

HTML contains invalid UTF-8 character(s)**MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF
WELLS RURAL ELECTRIC COMPANY****JANUARY 16, 1998**

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in Wells, Nevada in the Board Room of the Wells office and called to order Friday, January 16, 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, Robert Harris, Orlin Kidner, Lois Nannini, Paul Neff, Jerry Parkin, S. J. Smith and Mary Wright. Vernon Scott was not present.

Staff members present were Daniel L. Kessler, Jr., General Manager; and Clay R. Fitch, Manager of Finance/Administration. Also present was Amanda Bourne, Executive Secretary, Don Angell, Engineering Consultant, Mr. Robert Vaughan, Attorney and George Edes from the Advocate.

ACTION ITEMS:**APPROVAL OF MINUTES:**

The minutes of the regular meeting of December 12, 1997 were approved as corrected:

It was noted that the minutes of the December 12, 1997, meeting of the Board of Directors, and in regard to the matters relating to the guarantee of a loan to Quantum Resources, Inc., in the sum of \$350,000.00, were incomplete. To correct the matter, on motion duly made and seconded, it was unanimously:

RESOLVED, that the next to last paragraph on page 3 of the December 12, 1997, minutes relating to the guarantee of the Quantum Resources, Inc. loan be amended by addition of the following language:

"That the resolutions relating to said guarantee as set out in Attachment 1 to the minutes, being the guarantor[[#146]]s resolutions are approved and adopted in full and incorporated into the December 12, 1997 minutes of the meeting of Directors."

ADDITIONS TO AGENDA:

Attorney Robert Vaughan will address the CFC Loan for the new building in West Wendover

SAFETY FIRST VERSE:

Don[[#146]]t take safety for granted in cold weather.

EXECUTIVE SESSION:

An Executive Session was called to order at 9:15 am.

The next matter to come before the meeting concerned the matter of the \$1,820,000.00 line of credit loan from the National Rural Utilities Cooperative Finance Corporation ([[#145]]CFC") designated as "NV-

15-A-9015." After a review of all related documents, a thorough discussion of the matter and advice of the company attorney and staff members, IT WAS ON MOTION BY DIRECTOR ORLIN KIDNER, SECONDED BY DIRECTOR ROBERT HARRIS, AND PASSED UNANIMOUSLY TO APPROVE THE \$1,820,000.00 LINE OF CREDIT WITH CFC.

1. RESOLVED, that the Cooperative borrow from National Rural Utilities Cooperative Finance Cooperative (CFC), from time to time as determined by the persons designated by the board of directors of the Cooperative, an aggregate principal amount not to exceed \$1,820,000.00, and purchase with general funds a Loan Capital Term Certificate, if required, in an amount not to exceed the amount set forth in the Loan Agreement; and

2. RESOLVED, that the proceeds of this loan be used for the purpose set forth in the Loan Agreement; and

3. RESOLVED, that the following documents be executed by any of the persons authorized herein:

(a) As many counterparts respectively as shall be deemed advisable of an agreement with CFC, substantially in the form of the CFC Loan Agreement submitted to this meeting; and

(b) One (1) secured promissory note payable to the order of National Rural Utilities Cooperative Finance Corporation, which shall not exceed the principal amount of One Million Eight Hundred Twenty Thousand Dollars (\$182,000.00), bearing such interest as is provided for in the CFC Loan Agreement and each note providing for the payment of the indebtedness evidenced thereby as set forth in each note, substantially in the form of the note presented to this meeting; and

4. RESOLVED, that the following individuals be, and each of them hereby is, authorized in the name and on behalf of the Cooperative, to execute and deliver the foregoing documents, all such other documents and instruments, make all such payments and do all such other acts as in the opinion of such person or persons acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions.

- President D. Vernon Dalton
- Vice-President Daryl Eriksen
- Secretary/Treasurer Lois Nannini
- Assistant Secretary Orlin Kidner
- Assistant Secretary S. J. Smith

The next business to come before the meeting related to the election of Trustees for the Next Dollar Foundation by the Wells Rural Electric Company Board of Directors who are the members of the corporation. Audrey Spratling had reported that the three incumbents up for election were willing to continue serving on the Board of Trustees. IT WAS ON MOTION BY DIRECTOR ROBERT HARRIS, SECONDED BY DIRECTOR JERRY PARKIN, IT WAS UNANIMOUSLY:

RESOLVED that CHERYL MELVILLE was re-elected to serve on Seat Six of West Wendover; KENT PETERSON was re-elected to serve on Seat Eight of

Wendover, Utah; and AUDREY SPRATLING was re-elected to Seat Ten from the Rural area.

BE IT FURTHER RESOLVED that the terms of office of those elected commenced January 1, 1998.

Dan reported talking with Energy Source regarding Sierra Pacific issues. He and Don Angell will be meeting with Energy Source later this month and will have a detailed report in February. Other energy providers will be contacted regarding long and short term power supply. The board and staff discussed the importance of exploring all possible energy options. Dan and Don reported on meeting with Idaho Power and their future meeting with Pacific Northwest Generation Cooperative (PNGC).

