

HTML contains invalid UTF-8 character(s)**MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF
WELLS RURAL ELECTRIC COMPANY****January 21, 2000**

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, January 21, 2000 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, S. J. Smith, and Mary A. Wright.

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

ACTION ITEMS:**APPROVAL OF MINUTES:**

The minutes of the regular meeting of December 15, 1999 were approved as written.

ADDITIONS TO AGENDA:

Vernon Dalton asked that the recent board retreat be added. The board agreed to this addition.

SAFETY FIRST VERSE:

Power tools help us get the job done. Make sure it gets done safely by following all the manufacture[[#146]]s recommended safety measures. And remember, never take shortcuts.

EXECUTIVE SESSION:

An executive session was not requested.

BYLAWS (BOB VAUGHAN):

Company attorney, Bob Vaughan presented his recommendations of change for Articles I - V. Following a thorough and lengthy discussion, IT WAS ON MOTION BY S. J. SMITH, SECONDED BY ORLIN KIDNER TO ADOPT THE BYLAWS AS PRESENTED, WITH THE EXCEPTION OF STRIKING THE WORD "BONA FIDE" IN ARTICLE III, SECTION 2-3(a)(2); AND STRIKING THE WORD "RURALITE" IN ARTICLE III, SECTION 10-2 .

Discussion continued. MARY WRIGHT MOVED, GERALD ANDERSON SECONDED TO AMEND THE MOTION TO HAVE ARTICLE III, SECTION 2-3(a)(2) READ "HAVE A RESIDENCE WITHIN THE CORPORATION SERVICE AREA".

Following further discussion, MARY WRIGHT WITHDREW HER AMENDED MOTION, GERALD ANDERSON WITHDREW HIS SECOND.

Discussion continued, MARY WRIGHT MOVED TO AMEND THE ORIGINAL MOTION TO STRIKE THE WORD "CONTINUOUS" IN ARTICLE III, SECTION 2-3(a)(2). AMENDED MOTION DIES FOR LACK OF A SECOND.

Discussion ensued, MOTION FAILED WITH A VOTE OF THREE FOR AND SEVEN OPPOSED.

It was the consensus of the board to hold a committee meeting of all directors to discuss the bylaws, Monday, January 31st at 8:00 am in the Wells Rural boardroom in Wells.

Mr. Vaughan reported the legislature has amended employment practices concerning discrimination. He will be making the appropriate recommendations to the Employment Practices Policy and will submit to the board.

The board recessed at 10:45 am. The meeting was called back to order at 11:00 am.

BOARD RETREAT

Directors reported on the following topics from their retreat: industry restructuring; distributed generation; member issues; other diversification issues; compensation/retirement; board self-evaluation; grass roots and propane. A lengthy discussion took place.

The meeting was adjourned for lunch at 11:50 am. The meeting was called back to order at 1:50 pm.

The discussion on the board retreat topics continued. IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY ORLIN KIDNER TO APPROVE THE FOLLOWING RESOLUTION.

RESOLVED, that the Board of Directors of Wells Rural Electric Company withdraws its approval previously granted to management to negotiate a proposed purchase of Wells Propane Company.

Following further discussion, IT WAS ON MOTION BY PAUL NEFF AND SECONDED BY MARY WRIGHT TO TABLE APPROVING THE RESOLUTION UNTIL FURTHER INFORMATION WAS RECEIVED AT THE FEBRUARY BOARD MEETING. MOTION TO TABLE FAILED.

Discussion continued, PREVIOUS MOTION TO APPROVE THE RESOLUTION WAS PASSED WITH SEVEN FOR AND ONE OPPOSED.

A recess was called at 3:30 pm. The meeting was called back to order at 3:40 pm.

CEO[[#146]]S REPORT:

Cost of Service Study [[#150]] Dan reported, he will not have any recommendations until the February board meeting.

Board Chairs [[#150]] IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO TABLE THIS DISCUSSION UNTIL THE FEBRUARY BOARD MEETING.

Rule No. 11 [[#150]] Dan presented the recommended changes to Rule No. 11. IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE THE PROPOSED CHANGES. See Attachment A.

Board Meetings for February and March **[[#150]]** Due to scheduling conflicts, Dan asked the board to consider changing the February and March board meetings. IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY S. J. SMITH AND PASSED UNANIMOUSLY TO HOLD THE REGULARLY SCHEDULED FEBRUARY BOARD MEETING ON THURSDAY, FEBRUARY 17, 2000 AT 9:00 AM AND THE REGULARLY SCHEDULED MARCH BOARD MEETING ON FRIDAY, MARCH 10, 2000 AT 9:00 AM.

Jarbidge Shovel Brigade **[[#150]]** Dan reported of two petitions to help Elko County stop the closure of forest service roads and recreational areas. The board was informed of the location of the petitions.

Touchstone Energy **[[#150]]** Following a discussion, IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO APPROVE A THREE YEAR COMMITMENT WITH TOUCHSTONE ENERGY TO PAY DUES OF \$1.40 PER \$1,000 ON NON-CONTRACT LOADS (\$7,062.55 FOR 2000 DUES).

Capital Credits **[[#150]]** IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE RETURNING \$590,088 OF CAPITAL CREDITS IN 2000 TO ITS MEMBERS.

NRECA 125 Cafeteria Plan **[[#150]]** IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE THE FOLLOWING RESOLUTION.

