAN.**

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

New Memberships **[[#150]]** **IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY SCOTT EGBERT AND PASSED TO APPROVE 62 NEW MEMBERSHIPS AS REVIEWED; WELLS **[[#150]]** 13; CARLIN **[[#150]]** 17; WENDOVER, NV **[[#150]]** 22 AND WENDOVER, UT **[[#150]]** 10.**

#### MANAGEMENT REPORTS:

It was announced that Donna Wright of Carlin was presented the Teacher of the Year by the Cattlewomen**[[#146]]**s.

Also announced was that Preston Wright, son of Director Mary Wright will be speaking at the National Governors Convention in LaJolla, California.

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

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

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

Meeting with Newmont **[[#150]]** Clay informed the board of a meeting with Newmont regarding the line extension they installed. Newmont is planning on writing a letter asking Wells Rural to not execute the off-ramp contract that they intend to be a member through 2011.

BOARD AGENDA ITEMS:

- Director Expense Details
- Form 300
- Increasing Internet Services
- Email Management
- Explanation of Business Taxes

EXECUTIVE SESSION:

An Executive Session was not held.

OTHER BUSINESS:

As there was no further information to discuss, the meeting was adjourned at 2:04 pm.

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