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

April 19, 2002

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 Friday, April 19, 2002 at 9:00 am. The meeting was presided over by President D. Vernon Dalton.

Directors present were: Gerald Anderson, D. Vernon Dalton, Scott Egbert, Orlin Kidner, Paul Neff, Jerry Parkin, S. J. Smith and Howard Wright. Scott Egbert, Lois Nannini, and Mary Wright arrived at 9:10am. Robert Harris was absent.

Staff members present were Clay R. Fitch, Chief Executive Officer. Also present was Amanda Moffitt, Executive Secretary.

ACTION ITEMS:

APPROVAL OF MINUTES:

The minutes of the regular meeting of March 22, 2002 were approved as written.

ADDITIONS TO AGENDA:

There were no objections to add the following:

- Change date for monthly meeting in Wendover
- City of Carlin Request
- ECO Fuel Cell Agreement

SAFETY FIRST VERSE:

Using flammable materials is an every day occurrence; avoid fires, explosions and injuries by handling them safely.

ACTION ITEM REPORT:

2001 Annual Audit Report **[[#150]]** Robert Cobb of Bolinger, Segars, Gilbert and Moss presented the annual audit report to the directors and answered questions regarding the audit. Following a thorough review and discussion, IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE THE 2001 AUDIT AS PRESENTED.

An Executive Session was held.

Howard Wright excused himself from the meeting at 11:00am.

City of Carlin Request **[[#150]]** Clay handed out a letter from the Carlin City Manager to the board for review. The letter included an offer from the City of Carlin to exchange property with Wells Rural. Following a discussion, IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY GERALD

ANDERSON TO TABLE DISCUSSION UNTIL MORE INFORMATION COULD BE GATHERED. MOTION FAILED WITH EIGHT OPPOSED AND ONE IN FAVOR.

Discussion continued on the requirements proposed by the City of Carlin. IT WAS ON MOTION BY S.J. SMITH, SECONDED BY MARY WRIGHT AND APPROVED WITH SEVEN IN FAVOR AND 1 OPPOSED TO NOT ACCEPT THE OFFER MADE BY THE CITY OF CARLIN BECAUSE IT DOES NOT BENEFIT THE MEMBERSHIP. The board instructed Clay that they would consider other proposals.

August Board Meeting **[[#150]]** Clay requested the board consider moving the monthly August board meeting normally held in Wendover, to Wells and hold the June board meetings in Wendover. IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE HOLDING THE REGULARLY SCHEDULED JUNE BOARD MEETING IN WENDOVER, NEVADA AT 9:00AM MST AND THE REGULARLY SCHEDULED AUGUST BOARD MEETING IN WELLS.

Stateline Bankruptcy Update **[[#150]]** Clay reported

Future Contracts/Agreements **[[#150]]** The board discussed the need for a written policy that would include all contracts or agreements be given to legal counsel for their review/opinion. Staff was directed to meet with Bob Vaughan to draft policy.

A lunch break was taken at 12:00n. The meeting was called back to order at 1:15pm.

Proposed Bylaw Change **[[#150]]** The next matter to come before the meeting concerned the revisions of the Bylaws relating to election and appointment of directors. At the request of the Board, Counsel and staff for the corporation has prepared and recommended certain amendments. After due discussion and consideration, IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY JERRY PARKIN, AND PASSED UNANIMOUSLY TO AMEND THE PROPOSED BYLAW ON PAGE 3, ITEM 7 **[[#150]]** TO READ "THE ELECTION COMMITTEE, WITH THE HELP OF STAFF, SHALL REVIEW AND PREPARE FOR PUBLICATION THE BIOGRAPHICAL INFORMATION OF THE ELIGIBLE NOMINEES.

IT WAS ON MOTION BY S. J. SMITH, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO AMEND THE PROPOSED BYLAW, PAGE 3, ITEM 8(A) BY STRIKING THE WORD "AUTOMATICALLY" FROM THE PARAGRAPH.

After further review IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY S. J. SMITH AND PASSED UNANIMOUSLY TO ADOPT THE FOLLOWING RESOLUTIONS RELATING TO THE BYLAWS AS AMENDED ABOVE.

RESOLVED: That the provisions of Article III, Section 10, paragraphs 1 through 14, of the Bylaws of the Corporation be deleted and amended as hereinafter set out.

BE IT FURTHER RESOLVED that Article III, Section 10 of the Bylaws of the Corporation be adopted to read and provide as follows:

"Section 10. Nomination and Election of Directors. Nomination and election of Directors shall be as hereinafter provided:

The annual election of Directors shall be by mail. (Adopted 4/19/02).