MANAGER[[#146]]S REPORT:

A. Board Committee Sheet - Vernon discussed with the board the possibility of consolidating some of the committee[[#146]]s and will bring a proposal before the board in February.

B. Strategic Plan - After a discussion, it was agreed to schedule Thursday, February 12th as a meeting date to discuss the Strategic Plan, with February 18th as an alternate date. It was also agreed to meet in the board room of Wells Rural Electric and to have a facilitator present for the meeting.

C. WREC Organizational Chart - An organizational chart was reviewed incorporating the DISCO (distribution) and ESCO (energy services) companies. General Manager was changed to Chief Executive Officer and Manager, Finance, Administration, Business Development and Power Supply to Chief Financial Officer. After a thorough discussion IT WAS ON MOTION BY DIRECTOR ROBERT HARRIS, SECONDED BY DIRECTOR PAUL NEFF AND PASSED UNANIMOUSLY TO APPROVE THE ORGANIZATIONAL CHART AS PRESENTED.

The Executive Session commenced at 10:25 am. The regular board meeting was called to order at 10:45 am.

SAFETY MINUTES:

IT WAS ON MOTION BY DIRECTOR DARYL ERIKSEN, SECONDED BY DIRECTOR ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE THE SAFETY MINUTES AS WRITTEN.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY DIRECTOR ROBERT HARRIS, SECONDED BY DIRECTOR ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE 45 NEW MEMBERSHIPS AS REVIEWED: WELLS - 7; CARLIN - 13; WENDOVER, NV - 16; AND WENDOVER, UT - 9.

INFORMATION ITEMS:

1. Studies Update

A. Strategic Plan - This was discussed during the Executive Meeting

B. Integrated Resource - Dan reported to the board this is an on-going project and

information was in the FYI basket.

C. Outage Report - This information was available in the FYI basket.

D. Engineering Report - This was available in the FYI basket.

2. Manager[[#146]]s Report:

A. NREA Board Meeting - Dan and Vernon reported on the efforts of NREA. They will be attending the board meeting January 22, 1998.

B. Christmas Party - Dan commended Member Services and the employees of Wells Rural on a wonderful party.

C. 1997 Audit - Ernst and Young will be conducting the 1997 audit during the week of February 9th. WREC will be bidding out tax services for the 1998 year, as the contract with Ernst and Young will expire after the 1997 audit. Bids will be brought before the board for review at a later date.

3. Power Supply

A. BPA/Newmont - Dan reported Newmont has postponed their future project plans due to the current gold prices. He did stress that it is not effecting their current loads.

B. Idaho Power - This was discussed during the Executive Session . The board approved for the staff to pursue future transmission possibilities with Idaho Power.

4. Other Business

A. President, Vernon Dalton presented Director Mary Wright with a plaque for three terms of service on the board of directors.

B. Vernon Dalton and Daryl Eriksen reported on the 1998 Director[[#146]]s Conference. Both reported it was very informative and educational. NRECA has set new standards for board certification. Directors will be tested on the completed course to show possible areas which may need improvement. Vernon stressed the importance of each director attending the required courses for certification.

C. As there was no further business to come before the Board, the meeting was adjourned at 12:10 p.m.

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

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

JANUARY 16, 1998

The regular meeting of the Board of Directors of Quantum Resources, Inc. was held in Wells, Nevada in the Board Room of the Wells office and called to order Friday, January 16, 1998 at 12:20 p.m. 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, and S. J. Smith. Vernon Scott and Mary Wright were not present.

Staff members present were Daniel L. Kessler, Jr., General Manager; and Clay R. Fitch, Manager of Finance/Administration. Also present was Amanda Bourne, Executive Secretary.

ACTION ITEMS:

APPROVAL OF MINUTES:

The minutes of the regular meeting of December 12, 1997 were approved as corrected.

It was noted that the minutes of the December 12, 1997, meeting of the Board of Directors, in regard to the extension of the short-term line of credit from \$250,000.00 to \$350,000.00 with National Cooperative Services Corporation ("NCSC") were incorrect. To correct the matter, on motion duly made and seconded, it was unanimously:

RESOLVED, that the last paragraph on page 1 of the December 12, 1997, minutes be corrected as hereinafter set out:

"That the wording Cooperative Finance Corporation be changed to National Cooperative Services Corporation."

"That the resolutions attached to the minutes as Attachment A are hereby approved and adopted in the form and content of those set out in Attachment A and incorporated into the December 12, 1997, minutes of the meeting of the Board of Directors."

ADDITIONS TO AGENDA:

There were no additions to the agenda.

FINANCIAL REPORT:

Dan and Clay reported on the total billings for December. A synopsis of services was handed out. A discussion on Quantum Resources financial position ensued. Shared costs will be billed to Quantum and reported to the board on a monthly basis.

OTHER BUSINESS:

As there was no further business to come before the board, the meeting was adjourned at 12:50 p.m.

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

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