

**HTML contains invalid UTF-8 character(s)****MINUTES OF THE SPECIAL BOARD MEETING OF THE BOARD OF DIRECTORS OF  
WELLS RURAL ELECTRIC COMPANY****May 17, 1999**

The special 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 Monday, May 17, 1999 at 12:30 pm. 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 A. Wright.

Staff members present were Daniel L. Kessler, Jr., Chief Executive Officer and Clay Fitch, Chief Financial Officer. Also present was Amanda Bourne, Executive Secretary and Attorney, Robert O. Vaughan for the signing of NCSC **[[#146]]**s loan documents.

**ACTION ITEMS:****APPROVAL OF MINUTES:**

The minutes of the regular meeting of April 16, 1999 were approved as written.

**ADDITIONS TO AGENDA:**

June and July board meeting dates.

**SAFETY FIRST VERSE:**

Proper exercise can strengthen your back. Check with your doctor or chiropractor for a good exercise program.

**EXECUTIVE SESSION:**

An executive session was held.

A recess was called at 9:50 am. The meeting was called back to order at 11:15 am.

NCSC Loan Documents - The next matter to come before the meeting was the matter of the Company giving a guaranty of payment to National Cooperative Services Corporation of a loan in the sum of \$1,200,00.00 to be taken out by Quantum Resources, Inc., a wholly owned subsidiary of the Company. After due consideration of the matter, IT WAS ON MOTION BY S. J. SMITH, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE THE FOLLOWING RESOLUTION:

RESOLVED, that the Guarantor guarantee advances under a loan agreement in aggregate principal amount of \$1,200,00.00 obtained by Quantum Resources, Inc. ("Borrower") from National Cooperative Services Corporation ("NCSC") upon terms and conditions set forth therein.

RESOLVED, that the President, Vice-President, Secretary-Treasurer and Assistant Secretaries of the Guarantor be and hereby are authorized and empowered to take in the name and on behalf of the

Guarantor any and all action deemed necessary, convenient or desirable in connection with and for the purpose of effecting such guaranty, it being the express purpose of this resolution to confer upon said authorized person the full authority with respect to any and all matters in connection with said loan from NCSC without the necessity of other or further action of the Board of Directors to the end that all persons may rely conclusively upon such action and upon this resolution, and any acts or things heretofore done or authorized to be done by said authorized person in connection with the loan be and they hereby are ratified, confirmed, approved and adopted.

A recess was called at 11:20 am. The meeting was called back to order at 2:30 pm. Director[[#146]]s Gerald Anderson and Lois Nannini were absent.

#### CEO[[#146]]S REPORT:

June and July Board Meeting [[#150]] Dan asked the board to consider holding the June board meeting on Friday, June 11<sup>th</sup> and July[[#146]]s meeting on Monday, July 12<sup>th</sup>. Following a discussion, IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY MARY WRIGHT AND PASSED UNANIMOUSLY TO HOLD THE REGULARLY SCHEDULED BOARD MEETING FOR JUNE AND JULY ON: FRIDAY, JUNE 11<sup>TH</sup> AT 8:00 AM, AND MONDAY, JULY 12<sup>TH</sup> AT 8:00 AM.

Scholarship Committee [[#150]] Orlin Kidner reported 46 students were interviewed for the two Academic and two Vocational/Technical WREC scholarships. Of the 46 interviewed the following were recommended by the committee to receive the 1999 scholarships: Academic Scholarships [[#150]] Paul Garcia of Wendover, NV and Katie Shields of Carlin, with Paige Crawford of Wendover, UT as the alternate. Vocational/Technical Scholarships - Jose Ayala of Wendover, UT and Richard Tognarelli of Carlin, with Maria Torrero of Wendover, NV as the alternate. IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE THE ABOVE SCHOLARSHIPS.

Strategic Plan Update [[#150]] This was sent to the board for their review. Dan reported.

Next \$ Foundation [[#150]] Dan recommended appointing Jerry Smith of Wells as the "At-Large" seat on the foundations board and to have either Jim Su[[#146]]euga or Thad Ballard as liaisons to sit in on the board meetings. Following a discussion, IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY S.J. SMITH AND PASSED UNANIMOUSLY TO RESCIND THE MOTION MADE AT THE APRIL 16, 1999[[#146]]S BOARD MEETING AND APPOINT JERRY SMITH AS THE "AT LARGE" SEAT.

Nominating/Election Committee [[#150]] President Dalton read the names of past committee members. Following a discussion, IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE THE FOLLOWING MEMBERS AS THE NOMINATING/ELECTION COMMITTEE: CHERIE AIAZZI, CARLIN; MARIE JOHNSTON, WENDOVER; AND ELAINE SWANSON, WELLS, WITH YVONNE OVERHOLSER OF CARLIN AS AN ALTERNATE.

CFC System Integrity Fund [[#150]] IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE A DONATION OF 5% OF OUR PATRONAGE CAPITAL CREDIT TO THE CFC SYSTEMS INTEGRITY FUND.

