

HTML contains invalid UTF-8 character(s)**MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF
WELLS RURAL ELECTRIC COMPANY****December 11, 1998**

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, December 11, 1998 at 11:00 am. The meeting was presided over by President D. Vernon Dalton.

Directors present were: Gerald Anderson, D. Vernon Dalton, Daryl Eriksen, Orlin Kidner, Lois Nannini, Paul Neff, Jerry Parkin, Vernon Scott, S, J, Smith, and Mary A. Wright. Robert Harris was not present.

Staff members present were: Daniel L. Kessler, Jr., Chief Executive Officer; Clay R. Fitch, Chief Financial Officer, Jim Su[[#146]]euga, Mgr. Marketing/Customer Services, Buddy Welsh, Senior Tax Accountant, Lynn Brodsho, Manager, Office Services, and Mike Cromie, Manager, Engineering/Operations. Also present was Amanda Bourne, Executive Secretary and Don Angell, Engineering Consultant.

ACTION ITEMS:**APPROVAL OF MINUTES:**

The minutes of the regular meeting of November 20, 1998 were approved as written.

ADDITIONS TO AGENDA:

There were no additions to the agenda.

SAFETY FIRST VERSE: *Have a happy and safe holiday season!* Remember, don't overload your electrical circuits with too many lights, check the batteries in your smoke detectors and make sure every member of your household knows how to operate the fire extinguisher in your home. Merry Christmas!

EXECUTIVE SESSION:

An executive session was held.

MANAGER[[#146]]S REPORT:

Contract Meter Reading Report/Renewal [[#150]] Lynn Brodsho reported on the WREC projected costs vs. Quantum[[#146]]s actual costs and the benefits of having the meter reading contracted to Quantum Resources, Inc. It was proposed to continue with the meter reading contract between Wells REC and Quantum for the 1999 year. IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE THE METER READING CONTRACT WITH QUANTUM RESOURCES FOR ONE YEAR.

B. Previous Health Clinic Donations [[#150]] Dan reported on donations made

to the Wells Rural Clinic and the previous Carlin Clinic. The new Carlin Clinic has made a request for donation, following a discussion; IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY MARY WRIGHT TO MAKE A \$2,000.00 DONATION TO THE CARLIN CLINIC. S. J. Smith abstained.

C. RFP Propane Acquisition **[[#150]]** Dan reminded the board of the special board meeting, Monday, December 21st at 8:30 am. The board agreed to contact Mr. Mike Eriksen of Wells Propane to attend the meeting, for questions and comments.

NREA Membership **[[#150]]** The board discussed the Articles of Incorporation and Bylaws. It was agreed that Dan and President Dalton will write a letter to NREA President, Lou Holveck with a copy to all members requesting a meeting in January or early February to discuss a mission statement and a strategic plan.

E. Capital Budget **[[#150]]** Mike presented the Engineering/Operations 1999 Capital Budget. (Other departments were not requesting a 1999 budget) IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE THE 1999 CAPITAL BUDGET.

F. Wage & Salary **[[#150]]** A wage and salary survey was conducted with cooperatives throughout the western states and Region IX. Based on the survey, the total increase in the market for each managerial position was 3.16% and \$.09% for the clerical position. It was explained that this is only an overall market increase and does guarantee each position will receive this percentile. Following a discussion, IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE THE 1999 WAGE AND SALARY INCREASE.

A lunch recess was called at 12:10 pm. The meeting was called back to order at 1:10 pm.

1998 Write-off List **[[#150]]** Dan reported a gross write-off of \$51,717 for 1998. After capital credits, customer payments and collections were applied the total net write-off is \$. The board commended staff for their efforts. IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE THE 1998 WRITE-OFF LIST.

H. Auditor Proposals **[[#150]]** Dan reported 4 of the 6 bids mailed out were received back.

SAFETY MINUTES:

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

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO APPROVE 33 NEW MEMBERSHIPS AS REVIEWED: WELLS **[[#150]]** 5; CARLIN **[[#150]]** 6; WENDOVER, NV **[[#150]]** 13; AND WENDOVER, UT **[[#150]]** 9.

INFORMATION ITEMS:

Studies Update:

Strategic Plan **[[#150]]** The strategic plan will be presented in January for 1999.

Integrated Resource **[[#150]]** This information was mailed with the agenda.

Outage Report **[[#150]]** This information was mailed with the agenda.

Engineering Report **[[#150]]** This was mailed with the agenda.

Manager**[[#146]]**s Report:

The following reports were moved to the December board meeting:

- Meter Reading Report
- Disconnect Policy Update
- Engineering/Operations Report
- Y2K Update

Account Manager Program **[[#150]]** This was available in the FYI file.

