

From the Boardroom...

Regular meeting of the Board of Directors held January 28, 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, Jeremy Ahmann, Dale Jarman, Sandra Streit and Stan Rhodes. Also present were General Manager Mike Gray, general counsel Shawn Battagler and Office Manager Sandy Starke.

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 Dec. 22, 2015, were approved.

REVIEW OF EXPENDITURES FOR DECEMBER

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

APPROVAL OF REPORTS

The following December 2015 reports were approved: Operating Report (RUS Form 7) and Comparative Operating Statement including the Financial Statistical Report with month and budget comparisons, end-of-the-year financials and statistics, 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 reported no lost time accidents during the month.

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 reported on his attendance at the AMEC board meeting. Highlights included a discussion regarding annual meeting, directors' conference, legislative conference, initiative petitions and legislative activity.

N.W. ELECTRIC POWER COOPERATIVE, INC. REPORT

Gray and Swisegood reported their attendance at the NW board meeting. Highlights included a CFC update, AECl CEO search, NW financials and statistics and coal supplies.

2016 BUDGET

The board approved the 2016 budget as presented.

RATE DISCUSSION

Gray presented rate change information and alternative proposals in rate structure. The board voted to increase the residential service availability charge to \$1.22 per day.

DEFERRED REVENUE

Following discussion, the board voted to recognize \$900,000 of deferred revenue for 2015.

LOAN FUNDS

Directors voted to draw down \$4,000,000 in loan funds.

MANAGER'S REPORT

Gray provided his Manager's Report for the month. He reported on the following: pole attachment agreements and rate implementation.

UNFINISHED BUSINESS

None.

NEW BUSINESS

None.

FINANCIAL REPORT • Statement of Operations • December 2015

	This month	YTD 2015	YTD 2014
Revenue	2,177,348	26,165,722	2,548,079
Power Bill Expense	1,460,366	16,285,078	15,957,959
Operation & Maint. Expense	249,541	2,909,045	2,569,160
Depreciation Expense	163,238	1,919,268	1,836,036
Interest Expense	<u>133,225</u>	<u>1,195,535</u>	<u>1,340,706</u>
Total cost of Svcs. (Total Expense)	2,006,370	22,308,926	21,703,861
Operating Margins (Revenue less Expenses)	(128,842)	(152,078)	590,937
Other Margins	<u>845,755</u>	<u>999,033</u>	<u>943,147</u>
TOTAL MARGINS	716,913	846,955	1,534,084