

**HTML contains invalid UTF-8 character(s)****MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF  
WELLS RURAL ELECTRIC COMPANY****March 19, 1999**

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, March 19, 1999 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, and Mary A. Wright. S. J. Smith was not present.

Staff members present were Daniel L. Kessler, Jr., Chief Executive Officer, Clay 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 February 12, 1999 were approved as written.

**ADDITIONS TO AGENDA:**

ACRE Foundation

**SAFETY FIRST VERSE:**

Remember that lowering is preferable to lifting, and pushing is preferable to pulling when moving materials.

**EXECUTIVE SESSION:**

An executive session was held.

**NEXT \$ FOUNDATION:**

Audrey Spratling of the Next \$ Foundation reported that Geri Smith of Wells has replaced former board member Debra Bussard and board member Terrie Lundy has submitted her resignation.

Donations made since the formation of the foundation through 1998 are as follows: Wells -\$9,358.99; Wendover - \$8,500.00; Clover Valley -\$1,750.00; Starr Valley - \$1,000.00; Ruby Valley - \$750.00; and Miscellaneous - \$480.00. Donations made in the first quarter of 1999 total \$8,000.00.

The board requested being copied on all future Next \$ Foundation meeting minutes.

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

RFP Proposal/Negotiations [[#150]] Dan and Don reported the next step of the propane acquisition is to prepare a Memo of Understanding. The Memo of Understanding is a non-

binding agreement that states that Wells Rural Electric Company agrees to negotiate with Wells Propane. The structure of a Memo of Understanding was presented. Dan reported that Attorney, Gary DiGrazia will be preparing it.

Based on the Request for Proposal and EBITDA, Dan proposed the following ranges to begin negotiations:

purchase price of \$5,000,000,000 to \$7,000,000,000

down payment of 20% to 25%

projected expenses of \$20,000

Following a discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE THE PROPOSED NEGOTIATION RANGE.

Due to a conflict of interest Daryl Eriksen excused himself from the RFP Proposal/Negotiations discussion.

A recess was called at 10:50 am. The meeting was called back to order at 11:10 am.

B. Wendover Medical Clinic Donation **[[#150]]** Dan recommended postponing making a donation at this time until he is able to collect further information on the clinic. IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO TABLE THE WENDOVER MEDICAL CLINIC DONATION.

C. NRECA International Programs Division **[[#150]]** The money that is collected through donations would be spent on materials, equipment and supplies to help with the damage of Hurricane Mitch in Central America. Following a discussion, IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO APPROVE A \$1,000.00 DONATION IN EITHER MATERIALS OR MONIES TO THE NRECA INTERNATIONAL PROGRAMS DIVISION.

Legal Fees **[[#150]]** Dan reported receiving a letter from Mr. Robert Vaughan regarding rates for legal services. Mr. Vaughan requested a less than 1-percent increase for 1999. IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE THE PROPOSED RATES FOR LEGAL SERVICES.

RUS Buyout **[[#150]]** Following a discussion, IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE THE FOLLOWING RESOLUTION.

RESOLVED, that Wells Rural Electric Company ("Borrower") establish a line of credit and authorize borrowing from the National Rural Utilities Cooperative Finance Corporation ("CFC") in an amount which shall not at any one time exceed Ten Million Dollars (\$10,000,000,000) (the "Line of Credit Amount"), for a term of sixty months, subject to the provisions of the Line of Credit Agreement substantially in the form of submitted to this meeting, a copy of which is attached hereto (the "Agreement"), and to pay such interest rate or rates as shall be prescribed in the Agreement; and,

RESOLVED, that the Chief Executive Officer of the Borrower be and is hereby authorized to execute the Agreement on behalf of the Borrower, to execute any future amendments to said Agreement as such individual may deem appropriate within the Line of Credit Amount so authorized, and to execute such further documents as may be necessary or appropriate in order to comply with CFC **[[#146]]**'s requirements between CFC and the Borrower, enforceable in accordance with its terms; and

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

RESOLVED, that the appropriate officers are authorized to take all other actions they deem advisable to carry out the purpose of these resolutions."