B. Auditor Bids **[[#150]]** Dan reported 6 of the 7 requests that were mailed for letters of qualifications were returned. Bid proposals are due into the WREC office December 10th.

C. NREA Annual Meeting - The board discussed their displeasure with this years annual meeting, which was held in Mesquite, NV. It was decided to focus on putting all efforts toward improving the NREA.

D. Grassroots Program **[[#150]]** A discussion on the number of meetings, where to hold the meetings and when, took place. It was suggested to hold the meetings in each area and to have a keynote speaker attend the first one. Also suggested was to invite Senator Harry Reid to attend.

Power Supply:

Don Angell gave a report on the following: BPA Subscription, CIG Natural Gas Pipeline Project, Wendover Power Factor and Nevada Restructuring.

A recess was called at 4:25 pm. The meeting was called back to order at 5:26 pm.

Quantum Resources, Inc. **[[#150]]** The next matter to come before the board was a line of credit resolution, IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE THE FOLLOWING LINE OF CREDIT RESOLUTION.

RESOLVED, that Wells Rural Electric Company (hereinafter referred to as Guarantor), agree that the Guarantor guarantee \$1,200,000.00 of a line of credit loan or advances obtained by Quantum Resources, Inc. (hereinafter referred to as Applicant), from the National Cooperative Services Corporation (NCSC) in the amount of \$1,200,000.00 for a term of five (5) years, and at such interest rate or rates as shall be prescribed in the note or notes executed by and on behalf of the Applicant and delivered to NCSC, the proceeds of such loan to be used for subsidiary activity.

BE IT FURTHER RESOLVED, that the Chief Executive Officer of the Guarantor be and is hereby authorized to execute, on behalf of the Guarantor, a Guaranty; within the aggregate amount or percentage authorized by the foregoing resolution and to supply such further documents as may be needed to comply with NCSC requirements

OTHER BUSINESS:

As there was no further business to come before the board, the meeting was adjourned at 5:30pm.

D. Vernon Dalton, President Mary A. Wright, Secretary/Treas.

**MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF
QUANTUM RESOURCES, INC.**

December 11, 1998

The regular meeting of the Board of Directors of Quantum Resources, Inc. was held in Wells, Nevada in the Boardroom of the Wells office and called to order Friday, December 11, 1998 at 9:00 am. The meeting was presided over by President D. Vernon Dalton.

Directors present were: Gerald Anderson, D. Vernon Dalton, Daryl Eriksen, Orlin Kidner, Lois Nannini, Paul Neff, Jerry Parkin, Vernon Scott, S. J. Smith and Mary Wright. Robert Harris was not present.

Staff members present were Daniel L. Kessler, Jr., Chief Executive Officer and Clay Fitch, Chief Operations Officer. Also present was Amanda Bourne, Executive Secretary.

ACTION ITEMS:

The minutes of the regular meeting of November 20, 1998 were approved as written.

ADDITIONS TO AGENDA:

Board Resolution

EXECUTIVE SESSION:

No executive session was held.

FINANCIAL REPORT:

Dan and Clay reported on the following for period ending October 31, 1998: Statement of Operations, Balance Sheet, and Cash Flow Statement. Also reported was a chart of Overhead as a Percent of Revenue.

MANAGER [[#146]]S REPORT:

Organizational Chart [[#150]] Dan presented an organizational chart to the board.

Wage and Salary Plan [[#150]] A wage and salary plan was presented to the board for their consideration. The proposed plan was based on a market survey, which included regional and national information from NRECA.

Re-organization of Benefit Package [[#150]] Dan and Clay recommended the following changes to the employee benefit package:

- wages are indexed to WREC and normalized with market
- company pays 80% of employee/20% of dependent medical premium
- retirement remains unchanged

It is anticipated that the above changes will reduce overheads by \$118,055.

IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO APPROVE THE WAGE AND SALARY PROPOSAL AND THE CHANGES TO THE BENEFIT PACKAGE AS PRESENTED. S. J. Smith abstained his vote from the medical premium portion of the benefit package.

ETI Acquisition [[#150]] Following a thorough discussion, IT WAS ON MOTION BY PAUL NEFF, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE THE FOLLOWING RESOLUTION.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors after a thorough discussion hereby authorize Daniel L. Kessler, Jr., Chief Executive Officer, to sign or execute all legal documents required to close the purchase of ETI by Quantum Resources, Inc.

OTHER BUSINESS:

As there was no further business to come before the board, the meeting was adjourned at 10:40 am.

D. Vernon Dalton, President Mary A. Wright, Secretary/Treas.

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