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

July 6, 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, July 6, 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.

APPROVAL OF MINUTES: The minutes of the regular meeting of June 1, 2005 were approved as written.

ADDITIONS TO AGENDA:

- Long-term Debt Conversion Possibilities
- Board Strategic Planning

SAFETY FIRST VERSE: **[[#150]]** Never leave children or pets unattended in vehicles.

ACTION ITEMS:

Strategy 1.1, Long Term Power Supply **[[#150]]** Following a review, a discussion was held on large hydro power. **IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY ORLIN KIDNER AND PASSED TO ADD LARGE HYDRO POWER TO THE STRATEGIC PLAN. MARY WRIGHT WENT ON RECORD AS OPPOSED.** Staff will contact NRECA and NWPPA to get their current positions on the development of future hydro power.

Director Scott Egbert arrived at 9:25 am.

Discussion continued concerning nuclear power and Wells Rural Electric **[[#146]]**s position. Adding nuclear power to NWPPA **[[#146]]**s Resolution No. 5-23, *Energy Resource Development is a National Security Issue* was also discussed. **IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY RON SPRINGSTEEL AND PASSED FOR WELLS RURAL ELECTRIC TO BE IN FAVOR OF AND SUPPORT NUCLEAR POWER.**

IT WAS ON MOTION BY S. J. SMITH, SECONDED BY RON SPRINGSTEEL AND PASSED TO APPROVE STRATEGY 1.1 AS AMENDED, TO INCLUDE NUCLEAR POWER.

Long-Term Debt Conversion Possibilities **[[#150]]** Clay handed out an analysis of the seven notes that would be re-priced in January 2006 and explained proposed rates that are available to convert the loans to a fixed rate. A discussion was held and a request made to see a comparison of past loans.

Strategy 1.2, Renewable Energy **[[#150]]** Following a discussion, **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY GERALD ANDERSON AND PASSED TO ACCEPT STRATEGY 1.2 AS PRESENTED.**

Strategy 6.1, Communication and Member Education **[[#150]]** Following a discussion, **IT WAS ON**

MOTION BY S. J. SMITH, SECONDED BY ORLIN KIDNER AND PASSED TO ACCEPT STRATEGY 6.1 AS PRESENTED.

Diversified Services Report **[[#150]]** Following a review and discussion of the Diversified Services Report, **IT WAS ON MOTION BY HOWARD WRIGHT, SECONDED BY S. J. SMITH AND PASSED TO ACCEPT THE REPORT AS PRESENTED.**

Policy 4-1, II,D **[[#150]]** The Financial Management Policy was reviewed. Following a discussion, **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY JERRY PARKIN AND PASSED TO ACCEPT CHANGES TO POLICY 4-1, II,D AS PRESENTED.** (Attachment A)

Election Committee Report **[[#150]]** **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY RON SPRINGSTEEL AND PASSED TO ACCEPT THE 2005 ELECTION COMMITTEE REPORT AS PRESENTED.**

Region IX Voting Delegates **[[#150]]** Following are the voting delegates for the 2005 Region IX meeting:

CFC	Paul Neff	Howard Wright, alternate
Federated	Clay Fitch	Ron Springsteel, alternate
NRECA	Scott Egbert	Howard Wright, alternate
NRTC	Lois Nannini	Clay Fitch, alternate

Strategic Planning Session **[[#150]]** It was the consensus of the board to hold this year **[[#146]]**s planning session in late October. President Dalton will contact Greg Boudreaux to make arrangements.

A recess was called at 10:43 am. The meeting was called back to order at 11:05 am.

CEO Evaluation **[[#150]]** The CEO Evaluation Report and Evaluation Form were included with the agenda. Following a discussion, it was the consensus of the board to complete the evaluation and return to President Dalton no later than July 16th.

INFORMATION ITEMS:

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

New Memberships **[[#150]]** **IT WAS ON MOTION BY HOWARD WRIGHT, SECONDED BY GERALD ANDERSON AND PASSED TO APPROVE 73 NEW MEMBERSHIPS AS REVIEWED; WELLS [[#150]] 11; CARLIN [[#150]] 17; WENDOVER, NV [[#150]] 39 AND WENDOVER, UT [[#150]] 6.**

BOARD REPORTS

An informative report was given on New West Minerals.

MANAGEMENT REPORTS:

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 Outage
[[#183]] Safety Committee Minutes
[[#183]] Information Services
[[#183]] Diversified Services **[[#150]]** Clay gave an update on DirectTV. It was the

consensus of the board to not become involved with DirectTV.
Power Supply Report

CEO[[#146]]s REPORT:

Co-op ACRE Membership [[#150]] Clay reported on information received from counsel. The board received the report as information.

NREA Annual Meeting [[#150]] The Official Notice of the Annual Meeting was included with the board agenda. An update was given.

SB209 [[#150]] Clay reported that Wells Rural[[#146]]s current bylaws will need to be updated to conform to the new law and that counsel is reviewing and will be forming a draft.

Member Survey [[#150]] A discussion was held.

AGENDA ITEMS:

- Power Supply - Hydro/Flood Control

A lunch recess was called at 12:00 pm. The meeting was called back to order at 12:20 pm.

CFC Interest Rates [[#150]] The board was presented with additional information on past interest rates. Following a discussion, **IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY PAUL NEFF TO CONVERT THE SEVEN NOTES TO FIXED RATES. MOTION FAILED.**

EXECUTIVE SESSION:

An Executive Session was not held.

OTHER BUSINESS:

As there was no further information to discuss, the meeting was adjourned at 12:30 pm.

D. Vernon Dalton, President

Lois Nannini, Secretary/Treasurer

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