

HTML contains invalid UTF-8 character(s)**MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF
WELLS RURAL ELECTRIC COMPANY****July 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, July 21, 2000 at 9:45 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, Vernon Scott, S. J. Smith and Mary A. Wright. Jerry Parkin was absent.

Staff members present were Clay R. Fitch, Chief Executive Officer. Also present was Amanda Bourne, Executive Secretary. Larry King, BPA; Don Angell, consultant and Mike Cromie, Manager, Engineering and Operations attended portions of the meeting.

ACTION ITEMS:**APPROVAL OF MINUTES:**

The minutes of the regular meeting of June 21, 2000 were approved as written.

ADDITIONS TO AGENDA:

There were no objections to add the following items:

- Continental Lime Power Supply and Electrical Service Agreement
- Board Compensation

SAFETY FIRST VERSE:

Fire hazards increase in hot weather. Keep all combustible materials away from barbeques, campfires and burning barrels. Know where fire-fighting equipment is located and maintain a clear access to that location.

ACTION ITEM REPORT:

Nominating Committee Report **[[#150]]** IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE THE SUBMITTED NOMINATING COMMITTEE REPORT. (Attached)

Expense Budget **[[#150]]** Following a discussion, IT WAS ON MOTION BY PAUL NEFF, SECONDED BY GERALD ANDERSON AND PASSED UNANIMOUSLY TO APPROVE THE EXPENSE BUDGET FOR 2000.

Long Term Debt **[[#150]]** The "Power Vision Loan" which enables Wells Rural to borrow up to \$56 million was presented to the board. Following a discussion, IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY S. J. SMITH AND PASSED UNANIMOUSLY TO APPROVE THE FOLLOWING RESOLUTION:

WHEREAS, the Board of Wells Rural Electric Co. (herein called the "Cooperative"), has approved the Cooperative[[#146]]s request to apply for CFC pre-approved financing, and

WHEREAS, the Board has been advised by its counsel that the Cooperative is legally constituted, is in compliance with all applicable statutory, regulatory and other legal requirements;

NOW THEREFORE BE IT RESOLVED, that Wells Rural Electric Company, make application to National Rural Utilities Cooperative Finance Corporation (CFC), Herndon, Virginia for a CFC Power Vision long-term loan in the amount of \$56,000,000.00 to provide for future financing needs.

Continental Lime Supply and Electric Service Agreement [[#150]] Clay presented the proposed Supply and Electric Service Agreement for Continental Lime to the board. The agreement would be for the period of 2001 through 2006 with an option to extend the agreement through 2011. IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY LOIS NANNINI AND PASSED UNANIMOUSLY TO ACCEPT THE CONTINENTAL LIME SUPPLY AND ELECTRIC SERVICE AGREEMENT AS PRESENTED.

Board Compensation [[#150]] IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE A REVISION TO POLICY 1-6 WHERE DIRECTORS WILL BE PAID \$200.00 FOR ATTENDING BOARD/COMMITTEE MEETINGS. (Attached)

SAFETY MINUTES:

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

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE 78 NEW MEMBERSHIPS AS REVIEWED: WELLS [[#150]] 6; CARLIN [[#150]] 23; WENDOVER, NV [[#150]] 34 AND WENDOVER, UT [[#150]] 15.

INFORMATIONAL ITEMS:

Larry King, BPA [[#150]] Larry King gave a report on pre-subscription and subscription for future power purchases.

A lunch recess was called at 12:20 pm. The meeting was called back to order at 1:30 pm.

DEPARTMENT OR OTHER REPORTS

The following reports were included as information in the agenda:

- Strategic Plan
- Outage
- Office Services
- Finance and Administration

Clay reported the Strategic Planning Report will be given at the August meeting.

BOARD REPORTS

There were no reports given

POWER SUPPLY:

Engineering/Operations Bi-Annual Report **[[#150]]** Mike Cromie reported.

Don Angell reported on the following topics: BPA Subscription/Rate Case; Newmont Issues; Wendover Power Factor; Nevada Restructuring; Federal Restructuring; and Distributed Generation.

