

HTML contains invalid UTF-8 character(s)**MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF
WELLS RURAL ELECTRIC COMPANY****November 15, 1996**

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, November 15, 1996 at 9:00 am. The meeting was presided over by President D. Vernon Dalton.

Directors present were: Gerald Anderson, D. Vernon Dalton, Daryl Eriksen, Robert Harris, Orlin Kidner, Lois Nannini, Paul Neff, Jerry Parkin, Vernon Scott, S. J. Smith and Mary Wright.

Staff members present were Daniel L. Kessler, Jr., General Manager; Clay R. Fitch, Manager of Finance/Administration; Warren Linnell, Manager of Engineering/Operations; and Jim Su[[#146]]euga, Manager of Customer Services. Also present was Diane Moore, Executive Secretary, Robert O. Vaughan, Attorney, and Don Angell, Engineering Consultant.

APPROVAL OF MINUTES:

The minutes of the regular meeting of October 18, 1996 stand approved as corrected: IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE THE FOLLOWING RESOLUTION [[#150]] RESOLVED, THAT ALL OF THE MEMBERS OF THE BOARD OF DIRECTORS OF WELLS RURAL ELECTRIC COMPANY ARE HEREBY ELECTED AS DIRECTORS OF QUANTUM RESOURCES, INC.

The next business to come before the meeting, concerned the matter of the election of trustees to the Next \$ Foundation and particularly relating to those whose terms expired January 1, 1996, being Seats one, three, five and seven. It was noted that the election for said terms had not been held as provided. However, it is also noted that the terms of trustees extend until their successors were appointed or elected. It was noted that the trustees holding said seats, being Terry Lundy, Beth Brown, Dianne Parkin, and Marie Johnston, had continued to serve. After review of the matter and with additional information provided by Audrey Spratling, President of the Next \$ Foundation, through counsel, upon the advice of counsel, and good cause appearing, IT WAS ON MOTION BY S.J. SMITH, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE THE RESOLUTION [[#150]] RESOLVED, THAT THE CONTINUATION IN OFFICE OF TRUSTEE BY TERRY LUNDY, BETH BROWN AND MARIE JOHNSTON BE APPROVED, RATIFIED AND CONFIRMED TO DATE, AND THE CONTINUATION IN OFFICE OF TRUSTEE BY DIANNE PARKIN UNTIL HER RESIGNATION, IS HEREBY APPROVED, RATIFIED AND CONFIRMED.

BE IF FURTHER RESOLVED, THAT THE FOLLOWING PERSON ARE ELECTED TRUSTEES TOO SERVE WITH THE TERM OF OFFICE EXPIRING JANUARY 1, 1999: WELLS SEAT ONE [[#150]] TERRY LUNDY IS ELECTED; FOR CARLIN, SEAT THREE [[#150]] BETH BROWN IS ELECTED; FOR WEST WENDOVER, SEAT FIVE [[#150]] MELISA GREGORY IS ELECTED; AND FOR WENDOVER SEAT SEVEN, MARIE JOHNSTON IS ELECTED.

The next business to come before the meeting concerning the correction of the election of trustees for the next \$ foundation for terms of office for regular terms ending January 1, 2000, being Wells seat two, Carlin seat four, Rural seat nine, and At Large, seat eleven, and also to fill the vacancy in West Wendover seat six for a term ending January 1, 1998, due to a vacancy provided by Audrey Spratling,

President of the Next \$ Foundation, through counsel, upon the advice of counsel and good cause appearing, IT WAS ON MOTION BY PAUL NEFF, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE THE FOLLOWING RESOLUTION **[[#150]]** RESOLVED, THAT THE MINUTES OF THE BOARD OF DIRECTORS OF WELLS RURAL ELECTRIC COMPANY OF SEPTEMBER 27, 1996, RELATING TO THE ELECTION OF TRUSTEES AS FOLLOWS: FOR WELLS SEAT TWO, ELAINE SWANSON IS ELECTED FOR A TERM ENDING JANUARY 1, 2000; FOR CARLIN SEAT FOUR, HOWARD WRIGHT IS ELECTED FOR A TERM ENDING JANUARY 1, 2000; FOR RURAL SEAT NINE, JOANNE DALTON IS ELECTED FOR A TERM ENDING JANUARY 1, 2000; FOR AT LARGE SEAT ELEVEN, DEBRA BUSSARD IS ELECTED FOR A TERM ENDING JANUARY 1, 2000; FOR WEST WENDOVER SEAT SIX, CHERYL MELVILLE IS ELECTED TO FILL FOR THE TERM EXPIRING JANUARY 1, 1998

BE IT FURTHER RESOLVED, THAT THE ABOVE SPECIFIED TERMS OF THE OFFICE SHALL COMMENCE ON THIS DATE OF NOVEMBER 15, 1996.

BE IT FURTHER RESOLVED, THAT DANIEL L. KESSLER AND CLAY FITCH ARE HEREBY APPOINTED TO SERVE AS LIAISON BETWEEN WELLS RURAL ELECTRIC COMPANY AND THE NEXT \$ FOUNDATION, TO SERVE AT THE PLEASURE OF THE WELLS RURAL ELECTRIC COMPANY BOARD.