National Endangered Species Act Reform Coalition **[[#150]]** Dan reported receiving an invoice from NESARC for \$2,000.00 membership dues. IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY ROBERT HARRIS TO TABLE THE MEMBERSHIP DUES UNTIL FURTHER INFORMATION IS AVAILABLE.

Discussion ensued, DARYL ERIKSEN WITHDREW THE PREVIOUS MOTION TO TABLE THE NESARC MEMBERSHIP DUES. IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE THE \$2,000.00 MEMBERSHIP DUES TO NESARC.

#### SAFETY MINUTES:

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

#### NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE 62 NEW MEMBERSHIPS AS REVIEWED: WELLS **[[#150]]**8; CARLIN **[[#150]]** 21; WENDOVER, NV **[[#150]]** 20; AND WENDOVER, UT **[[#150]]** 13.

#### INFORMATION ITEMS:

#### STUDIES UPDATE:

Strategic Plan **[[#150]]** This was reported under action items.

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

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

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

#### CEO**[[#146]]**S REPORT:

Union Negotiations **[[#150]]** Dan reported the three-year union contract ends this year. He expects negotiations for an additional three-year contract will begin in this fall.

Legislative Report **[[#150]]** Vernon Dalton, Daryl Eriksen and Dan Kessler reported.

#### POWER SUPPLY: Dan reported

QUANTUM RESOURCES, INC.: There was nothing to report at this time.

#### OTHER BUSINESS:

Mary Wright asked for the boards approval to attend the 1999 NWPPA Annual Meeting in Calgary, Alberta.

As there was no further business to come before the board, the meeting was adjourned at 3:10 pm.

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

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

**May 21, 1999**

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, May 21, 1999 at 9:55 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., Chief Executive Officer and Clay Fitch, Chief Operations Officer. Also present was Amanda Bourne, Executive Secretary and company attorney, Robert O., Vaughan.

### ACTION ITEMS:

The minutes of the regular meeting of April 16, 1999 were approved as written.

Dan reported to the board the need to borrow \$436,000.00 from the NCSC Line of Credit, to pay off all vendors and to allow for cash flow. Following a discussion, IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY S.J. SMITH AND PASSED UNANIMOUSLY TO APPROVE A \$436,000.00 LOAN.

The board discussed the possibility of recovering some of the losses made by past employee errors. Following a discussion, IT WAS ON MOTION BY S. J. SMITH, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO CONTACT THE COMPANY **[[#146]]**S ERRORS AND OMISSIONS INSURANCE COMPANY REGARDING RECOUPING LOSSES PREVIOUSLY MADE BY PAST EMPLOYEES.

NCSC Loan Documents **[[#150]]** The next matter to come before the meeting was the matter of approval of a loan in the sum of \$1,200,000.00 to be borrowed by the Company from National Cooperative Services Corporation (NCSC), to be guaranteed by Wells Rural Electric Company. After due consideration of the matter, IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE THE FOLLOWING RESOLUTION:

RESOLVED, that the Company establish a loan and authorize borrowing from NCSC in an amount which shall not at any one time exceed One Million Two Hundred Thousand Dollars (\$1,200,000.00) (the "Loan Amount"), for a term of ten (10) years, subject to the provisions of the loan agreement substantially in the form submitted to this meeting (the "Loan Agreement"), and to pay such interest rate or rates as shall be prescribed therein; and,

RESOLVED, that each of the individuals named below is hereby authorized to execute and deliver the Loan Agreement on behalf of the Company, to execute any future amendments to said Loan Agreement as such individual may deem appropriate within the Loan Amount so authorized, and to execute such further documents as may be necessary or appropriate in order to comply with NCSC **[[#146]]**s requirements, including but not limited to a security agreement, substantially in the form submitted to this meeting, granting to NCSC a security interest in all of the Company **[[#146]]**s assets and revenues, and financing statements in order to perfect said security interest; and,

RESOLVED, that NCSC shall be entitled to rely upon the direction of such officer or employee of Company as NCSC reasonably believes is authorized on behalf of the Company to request and receive funds pursuant to the Loan Agreement; and,

RESOLVED, that NCSC is hereby authorized to receive, review and make copies of any financial statements, documents, reports, contracts or other materials as NCSC may reasonably request from time to time in connection with the Loan Agreement; and,

RESOLVED, that each of the following persons be, and each of them is, authorized in the name and on behalf of the Company, to execute and deliver the Loan Agreement and all such other instruments, make all such payments and do all such other acts as in the opinion of the 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, Vernon Scott
- Secretary/Treasurer, Mary A. Wright Assistant Sec., S.J. Smith
- Assistant Sec., Orlin Kidner

The meeting recessed at 11:15 am and was called back to order at 11:30 am.

#### EXECUTIVE SESSION:

An executive session was not held.

#### FINANCIAL REPORT:

The 1<sup>st</sup> Quarterly Report was mailed to the board for their review. Dan and Clay gave a detailed report on all areas of Quantum, explaining the new reports in depth. The board made a number of recommendations to be implemented into future reports.

Gerald Anderson excused himself from the meeting.

#### OTHER BUSINESS:

As there was no further business to come before the board, the meeting was adjourned at 1:25pm.

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

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