Energy Co-opportunity **[[#150]]** Dan explained that Energy Co-opportunity is a national cooperative, based out of Herndon, Virginia that was created because electric cooperatives expressed an interest in entering the propane distribution business. By becoming a member of Energy Co-opportunity electric cooperatives will have the support of a national cooperative instead of each acting individually. Following a discussion, IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE THE \$5,000.00 MEMBERSHIP FEES FOR ENERGY CO-OPPORTUNITY.

Y2K Audit **[[#150]]** Dan recommended obtaining a request for proposal for an audit to be done to check Wells Rural **[[#146]]**'s Y2K compliance. Six bid letters will be sent to companies interested in completing the request for proposal. IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE OBTAINING BIDS FOR A Y2K AUDIT.

BPA Fuel Cell Program **[[#150]]** Dan and Don gave a presentation on the many possibilities of future fuel cells. BPA is looking to partner with their utility customers to field test ten proton exchange membrane fuel cell units. The initial cost of the fuel cell would be one-half of BPA **[[#146]]**'s cost of \$50,000. The term of the project would be one year, at which time Wells Rural would have full ownership. Following a discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY DARYL ERIKSEN AND PASSED UNANIMOUSLY TO APPROVE FUNDS FOR THE FUEL CELL PROGRAM WITH BPA.

#### SAFETY MINUTES:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY JERRY PARKIN 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 43 NEW MEMBERSHIPS AS REVIEWED: WELLS **[[#150]]** 7; CARLIN **[[#150]]** 16; WENDOVER, NV **[[#150]]** 16; AND WENDOVER, UT **[[#150]]** 4.

#### INFORMATION ITEMS:

Studies Update:

Strategic Plan **[[#150]]** Dan reported.

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.

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

Grass Roots **[[#150]]** Dan reported staff would have a plan for the Grass Roots Program put together for review at April**[[#146]]**s board meeting.

NRECA Annual Meeting **[[#150]]** D. Vernon Dalton, Jerry Parkin, Dan and Clay reported.

NRECA Legislative Conference **[[#150]]** Dan reminded the board the of NRECA Legislative Conference in Washington DC May 3 **[[#150]]** 5.

A recess was called at 12:25 pm. The meeting was called back to order at 12:40 pm. Gerald Anderson left the meeting.

Power Supply:

Don Angell gave a report on the following: BPA Subscription/Rate Case, Wendover Power Factor, Transmission/FERC Issues, Nevada Restructuring, Distributed Generation and Newmont.

Quantum Resources, Inc.:

Dan reported receiving a call from John Ellison of Ellison Electric regarding buying Ellison Electric. Discussion ensued. It was the consensus of the board not to pursue the purchase.

A letter from a former Quantum employee was discussed, as well as a response letter from the company attorney.

OTHER BUSINESS:

ACRE Foundation **[[#150]]** It was brought to staffs**[[#146]]** attention that some of the directors**[[#146]]** names are not listed as their membership being paid. Jim Su**[[#146]]**euga will confirm with ACRE on memberships. It was reported that the ACRE membership year is from September 1 of each year to August 31<sup>st</sup>.

Dan reported on a possible ACREfest during the summer, which members will be invited to a barbecue and asked to join ACRE. Drawings will be held for those who become a member of ACRE.

As there was no further business to come before the board, the meeting was adjourned at 2:00 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.**

**March 19, 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, March 19, 1999 at 2:00 pm. The meeting was presided over by President D. Vernon Dalton.

Directors present were: D. Vernon Dalton, Daryl Eriksen, Robert Harris, Orlin Kidner, Lois Nannini, Paul Neff, Jerry Parkin, Vernon Scott, and Mary Wright. Gerald Anderson and S. J. Smith were 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 February 12, 1999 were approved as written.

**ADDITIONS TO AGENDA:**

There were no additions to the agenda.

**EXECUTIVE SESSION:**

No executive session was held.

**FINANCIAL REPORT:**

Dan reported the auditors would have a detailed reported for the board in April.

Dan gave an update for the Electrical Division and Service Division.

**OTHER BUSINESS:**

Dan reported reviewing the business plan and will be looking at getting out of the electrical construction phase of Quantum and keeping all future jobs in Northeast Nevada.

Dan reported six employees were let go.

As there was no further business to come before the board, the meeting was adjourned at 2:15 pm.

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

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