The minutes of the Special Meeting of November 4, 1996 will stand approved as written.

ADDITIONS TO AGENDA:

It was asked that the following be added tot he agenda: Praxair Exhibit B; Continental Lime Agreement; Resolution of Indemnification for Quantum Resources, Inc. and a report of counsel from Mr. Vaughan and Quantum Minutes. There were no objections.

The meeting of the Wells Rural Electric Company board of directors was recessed at 9:15 am to take up the meeting of Quantum Resources, Inc.

The meeting was called back to order at 10:16 am.

The next matter to come before the meeting related to the guaranty by Wells Rural Electric Company of a start-up loan to be made by NRUCFC to Quantum Resources, Inc. in the principal amount of \$250,000.00. The documents relating to the guaranty and the terms of the guaranty were reviewed and explained by counsel. AFTER DUE CONSIDERATION AND GOOD CAUSE APPEARING, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY ORLIN KIDNER TO APPROVE THE ATTACHED RESOLUTION.

IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE MICHAEL F. SKOLNICK AS OUR UTAH RESIDENT AGENT.

Mr. Vaughan addressed the following issues and discussed them with the board. Leakage damage to Wells office building roof and replacement costs, insurance, etc. (Dan and Warren reported) **[[#150]]** more information was requested; an update on the Marys Mountain fire damage liability issue; easement for the power line to the Wendover sewer (BLM and Air Force involvement); Mt. Wheeler Power potential load in uncertified territory and their request for that territory **[[#150]]** a possible intervention may be needed. Mr. Vaughan feels it will most likely resolve itself.

The Praxair Contract**[[#146]]**s Exhibit B was brought before the board for signature. Clay reported. IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY ORLIN KIDNER AND PASSED

UNANIMOUSLY TO APPROVE SIGNING EXHIBIT B TO THE PRAXAIR AGREEMENT.

The Continental Lime Power Supply and Line Extension Contract was brought before the board for approval. Following a discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE THE CONTINENTAL LIME CONTRACT.

A resolution for the indemnification of Quantum Resources, Inc. by Wells Rural Electric Company was brought before the board. IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE THE INDEMNIFICATION DOCUMENT AND RESOLUTION. (Resolution Attached)

The updated Wage & Salary Plan changes were brought before the board for consideration. Following a thorough and lengthy discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY S. J. SMITH AND PASSED UNANIMOUSLY TO APPROVE INCREASING THE MANAGERIAL, PROFESSIONALS, TECHNICAL TABLE BY 7.9% AND THE CLERICAL TABLE BY 12.19%.

A report on the Strategic Plan after one quarter[[#146]]s implementation was handed out to the board for review. As per the plan, all action items, etc. are on schedule.

A restructured organizational chart was brought before the board. It was requested the board approve changing the title of Manager of Member Services to Manager of Customer and Marketing Services; Manager of Finance/Administration to Manager of Finance, Administration, Business Development and Power Supply; and Supervisor of Office Services to Manager of Accounting Services. There were no objections to these title changes.

It was noted that the Nevada Community Federal Credit Union was billed \$4,800.00 for their share of co-sponsored donations as per the agreement. To date, \$15,400.00 has been billed to NCFCU.

It was requested that the December 20th board meeting be changed to DECEMBER 13TH. IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE MOVING THE DECEMBER BOARD MEETING TO THE 13TH.

NREA reviewed the retail wheeling document *Notes of Nevada Competition and Restructuring*. Three cosmetic changes were suggested. There were no objections to the changes from our board.

The State of Nevada Secretary of State annual filing is due. Signature is required. There were no objections.

A lunch recess was called at 12:25 pm.. The meeting was called back to order at 1:45 pm.

Warren Linnell gave a presentation on the PACE/Benchmarking. A discussion ensued. Following the discussion, IT WAS ON MOTION BY S.J. SMITH, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE CONTINUING WITH THE PACE/BENCHMARKING PROCESS.

The Cost of Service Study was handed out for board review. Dan, Clay and Don Angell addressed the major areas; net revenue requirements; billing deterrents; rate stability (where WREC is headed); industrial load demands; general rate action; residential/seasonal/commercial demands; and irrigation demands. Rate stability is projected through the year 2001. A thorough discussion ensued.

SAFETY MINUTES:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE THE SAFETY MINUTES.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO APPROVE 72 NEW MEMBERSHIPS: 5-WELLS[[#146]] 17-CARLIN[[#146]] 25 WENDOVER, NV AND 25 [[#150]]WENDOVER, UT

Informational items discussed were the reports given by those attending the UREA Annual Meeting.

The Executive Session called by Mr. Dalton to discuss the board evaluation has been changed to early in the agenda during the December 13th meeting.

As there was no further business to come before the board, the meeting adjourned at 3:35 pm.

D. Vernon Dalton, President Lois Nannini, Secretary/Treasurer

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