WHEREAS, Wells Rural Electric Company is a member of the National Rural Electric Cooperative Association ("NRECA"); and

WHEREAS, NRECA has established the NRECA Section 125 Cash or Benefits Plan ("Cafeteria Plan") effective June 1, 1989 for the benefit of each of its members ("Members"); and

WHEREAS, NRECA has updated the Cafeteria Plan and Member desires to adopt the amended and restated Cafeteria Plan; and

WHEREAS, the adoption of the Cafeteria Plan by Member will allow Member **[[#146]]**s eligible employees to pay for their health care costs and dependent care costs on a pre-tax basis; and

WHEREAS, it is considered desirable and in the best interests of Wells Rural Electric Company and such eligible employees to provide a method to enable employees to pay for their health care costs and dependent care costs on a pre-tax basis.

NOW, THEREFORE IT IS RESOLVED, that the Cafeteria Plan, amended and restated effective January 1, 2000, and it hereby, is adopted by Wells Rural Electric Company, effective January 1, 2000, for the benefit of its eligible employees.

BE IT FURTHER RESOLVED, that Wells Rural Electric Company wishes to include in the Cafeteria Plan, the following;

NRECA SEC. 125 Premium-Only-Plan Benefit Option (POP)

NRECA SEC. 105 Medical Reimbursement Benefit Option (MRB)

NRECA SEC. 129 Dependent Care Assistance Benefit Option (DCAB)

BE IT FURTHER RESOLVED that Wells Rural Electric Company agrees to pay NRECA an administrative fee for establishing and maintaining the Cafeteria Plan of (a) \$3.00 per flexible spending account(s) participant per month, and (b) \$1.00 for each flexible spending account(s) reimbursement check issued, and as these fees may periodically be amended.

BE IT FURTHER RESOLVED that the officers of Wells Rural Electric Company hereby are authorized and directed to take any and all action required to implement the Cafeteria Plan including, but not limited to, the execution of a plan document and any trust agreement which may be required to implement the Cafeteria Plan.

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 ANDERSON AND PASSED UNANIMOUSLY TO APPROVE 48 NEW MEMBERSHIPS AS REVIEWED: WELLS **[[#150]]**3; CARLIN **[[#150]]** 6; WENDOVER, NV **[[#150]]** 29; AND WENDOVER, UT **[[#150]]** 10.

INFORMATIONAL ITEMS:

POWER SUPPLY:

Don Angell reported on the following power supply issues; BPA Subscription/Rate Case, Newmont, Wendover Power Factor, Transmission/FERC, Nevada Restructuring, Federal Restructuring, and Distributed Generation.

STUDIES UPDATE:

Cost of Service **[[#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:

Workplan 2000 **[[#150]]**2001 **[[#150]]** Dan asked the board**[[#146]]**s permission to present this at the February board meeting. There were no objections.

Gas Update **[[#150]]** This was discussed during the report on the board retreat.

CoNEXTions **[[#150]]** Dan reported.

WREC Website **[[#150]]** Dan reported on the current website and the plans for a future member interactive site.

Grass Roots **[[#150]]** Dan and Jim reported on the Candidate Training Schools and the possibilities of setting up three schools in Nevada.

Y2K Closure **[[#150]]** S. J. Smith stated that he felt the Y2K Team, staff, and all employees that were involved with Y2K should be commended for their efforts. The board agreed and IT WAS ON MOTION BY S. J. SMITH SECONDED BY MARY WRIGHT AND PASSED UNANIMOUSLY TO NOTE THIS COMMENDATION IN THE MINUTES OF THE MEETING.

RUS Buyout **[[#150]]** Dan reported Wells Rural is no longer a RUS borrower as of December 20, 1999.

QUANTUM RESOURCES, INC.

There was nothing to report at this time.

OTHER BUSINESS

Mary Wright spoke with a retired board member who expressed his disappointment in not having a Christmas party.

As there was no further business to come before the board, the meeting was adjourned at 4:50 pm.

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

Attached you will find the Quantum Resources Organization Chart. Please note the Chief Executive Officer and Chief Operations Officer positions are still part-time positions.

We have a Manager of Systems, which includes administration and safety. That position has six people who report to him/her.

The Manager of Electric Division has ten people reporting to him/her.

The Supervising Accountant, who is the new position we spoke to you about during the board meeting, has four people reporting to him/her. This position reports to the COO/CEO.

This is a total of twenty-three positions, including the Supervising Accountant position, which has not been filled yet. This is the table of organizational chart that was approved in June 1999, with the exception of the Supervising Accountant position approved January 2000.

Any questions regarding the Table of Organization can be directed to me or Clay Fitch.

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

January 21, 2000

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, January 21, 2000 at 1:00 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 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.

ACTION ITEMS:

Approval of Minutes - The minutes of the regular meeting of December 15, 1999 were approved as written.

ADDITIONS TO AGENDA:

Vernon Dalton asked that the recent board retreat be added. The board agreed to this addition.

The board asked staff to supply an organizational chart with the minutes.

A discussion continued. IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY JERRY PARKIN, AND PASSED UNANIMOUSLY TO APPROVE THE FOLLOWING RESOLUTION.

RESOLVED, that management shall present to the board of directors a set of at least three consulting firms to develop an updated business plan for Quantum Resources, Inc. The board shall hear, review and evaluate proposal presentations from each consulting firm. The business plan should address the following issues:

- The purpose of the business
- Its benefit to Wells[#146] members
- Its products and services
- Its current and potential markets
- Its ability to offer those products and services competitively
- Management and organization
- Financial projections
- Reporting
- An exit strategy
- The potential to restructure the business as a cooperative

EXECUTIVE SESSION

An executive session was not held.

FINANCIAL REPORT

Dan and Clay presented the updated financial information through November 1999. Discussion followed.

OTHER BUSINESS:

As there was no further business to come before the board, the meeting was adjourned at 1:48 pm.

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

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