Following a discussion, IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY S. J. SMITH AND PASSED UNANIMOUSLY TO INCLUDE IN WELLS RURAL ELECTRIC COMPANY/BPA **[[#146]]**S SUBSCRIPTION CONTRACT FOR THE FIRST FIVE YEARS A STEPPED RATE OF THREE YEARS AND THEN ADJUSTED FOR TWO YEARS AFTER.

The board discussed the Environmentally Preferred Product offered by BPA. BPA proposed everyone buy a portion of green power, which would result in a number of benefits for the cooperative and BPA. Following the discussion, IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE PURCHASING THREE QUARTERS OF A MEGAWATT OF THE ENVIRONMENTALLY PREFERRED PRODUCT FOR FIVE YEARS.

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

CEO Activities **[[#150]]** Clay reported.

Denison Culture Model **[[#150]]** The board agreed to participate in an on-line survey, which will also include management and employee responses. Clay explained by conducting the survey WREC hopes to benchmark the current status of Wells Rural Electric. The cost for the survey is \$1,000.00.

Articles of Incorporation **[[#150]]** Clay reported he has not received anything back from the attorney and will have a report at the August meeting. A discussion ensued.

Next \$ Foundation **[[#150]]** Clay reported a total of \$77,156.28 has been donated to the Next \$ Foundation, with \$40,331.17 being donated throughout the communities.

Future Board Meetings **[[#150]]** Clay reported the following topics will be covered in future board meetings:

- August - Subscription Contract WREC/BPA
- Draft Articles of Incorporation
- September - Strategic Plan
- Annual Meeting (September 16th)
- October - Tom Strait presentation

The board reviewed the biographies of the candidates running in the board election. IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO APPROVE THE SUBMITTED BIOGRAPHIES. Ballots will be mailed to the members on August 21st and will be counted on September 8th.

QUANTUM RESOURCES, INC.

There was nothing to report at this time.

OTHER BUSINESS

A hand out on H Power was given to the board for their review.

EXECUTIVE SESSION

An executive session was not held.

As there was no further information to discuss, the meeting was adjourned at 4:15 pm.

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

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

July 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, July 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, Vernon Scott, S. J. Smith and Mary Wright. Jerry Parkin was absent.

Staff members present were Clay R. Fitch, Chief Executive Officer. Also present was Amanda Bourne, Executive Secretary.

ACTION ITEMS:

Approval of Minutes - The minutes of the regular meeting of June 21, 2000 were approved as written.

ADDITIONS TO AGENDA:

There were no additions.

FINANCIAL REPORT

Clay presented the updated financial information through May 2000.

SALE OF QUANTUM RESOURCES, INC.

A Tentative Purchase Proposal for Ownership was handed out for the boards **[[#146]]** consideration. The board discussed at length the details of the proposal. A second plan was discussed which would be to terminate the electrical contracting business by not bidding on new upcoming contracts. IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY LOIS NANNINI AND PASSED UNANIMOUSLY TO ACCEPT THE PURCHASE PROPOSAL FOR OWNERSHIP SUBMITTED BY MARK SWOPE, EMPLOYEE REPRESENTATIVE OF QUANTUM RESOURCES, INC. The board agreed to have staff negotiate a contract for Wells Rural Electric to exit the rental agreement of the office space in Elko.

Clay read a proposed press release explaining the sale of Quantum Resources, Inc. The board accepted the press release but agreed to add an explanation to the customers of the Med-Alert Program, which addresses that their services will be continued under Wells Rural Electric Co.

IT WAS ON MOTION BY PAUL NEFF, SECONDED BY MARY WRIGHT AND PASSED UNANIMOUSLY TO AUTHORIZE CLAY FITCH, CEO TO SIGN ALL LEGAL CLOSING DOCUMENTS FOR THE SALE OF QUANTUM RESOURCES, INC,

OTHER BUSINESS

As there was no further business to come before the board, the meeting was adjourned at 10:05 am.

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

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