The Board shall appoint an Election Committee at the May meeting. The committee shall report to the Board the results of the nominations after July 10th, and prior to the July Board meeting, in form the Board may request. (Adopted 4/19/02).

Prior to the 10th day of June of each year the election committee with help of staff, shall inform the membership by one publication in Ruralite or as directed by the Board:

(a) that as of June 10th nominations will be open; that nominations must be in writing;

that nominations must be accompanied by a biography of the nominee of 250 words or less, and may be accompanied by a photograph for publication if the nominee so desires and provides a suitable picture;

that nominees shall be required to attend an informational workshop at the Corporation's headquarters at Wells, Nevada;

that the nominations shall be mailed or delivered to the Corporation's Wells, Wendover or Carlin offices in care of the election committee; and

that nominations must be in the Corporation's Wells, Wendover or Carlin offices no later than close of business on the 10th day of July, or the next day if the 10th is a Sunday, and late nominations will not be placed on the ballot. (Adopted 4/19/02).

4. Nominations may be made by any member of the Corporation in good standing. (Adopted 4/19/02).

5. At the June meeting of the Board, arrangements shall be made for the nominated candidates to attend the necessary informational workshop required of candidates who have not served on the Board, pursuant to Article III, Section 2, subparagraph 3(a)(6), which workshop shall be held on the first Monday following the close of nominations, or the date may be set by the Board at a date prior to the July meeting of the Board. (Adopted 4/19/02).

6. The Election Committee, with the help of staff, shall have the duty to ascertain that all persons nominated are willing to serve as Directors and are eligible to serve as Directors. In the event any nominee is unwilling to serve or determined to be ineligible, his or her name shall be removed from nominations with such action subject to the approval of the Board, at the July meeting. (Adopted 4/19/02)

7. The election committee, with the help of staff, shall review and prepare for publication, the biographical information of the eligible nominees. Biographies are subject to the approval of each nominee as to his or her biography. In biographies of incumbent Directors they will be so identified. No biography shall be published until it has been submitted and approved by the Board at the July meeting. (Adopted 4/19/02).

8. Notwithstanding the foregoing provisions of Section 10, Subsections 1 - 15, inclusive, in the event that the procedures hereinbefore outlined in Subsections 1 - 7, inclusive, have been followed, and in the further event that the number of willing and qualified persons

nominated for the office of Director does not exceed the number of Directors to be elected, then, and in such event, the procedures hereinbefore described in the following paragraphs 9 - 15, inclusive, shall be dispensed with, and

The persons nominated shall at the August meeting of the Board, be declared by the Board as elected to a full term of office, effective at the beginning of the meeting of the Board in the month of September pursuant to paragraph 14 hereinafter set out; and furthermore

If the number of qualified persons elected pursuant to the foregoing does not fill all of the vacancies on the Board, the Board shall declare a vacancy or vacancies exist, and at such time as the Board may determine, appoint a person or persons to fill the same, pursuant to Article III, Section 7, provided that the person or persons complies with Article III, Section 2, Subparagraph 3(a)(6) by having previously served on the Board, or attends an informational workshop to be presented by the Corporation at a time selected by the Board. (Adopted 4/19/02).

9. In the event the number of willing and qualified candidates exceeds the Directors to be elected, Subparagraph 8 does not apply. In that event immediately following the August meeting of the Board, the staff of the Corporation shall mail to all members entitled to vote the following:

(a) One (1) copy of the approved ballot with the candidates listed thereon in random order determined by lot and the names of candidates who are incumbents be so identified;

(b) The biographies of the candidates printed in English and Spanish, with a picture of each candidate that approves and provides a picture;

One (1) plain ballot envelope No. 1;

(d) One (1) envelope, envelope No. 2, postage prepaid (the "return" envelope) addressed to the office of the General Counsel of the Corporation at Elko, Nevada, or to such other location or address as the Board may determine to have said ballots returned, and printed on the back of the envelope shall be the name and address of the member, the district of the member and a section stating "IMPORTANT - BALLOT WILL NOT BE COUNTED UNLESS voter signs name in ink here [[#177]]."

One (1) copy of voting procedure and instructions, printed in English and Spanish which may be included on the ballot and which shall include the following advice and information;

- (1) the manner and procedure for voting and mailing the ballot;
- (2) the address to which the ballot must be mailed or delivered;
- (3) the time and date the ballot must be returned;
- (4) how many votes the members may cast;

(5) that no more than one vote can be cast for a candidate, and that if more votes are indicated it will count as only one vote.

(6) that the member need not vote all of his or her votes.

