

From the Boardroom...

Regular meeting of the Board of Directors held August 25, 2016

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, Richard Strobel, Stan Rhodes, Jeremy Ahmann and Sandra Streit. Absent was Dale Jarman. Also present were General Manager Mike Gray, General Counsel Shawn Battagler and Kevin Kelso, CPA.

AUDIT REPORT

Kevin Kelso, CPA, presented the audit report of the 2015 financials, which was approved by the board.

APPROVAL OF AGENDA

After discussion, the Agenda was approved.

APPROVAL OF CONSENT AGENDA

The board approved its consent agenda consisting of the minutes of the regular meeting held July 28, 2016; minutes of the reorganizational meeting held Aug. 5, 2016; new membership applications and membership terminations.

APPROVAL OF REPORTS

The following July 2016 reports were approved: Operating Report (RUS Form 7) and Comparative Operating Statement including the Financial Statistical Report with monthly budget comparisons and statistical data pertaining to operating revenue, expenses, margins, assets, liabilities, and KWH sales; Treasurer's Report; the written monthly Construction, Retirement, Maintenance and Operations Report and the Safety Report, which included 142 days without a lost-time accident.

AMEC REPORT

Gray reported his attendance at the AMEC meeting and highlights including driving simulators, solar discussions, a lawsuit to block a campaign finance ballot measure, Training and Development Committee activities and employee pay raises.

NW ELECTRIC POWER COOPERATIVE, INC. REPORT

Swisegood and Gray reported attending the NW meeting and shared highlights including substation fuse replacements, equipment purchases, storm outages, wind production, Missouri City plant closing, employee pay raises and an AECI update regarding operations and sales.

ANNUAL MEETING DISCUSSION

The board discussed the annual meeting including the mail-in balloting and ideas for future improvement.

REVIEW STANDING COMMITTEES

President Allen established the following committees:

Scholarship Committee: Simmons, Allen, Rhodes and Jarman

Wage & Salary Committee: Allen, Ahmann, Bredehoeft and Strobel

Bylaw & Policy: Swisegood, Jarman, Simmons and Ahmann

Strategic Planning: Streit, Jarman and Rhodes

MANAGERS REPORT

Gray presented the monthly Manager's Report which included an update on retirement plan rates, insurance rates, building renovation updates and upcoming events.

UNFINISHED BUSINESS

Directors discussed the issue of fiber optic cable to the cooperative headquarters.

NEW BUSINESS

Directors discussed attendance at the Governor's Ham Breakfast.

EXECUTIVE SESSION

The board entered into executive session and reconvened following.

ADJOURNMENT

Following the executive session, the meeting was adjourned.

FINANCIAL REPORT • *Statement of Operations* • July 2016

	This month	YTD 2016	YTD 2015
Revenue	2,438,368	15,352,718	15,377,017
Power Bill Expense	1,504,853	9,693,259	9,646,745
Operation & Maint. Expense	209,909	1,487,780	1,802,623
Depreciation Expense	167,453	1,158,346	1,108,957
Interest Expense	<u>105,693</u>	<u>709,622</u>	<u>609,103</u>
Total cost of Srv. (Total Expense)	1,987,908	13,049,007	13,167,428
Operating Margins (Revenue less Expenses)	176,892	435,020	502,245
Other Margins	<u>28,288</u>	<u>110,857</u>	<u>102,409</u>
TOTAL MARGINS	205,180	545,877	604,654