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

January 5, 2005

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, January 5, 2005 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:

- Voting Delegates

APPROVAL OF MINUTES: The minutes of the regular meeting of December 1, 2004 were approved as corrected: , **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY JERRY PARKIN AND PASSED TO MONITOR THE FOUR YEAR RATE AND IF THE INTEREST RATE REACHES 6% TO FIX ALL FOUR LOANS FOR A FOUR YEAR TERM.**

SAFETY FIRST VERSE: **[[#150]]** Winter Travel **[[#150]]** With winter weather approaching, allow yourself extra time to reach your destination.

ACTION ITEMS:

Fraud Policy **[[#150]]** A discussion was held on the proposed draft policy and the written response from legal council. Following the discussion and a recommendation to add procedures for reporting fraud acts. Procedure for Reporting Fraud Acts, **IT WAS ON MOTION BY RON SPRINGSTEEL, SECONDED BY S. J. SMITH AND PASSED TO APPROVE POLICY 1-13 FRAUD AS PRESENTED BY LEGAL COUNCIL, INCLUDING THE ADDITION OF PROCEDURE FOR REPORTING FRAUD ACTS.** Attachment A

A discussion was held in regards to a **[[#147]]**Code of Ethics Policy and Statement**[[#148]]**. Staff was directed to begin drafting such policy.

DISCUSSION ITEMS:

Next Dollar Foundation **[[#150]]** Clay gave the board a report summarizing member contributions for each area and donations made for the 2004 year. A discussion ensued.

Voting Delegates **[[#150]]** The following were designated voting delegates for:

CFC	Paul Neff, delegate	Howard Wright, alternate
Federated	Mary Wright, delegate	Clay Fitch, alternate
NRECA	Scott Egbert, delegate	Howard Wright, alternate

NCSC Mary Wright, delegate
NRTC S. J. Smith, delegate

Clay Fitch, alternate
Lois Nannini, alternate

Director/CEO Expense Committee **[[#150]]** Clay presented a draft description of responsibilities for the committee to the board. It was the consensus of the board to add extending circumstances, illness or accident to 3. A discussion was held on eliminating director credit cards, **IT WAS ON MOTION BY PAUL NEFF TO ELIMINATE COMPANY CREDIT CARDS. MOTION FAILED FOR LACK OF A SECOND.**

IT WAS ON MOTION BY S. J. SMITH, SECONDED BY GERALD ANDERSON AND PASSED TO ACCEPT THE DIRECTOR AND CEO EXPENSE COMMITTEE PROCEDURES WITH THE ADDITION OF EXTENDING CIRCUMSTANCES. Attachment B

Business Structure for Diversified Services **[[#150]]** Clay made a request to the board to hire a consultant to conduct a study of possible corporate structures for Diversified Services. He stressed the cost of the study would fall within the existing budget. Following a discussion, **IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY S. J. SMITH AND PASSED TO HIRE A QUALIFIED CONSULTANT TO CONDUCT A STUDY.**

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

New Memberships **[[#150]]** **IT WAS ON MOTION BY HOWARD WRIGHT, SECONDED BY ORLIN KIDNER AND PASSED TO APPROVE 41 NEW MEMBERSHIPS AS REVIEWED; WELLS [[#150]] 13; CARLIN [[#150]] 8; WENDOVER, NV [[#150]] 15 AND WENDOVER, UT [[#150]] 5.**

MANAGEMENT REPORTS:

Board Reports - There were no reports as this time.

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 updated the board on a meeting held with Bill Malone and Lee Krugerud of Newmont Gold Corp. A discussion was held.

Business Tax Explanation **[[#150]]** A report was made on questions raised during the December board meeting regarding the budget for business tax.

The Director Expense Report was handed out to the board. The report was reviewed and discussed by the board. As a result of the discussion, **IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY ORLIN KIDNER AND PASSED TO INVESTIGATE OTHER INSURANCE POSSIBILITIES.** (45 minutes)

EXECUTIVE SESSION:

An Executive Session was held.

OTHER BUSINESS:

As there was no further information to discuss, the meeting was adjourned at 11:45 am.

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