(7) that the member should cast one vote for the candidate or candidates of their choice;

(8) that ballots showing votes for more than the number to be elected will be rejected; and

(9) That the order in which the candidates were placed on the ballot was determined by lot;

(10) that to be counted as a valid ballot the person voting must sign his or her name where indicated on Envelope No. 2, the return envelope. (Adopted 4/19/02).

10. The Board shall approve the form of Ballot at its August meeting of the Board. (Adopted 4/19/02)

11. The final time and date that ballots must be delivered by mail or personally to the address or location where ballots are to be returned shall be 12:00 o'clock noon on the second Friday of September. (Adopted 4/19/02).

A further duty of the election committee shall be to count and tally the ballots, and determine the persons elected to the Board. The election committee shall be assisted by the General Counsel in its work, which shall be accomplished in the office of the General Counsel, or such other place as the Board may determine and direct. (Adopted 4/19/02).

The General Counsel shall promptly inform the President of the Board, the Chief Executive Officer and all candidates of the election results. (Adopted 4/19/02)

The term of office of elected Directors shall commence at the beginning of the meeting of the Board on the third Friday of the month of September or such other date, on or after the second Friday in the month of September when the Board meets. (Adopted 4/19/02)

In the event that the Directors are not nominated and elected at the times hereinbefore set, said nomination and election procedure shall be carried out at the earliest date thereafter as may be determined by the Board. (Adopted 4/19/02)

The provisions for the nomination and election of Directors as hereinbefore set out shall be deemed substantive as well as procedural, as to all matters therein contained. (Adopted 4/19/02)

CFC Integrity Fund **[[#150]]** IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY MARY WRIGHT AND PASSED UNANIMOUSLY TO APPROVE MAKING A DONATION OF 5% OF OUR CFC CAPITAL CREDIT REFUND BUT NOT TO EXCEED \$5,000 TO THE CFC INTEGRITY FUND, AND TO DESIGNATE THE DONATION FOR ELECTRIC SYSTEMS ONLY.

National Endangered Species Act Reform Coalition **[[#150]]** IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY MARY WRIGHT AND PASSED WITH SEVEN IN FAVOR AND ONE

OPPOSED TO APPROVE MEMBERSHIP DUES FOR 2002.

Grassroots Activity **[[#150]]** IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE THE PROPOSED LETTER TO MEMBERS ON THE GRASSROOTS LIST.

DISCUSSION ITEMS:

Net-Metering **[[#150]]** Clay described net-metering to the board and the legislation passed in Utah. Following a discussion, the board directed staff to draft a policy, which would include renewable energy and banking alternatives. IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO APPROVE EXPLORING NET-METERING OPTIONS.

Legislative Conference **[[#150]]** The board was asked for topics to discuss with the legislators while in DC. The board discussed how to respond if asked opinion of Yucca Mountain, currently WREC has not taken any stance on the issue. IT WAS ON MOTION BY S. J. SMITH, SECONDED BY VERNON DALTON, AND FAILED WITH SEVEN OPPOSED AND ONE IN FAVOR TO ADVISE LEGISLATION THAT WE OPPOSE CHOICE OF YUCCA MOUNTAIN FOR STORAGE OF NUCLEAR WASTE. Since the motion failed WREC will remain neutral on Yucca Mountain storage facility.

SAFETY MINUTES: IT WAS ON MOTION BY PAUL NEFF, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE THE SAFETY MINUTES AS PRESENTED.

NEW MEMBERSHIPS: IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE 47 NEW MEMBERSHIPS AS REVIEWED: WELLS **[[#150]]** 7; CARLIN **[[#150]]** 7 WENDOVER, NV **[[#150]]** 22 AND WENDOVER, UT **[[#150]]** 11.

INFORMATIONAL ITEMS:

DEPARTMENT OR OTHER REPORTS

The following reports were included as information in the agenda:

- Outage
- Operations
- Finance and Administration
- Member Services
- Office Services
- Diversified Services
- Integrated Resources
- Member Information Systems
- Power Supply Report

BOARD REPORTS

There no reports made.

CEO[[#146]]S REPORT:

The following reports were included in the agenda:

Key Accounts **[[#150]]** This report was included in the agenda.

Ruralite Annual Meeting **[[#150]]** Clay reported

Clay handed out the proposed Strategic Plan and CEO Goals to the board and asked them to consider using the evaluation format that was combined with the plan.

OTHER BUSINESS:

The following topics will be added to the April agenda.

- Election process **[[#150]]** ballot
- Budget
- Bylaw changes to bring up-to-date with the recent Article of Incorporation changes
- Principals of net-metering
- Strategic Plan Summary/Evaluation Form

As there was no further information to discuss, the meeting was adjourned at 3:10P.

D. Vernon Dalton, President

Lois Nannini, Secretary/Treasurer

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