

HTML contains invalid UTF-8 character(s)**MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF
WELLS RURAL ELECTRIC COMPANY****July 17, 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, July 17, 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, Vernon Scott, S. J. Smith, and Mary A. Wright. Jerry Parkin and Robert Harris were not present.

Staff members present were: Daniel L. Kessler, Jr., Chief Executive Officer; Clay R. Fitch, Chief Financial Officer, and Jim Su[[#146]]euga, Mgr. Marketing/Customer Services. Also present was Amanda Bourne, Executive Secretary and Don Angell, Engineering Consultant.

ACTION ITEMS:**APPROVAL OF MINUTES:**

The minutes of the regular meeting of June 30, 1998 were approved as written.

ADDITIONS TO AGENDA:

Quantum Resources, Inc. Master Surety Agreement

Scholarship recipient Quinton Neff, thanked the board for his scholarship. Quinton graduated top of his class at Great Basin College in the electrical program. The board commended Quinton on his efforts and wished him continued success.

SAFETY FIRST VERSE:

Be Prepared In Case of an Emergency: When placing a call for an emergency, be sure to tell the operator what type of emergency exists, the location, how many people are involved, your address and phone number. NEVER hang up until the dispatcher hangs up first.

EXECUTIVE SESSION:

An executive session was not called.

MANAGER[[#146]]S REPORT:

Strategic Plan [[#150]] A draft of the 1998 Strategic Plan was handed out to the board. Following a discussion, it was decided the board will review the strategic plan and action will be taken at the August board meeting. Staff will add action plan steps and will mail to the board prior to the August meeting.

Nominating Committee Report [[#150]] Vernon read the Nominating Committee report, which was signed by the committee members Cherie Aiazzi and Marie Johnston. The following members were nominated to run in the 1998 board election: Paul Neff, incumbent; Daryl Eriksen, incumbent; Anita

Irene "Renie" Linge, nominee, Tom Stratton, nominee; Jerry Parkin, incumbent; and Vernon Scott, incumbent. IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE THE NOMINATING COMMITTEE[[#146]]S REPORT TO ACCEPT THE SIX (6) ABOVE NAMED NOMINEES.

Dan asked the board to consider sending attorney Gary DiGrazia in addition to Robert O. Vaughan to legal seminars. The legal seminars are held annually and approval for the attorneys to attend will be requested each year. Following a discussion, IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE GARY DI[[#146]]GRAZIA TO ATTEND LEGAL SEMINARS.

The next business to come before the board was the orientation meeting for the two board of director nominees. Orientation is scheduled for Monday, July 27th at 9:00 am in the boardroom of Wells Rural Electric Company. The nominees will be notified by mail, of the meeting.

QUANTUM RESOURCES, INC.

The next business to come before the Board was the consideration of the Master Surety Agreement. IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY GERALD ANDERSON AND PASSED UNANIMOUSLY TO APPROVE THE FOLLOWING RESOLUTION.

WHEREAS, the PRESIDENT and SECRETARY of Wells Rural Electric Company have executed or will be executed a certain Master Surety AGREEMENT, a copy of which is attached hereto and made a part hereof, in favor of United States Fidelity and Guaranty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc. and all affiliated, associated, and subsidiary companies thereof, now existing or hereafter created, assumed or otherwise acquired, their successors and assigns, hereinafter referred to as Surety, protecting it in connection with its assuming suretyship as more fully described therein, said Master Surety AGREEMENT having been read at this meeting and fully considered and approved by the directors present; and,

WHEREAS, the said Master Surety AGREEMENT has been or will be accepted by Surety upon the warranty of the said officers that Wells Rural Electric Company has such an interest in said suretyship as to empower it to make said Master Surety AGREEMENT.

NOW, THEREFORE, BE IT RESOLVED that the said officers of Wells Rural Electric Company be, and are hereby, authorized to execute on behalf of Wells Rural Electric Company the said Master Surety AGREEMENT and that the acts of said officers of Wells Rural Electric Company who may have already executed said Master Surety AGREEMENT are hereby unanimously ratified and confirmed as the acts of Wells Rural Electric Company.

BE IT FURTHER RESOLVED that the aforesaid warranty that Wells Rural Electric Company has such an interest in said suretyship as to empower it to make said Master Surety AGREEMENT by, and it is hereby, ratified and confirmed as the warranty of Wells Rural Electric Company.

SAFETY MINUTES:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY DARYL ERIKSEN, 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 56 NEW MEMBERSHIPS AS REVIEWED: WELLS **[[#150]]** 5; CARLIN **[[#150]]** 12; WENDOVER, NV **[[#150]]** 22; AND WENDOVER, UT **[[#150]]** 17.

INFORMATION ITEMS:

Studies Update

Strategic Plan **[[#150]]** This was discussed during the action items.

Integrated Resource **[[#150]]** This information was available in the FYI basket.

Outage Report **[[#150]]** This information was available in the FYI basket.

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

Medical Benefits/Cobra **[[#150]]** A draft of a study conducted by NRECA on the surviving spouse benefits was handed out to the board. The directors reviewed annual costs for a period of six years to build an accrual for the benefit. Following a thorough discussion, IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY MARY WRIGHT AND FAILED TO APPROVE THE SURVIVING SPOUSE BENEFIT.

B. Bi-annual Operations and Engineering Report **[[#150]]** Mike Cromie gave an update on the Wendover, Wells and Carlin areas and the key projects that have taken place thus far in 1998.

A discuss on the Grass Roots program was the next business before the board. It was decided to have the staff make a presentation to the board on how the program should be run.

Power Supply:

Don Angell gave an update on BPA/Newmont regarding the subscription process and other related issues.

Quantum Resources, Inc. **[[#150]]** Dan reported that Clay has been working with Quantum as of July 1st.

As there was no further business to come before the board, the meeting was adjourned at 11:20 am.

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

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

July 17, 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, July 17, 1998 at 11:22 a.m. 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, S. J. Smith and Mary Wright. Robert Harris and Jerry Parkin were not present.

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

ACTION ITEMS:

The minutes of the regular meeting of June 30, 1998 were approved as written.

ADDITIONS TO AGENDA:

It was brought before the board to approve direct deposit for payroll with Nevada State Bank. This would benefit many of the employees who are working on jobs out of town. IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE PAYROLL DIRECT DEPOSIT WITH NEVADA STATE BANK.

EXECUTIVE SESSION:

No executive session was held.

FINANCIAL REPORT:

Dan and Clay reported. A statement of operations was handed out to the board and reviewed.

As there was no further business to come before the board, the meeting was adjourned at 11:25 a.m.

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

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