

From the Boardroom...

Regular meeting of the Board of Directors held June 28, 2016

The meeting was called to order by President Densil Allen, Jr. Robert Simmons, secretary of the cooperative, caused the minutes of the meeting to be kept. The following Directors were present: Max Swisegood, Clark Bredehoeft, Richard Strobel, Sandra Streit, Dale Jarman, Stan Rhodes and Jeremy Ahmann. Also present were General Manager Mike Gray, General Counsel Shawn Battagler and Bill Edwards, CFC.

COST OF SERVICE AND RATE REVIEW

Bill Edwards of CFC gave a presentation on cost of service and rate making.

APPROVAL OF AGENDA

After discussion, the agenda was approved.

APPROVAL OF MINUTES

The unapproved minutes of the regular meeting of the board of directors held May 26, 2016 were approved.

REVIEW OF EXPENDITURES FOR MAY

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

APPROVAL OF REPORTS

The following May 2016 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.

SAFETY REPORT

Gray presented the safety report and reported 54 days without a lost-time accident.

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

Bredehoeft and Gray reported on their attendance at the AMEC board meeting. Highlights included an update on the initiative petition and assessment to members, poll results, Consumers for Energy Fairness, lawsuit to block campaign finance ballot measure, executive committee activities, Youth Tour, succession planning and an NRECA scholarship awarded to a WCE member.

N.W. ELECTRIC POWER COOPERATIVE, INC. REPORT

Gray and Swisegood reported on their attendance at the N.W. meeting. Highlights included discussion regarding substation fuses, cost of service study, closing of ConAgra plant in Trenton and an AECl update regarding operations and sales.

AECl ANNUAL MEETING REPORT

Board members reported on their attendance at AECl's annual meeting. Highlights included Jim Jura's retirement celebration and new CEO David Tudor.

FACILITIES DISCUSSION

Gray presented information on cost estimates for updating facilities and presented information regarding engineering and consulting recommendations, bidding and proposals.

ANNUAL MEETING

Gray presented a preliminary agenda for the annual meeting which was approved. The board resolved to appoint cooperative counsel Battagler and parliamentarian of the meeting, and resolved that the ruling of the parliamentarian for all matters, whether substantive or procedural, shall be final. The board discussed voting eligibility and a member request for ballot language from last year's meeting.

MANAGER'S REPORT

Gray provided his Manager's Report for the month which included an update on annual meeting notices and preparations, the death of Garold Scobee, the new NRECA CEO, an auditor report scheduled, the Governor's breakfast at the state fair, member concerns regarding the rate increase and CFC Integrity Fund. Directors voted to donate \$250 to the CFC Integrity Fund.

UNFINISHED BUSINESS

None.

NEW BUSINESS

None.

MEETING ADJOURNED

FINANCIAL REPORT • Statement of Operations • May 2016

	This month	YTD 2016	YTD 2015
Revenue	1,733,990	10,584,876	11,182,083
Power Bill Expense	1,206,916	6,749,153	<u>6,850,307</u>
Operation & Maint. Expense	248,853	1,041,020	<u>1,317,900</u>
Depreciation Expense	166,101	824,353	<u>788,244</u>
Interest Expense	<u>102,164</u>	<u>514,765</u>	<u>537,099</u>
Total cost of Srvc. (Total Expense)	1,724,034	9,129,291	9,493,550
Operating Margins (Revenue less Expenses)	(258,252)	116,168	362,541
Other Margins	<u>6,519</u>	<u>76,433</u>	<u>90,025</u>
TOTAL MARGINS	(251,733)	192,601	452,566