

From the Boardroom...

Regular meeting of the Board of Directors held December 30, 2013

The meeting was called to order by President Densil Allen. Robert Simmons, Secretary of the Cooperative, caused the minutes of the meeting to be kept. The following Directors were present: Max Swisegood, Clark Bredehoeft, Paul Nolte, Dale Jarman, Richard Strobel, Densil Allen, Robert Simmons and Stan Rhodes. Also present were General Manager Mike Gray, Admin. Asst./Benefits Admin Kim Lewis, and cooperative attorney Matt Krohn. Director Sandra Streit was absent.

APPROVAL OF AGENDA

After discussion, the agenda was approved with the addition of choosing an NRTC delegate and alternate.

APPROVAL OF MINUTES

The unapproved minutes of the regular meeting of the board of directors held Nov. 21, 2013, were approved.

REVIEW OF EXPENDITURES FOR AUGUST

An itemized list of expenditures for October was presented to the board, and the payment of the bills was ratified.

APPROVAL OF REPORTS

The following November 2013 reports were approved: Operating Report (RUS Form 7) and Comparative Operating Statement including the Financial Statistical Report with month and budget comparisons and statistical data pertaining to operating revenue, expenses, margins, assets, liabilities, and KWH sales; Treasurer's Report and the written monthly Construction, Retirement, Maintenance and Operations Report. Gray reported that West Central Services, L.L.C. shows approximately \$40,000 profit for the year. He noted year-end Form 7 should show the cooperative is in good financial shape. Gray also reported on ice storm outages and outages caused by the attempted copper theft at the Levasy Substation.

SAFETY REPORT

Gray reported no lost time accidents during the month. Employees have now worked 1,294 days without a lost-time accident. He reported on insurance notes and a MECIP refund.

MEMBERSHIPS

The applications submitted for membership in the cooperative were accepted and approved. Directors reviewed a list of requests for termination of membership in the cooperative which, along with their requests that their billings be deducted from their deposits and the remainder, if any, be refunded to them, were accepted and approved.

AMEC REPORT

Gray and Director Bredehoeft reported on their attendance at a Dec. 4 meeting. They relayed information from AMEC regarding solar power and its affect on the electric cooperative system.

N.W. ELECTRIC POWER COOPERATIVE, INC. REPORT

Gray and Director Nolte reported their attendance at the December board meeting and shared highlights of the meeting, including a rate increase passed by NW for next year.

NRECA, CFC AND NRTC VOTING DELEGATE

The board elected Swisegood as the voting delegate and Bredehoeft as the alternate for the 2014 NRECA annual meeting and CFC meeting, as well as the 2014 NRTC annual meeting.

AMECPAC CORPORATE DONATION

Directors approved a \$500 donation to AMECPAC.

SAFETY CONSULTANT

Directors decided to allow requests for proposals for a safety consultant.

MANAGER'S REPORT

Manager Mike Gray provided his Manager's Report for the month. He reported on the following: 1) action. coop update; 2) letter from an environmental proponent; 3) the new phone system at the cooperative and the new phone numbers; 4 RUS loan approval and that the cooperative can draw down funds; 5) employee awards banquet; 6) office improvements and carpeting; 7) retreat agenda and the board meeting scheduled for Friday, Jan. 24.

UNFINISHED BUSINESS

Disconnect policies and practices were discussed.

NEW BUSINESS

Bredehoeft reported on a new AMEC dress policy, after which the directors voted upon a dress code of business casual or better.

EXECUTIVE SESSION

Directors adjourned into executive session, followed by reconvening to the regular meeting.

MEETING ADJOURNED

| FINANCIAL REPORT • <i>Statement of Operations</i> • December 2013 | | | |
|---|------------------|-------------------|-------------------|
| | This month | YTD 2013 | YTD 2012 |
| Revenue | 2,729,035 | 26,102,407 | 23,905,871 |
| Power Bill Expense | 1,582,912 | 15,602,805 | 15,216,133 |
| Operation & Maint. Expense | 423,219 | 5,751,314 | 5,543,244 |
| Depreciation Expense | 149,952 | 1,779,347 | 1,735,197 |
| Interest Expense | 117,830 | 1,369,687 | 1,351,277 |
| Total cost of Srvcs. (Total Expense) | 2,273,913 | 24,503,153 | 23,845,851 |
| Operating Margins (Revenue less Expenses) | 455,122 | 1,599,254 | 60,020 |
| Other Margins | 916,291 | 1,106,575 | 794,433 |
| TOTAL MARGINS | 1,371,413 | 2,705,829 | 854,453 |