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

August 3, 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, August 3, 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, Lois Nannini, S. J. Smith, Paul Neff, Jerry Parkin, Ron Springsteel, Howard Wright and Mary Wright. Orlin Kidner was absent.

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 July 6, 2005 were approved as written.

ADDITIONS TO AGENDA:

- Resolution for the 2005 Director Election
- 4-H Annual Livestock Sale

SAFETY FIRST VERSE: **[[#150]]** Fire Danger **[[#150]]** If traveling off-road, carry a shovel, watch where you park and check the undercarriage of the vehicle frequently for brush.

ACTION ITEMS:

Cost of Service Study **[[#150]]** A handout was given to the board. Clay presented three scenarios in the Cost of Service Study, which also included re-defining rate classes. The first scenario discussed was the current methodology of demand and member, the second scenario allocated costs by direct assignment and the final scenario was allocating costs by eliminating customer weighted allocations. Following the presentation and discussion, **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY GERALD ANDERSON AND PASSED TO CONSOLIDATE THE RATE CLASSES INTO THREE AS PRESENTED.**

Director Paul Neff arrived at the meeting at 9:30 am.

Executive Session **[[#150]]** An executive session was held to discuss the CEO **[[#146]]**s Evaluation. Following the Executive Session, it was the consensus of the board to postpone the CEO Evaluation until the September board meeting.

Director 2nd Quarter Expense Report **[[#150]]** This report was given to the board and reviewed. **IT WAS ON MOTION BY RON SPRINGSTEEL, SECONDED BY JERRY PARKIN AND PASSED TO APPROVE THE REPORT.**

NREA Annual Meeting **[[#150]]** The board reviewed the draft agenda. Clay announced that Wells Rural **[[#146]]**s director seats were open for re-election. **IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY LOIS NANNINI AND PASSED TO APPOINT D. VERNON DALTON AND CLAY FITCH TO THE OPEN DIRECTOR SEATS.**

4-H Annual Livestock Sale **[[#150]]** **IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY RON SPRINGSTEEL AND PASSED TO PURCHASE A STEER AT THE ELKO COUNTY LIVESTOCK SALE.**

2005 Director Election **[[#150]]** The next matter to come before the meeting involves the matter of the 2005 election of Directors. The By-Law regulations and provisions relating to election of Directors are contained in Article III, Section 10. Nomination and Election of Directors.

The factual matters to be considered relating to the 2005 election are as follows:

1. There are four (4) Directors to be elected;
2. Four (4) incumbent Directors were qualified and properly nominated, being:
 - a. D. Vernon Dalton
 - b. Lois Nannini
 - c. Gerald Anderson
 - d. Ronald D. Springsteel

Counsel advises that the four (4) duly nominated persons be declared by the Board to be elected to a full term of office.

Upon due consideration and upon the advice of counsel, **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY SCOTT EGBERT AND PASSED TO APPROVE THE FOLLOWING RESOLUTION:**

BE IT RESOLVED that the four (4) candidates nominated, being: Directors D. Vernon Dalton, Lois Nannini, Gerald V. Anderson and Ronald D. Springsteel are declared elected to a full term of office, effective at the beginning of the meeting of the Board on the first Wednesday of October 2005, pursuant to Article III, Section 10, Paragraph 15.

Rule 5 **[[#150]]** Bills and Payments for Service **[[#150]]** Following a thorough review and discussion, **IT WAS ON MOTION BY RON SPRINGSTEEL, SECONDED BY SCOTT EGBERT AND PASSED TO ACCEPT RULE 5 AS ATTACHED.** (Attachment A)

IT WAS ON MOTION BY RON SPRINGSTEEL, SECONDED BY SCOTT EGBERT AND PASSED TO RESCIND RULE 14.

Policy 4-2, Capital Credits **[[#150]]** Clay presented the intent of Policy 4-2. Following a discussion, it was the consensus of the board to table discussion until the September board meeting.

Policy 1-5, Conflict of Interest **[[#150]]** Following review and discussion, **IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY HOWARD WRIGHT AND PASSED TO APPROVE POLICY 1-5 AND TO DELETE POLICY 10-2.**

Policy 4-4, Expenses and Reimbursements to Directors and Employees for Business Related Activities **[[#150]]** **IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY GERALD ANDERSON AND PASSED TO RESCIND POLICY 4-4.**

Donation Request **[[#150]]** The board reviewed a donation request from Howard Copelan which would allow him to televise Wendover, Utah and Nevada high school sports. Following a discussion, **IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY GERALD ANDERSON AND PASSED TO RECEIVE THE REQUEST AS INFORMATION.**

INFORMATION ITEMS:

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

New Memberships **[[#150]]** **IT WAS ON MOTION BY HOWARD WRIGHT, SECONDED BY RON SPRINGSTEEL AND PASSED TO APPROVE 61 NEW MEMBERSHIPS AS REVIEWED; WELLS **[[#150]]** 13; CARLIN **[[#150]]** 20; WENDOVER, NV **[[#150]]** 17 AND WENDOVER, UT **[[#150]]** 11.**

BOARD REPORTS

There were no reports given.

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 **[[#150]]** Clay reported on two member complaints.

[[#183]] Member Business Development

Operations Department

[[#183]] Operations Outage

[[#183]] Safety Committee Minutes

[[#183]] Information Services

[[#183]] Diversified Services

Power Supply Report **[[#150]]** Don Angell was present and reported on the following topics: BPA and NW Issues; Planned Net Revenue for Risk (PNRR); Newmont Corporation; Nevada Issues; Federal and California Issues.

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

Employee and Director Annual Picnic **[[#150]]** Clay reminded the board of the upcoming picnic in Lamoille, Saturday, August 13, 2005 at 5 pm.

Valley Electric Update **[[#150]]** Clay reported that Brad Gaskill, General Manager of Valley Electric has resigned.

Draft Member Survey **[[#150]]** The member survey has been received and is being reviewed by staff and will be available at the September board meeting.

NRECA Medical Insurance **[[#150]]** Clay reported he is projecting another large increase in medical premiums. He is currently working with our regional representative to see what options may be available in the future for Wells Rural to consider.

Clay also reported he is looking at post-retirement benefits to help control costs.

AGENDA ITEMS:

There were no agenda items to be included.

EXECUTIVE SESSION:

An Executive Session was not held.

OTHER BUSINESS:

As there was no further information to discuss, the meeting was adjourned at 12:40 pm.

D. Vernon Dalton, President

Lois Nannini, Secretary/Treasurer

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