

## MINUTES OF THE 72<sup>nd</sup> ANNUAL MEMBERSHIP MEETING

Lake City Community Church, Coeur d'Alene, Idaho, March 20, 2010

Doors opened for the 72<sup>nd</sup> Annual Membership Meeting of Kootenai Electric Cooperative at 8:30 a.m. for registration and browsing through the Peak Project booth, Washer/Dryer Fred's Appliance booth and the KEC Energy Efficiency display.

KEC Board President Ed Gossett called the meeting to order at 10:00 a.m. Boy Scout Troop 13 presented the colors and led the membership in the Pledge of Allegiance. Lake City Community Church Associate Pastor Tod Hornby gave the invocation.

Marketing Manager Larry Bryant facilitated the membership meeting and introduced special guests, including former KEC directors and representatives from affiliated businesses, organizations and cooperatives.

President Gossett introduced KEC General Manager Douglas Elliott, General Counsel Stephen Ayers and members of KEC's Board of Directors: Donna Boekel, Ron Bockstruck, Bill Swick and David Pratt. President Gossett also introduced the members of the Credentials and Elections Committee: Rodney Shriner, Jan Somers, Roger Walton, Jim Washko, David Odgers, Rhonda Amy and Rob Wert.

President Gossett appointed General Counsel Stephen Ayers as Parliamentarian and KEC Executive Assistant Terry Brown as Recording Secretary.

President Gossett read the notice of the annual meeting and proof of mailing. President Gossett announced that a quorum was present.

The draft minutes of the 2009 Annual Membership Meeting was included in the packets given to the members. It was moved, seconded and carried to dispense with the reading of these minutes and to approve the draft minutes of the 2009 Annual Membership Meeting as presented.

Treasurer David Pratt presented the treasurer's report and provided a summary of the Cooperative's 2009 audit performed by the auditing firm of DeCoria, Maichel & Teague. The purpose of the audit is to express an opinion on the financial statements of the Cooperative for the year 2009. In the opinion of DeCoria, Maichel & Teague, the financial statements present fairly, in all material respects, the financial position of Kootenai Electric Cooperative and were made in accordance with generally accepted accounting principals and in compliance with all federal regulations. Treasurer Pratt reported the Cooperative is in compliance with its loan agreements and with governmental financial requirements.

At the meeting, both Board President Gossett and General Manager Elliott updated the membership on Cooperative and industry events. This included details about future power supply needs, energy legislation, the cost of power and how our Cooperative continues to thrive. The Fighting Creek Landfill Gas Project was addressed, as well as the Peak Project.

On behalf of the Board of Directors, President Gossett thanked the membership for attending today's meeting and for their continued support of the Cooperative. Gossett thanked the Directors for their efforts and hard work during this past year. Also on behalf of the Board, President Gossett thanked and commended the Cooperative employees for their hard work and their dedication to the Cooperative. Gossett gave special thanks to those KEC employees in attendance at today's meeting.

Nominating Committee member Fred Muhs presented the Nominating Committee report. Other committee members appointed by the Kootenai Electric Board of Directors include Patricia Pierce, Shirley Jones, John Neirinckx, Bill Hickman, Terry LaLiberte and Joy Crupper. The objective of the Nominating Committee is to ensure the most qualified people are nominated for election to the Board of Directors, to clearly spell out the procedure for the Nominating Committee to do this consistent with the Bylaws and any other applicable legal requirements and to provide qualified candidates for Board consideration when filling a vacancy as defined by the Cooperative's Bylaws.

The following nominations were made:

<u>By Committee:</u>	District #1:	Ron Bockstruck, Incumbent
	District At-Large:	Crystal Musselman
		Roger Tinkey

After the candidates made their presentations to the members, President Gossett called upon the members to cast their ballots. He also asked the members to submit their written comments and questions on the cards provided to them.

General Manager Elliott addressed the proposed Bylaw changes and answered questions from the membership.

Proposal No. 1: Beginning in the year 2011, allow the Annual Meeting of the members to be held in March, April, May or June in lieu of only in March.

Proposal No. 2: (a) Establish that the members may, in addition to casting a ballot at a meeting of the members, cast their ballot by mail and (b) eliminate voting by proxy.

Proposal No. 3: Add to the qualifications for becoming and remaining a director that the person not be an employee or close relative of an employee on, or for four years prior to, the date the director would take office.

Proposal No. 4: Eliminate from the order of business at the Annual Meeting the nomination of directors.

Proposal No. 5: Change the duties of the Credentials and Elections Committee to bring them into conformity with state law regarding protests or objections concerning an election.

President Gossett called upon the members to cast their ballots for the proposed Bylaw changes.

President Gossett recognized past board members Steve Anderson, Wally Jacobson and Dale Pierce for their years of service to the Kootenai Electric Board of Directors, the Cooperative and the membership.

On behalf of the Kootenai Electric Trust Board, Chair Cathy Tinder reported on the continued success of the Operation Round Up® program. Since the program's beginning in November 2002, more than \$450,000 have been awarded in grants to KEC individuals in need and to worthy charitable projects in our area.

College scholarship winners were also recognized at the meeting. Kootenai Electric's Operation Round Up® Trust Board awarded \$1,000 scholarships to the children of 10 KEC members. The following students were selected: Benjamin Cooper, Post Falls; Brendan Foster, Coeur d'Alene; Nichole Gimmeson, St. Maries; Lauren Johnson, Coeur d'Alene; Nicole Nixon, Coeur d'Alene; Ryan Sacksteder, Athol; Robert Schrack III, Athol; Paul Sifford, Worley; Emma Soy, Coeur d'Alene and Kimberly Westrick, Rathdrum. The Trust Board has awarded 40 scholarships since 2007 and plans to offer the scholarship program again early next year.

Chair Tinder thanked the Trust Board members for their commitment to the program. Members include Carole Swick, Meredith Bryant, Dennis Wilson, Janet Parker, Joan Halverson and John Love. Tinder thanked the membership for their continued support of the Operation Round Up® program.

Marketing Manager Bryant gave a presentation on "Together We Save," the theme of today's Annual Meeting. He explained the web program that provides members the ability to develop methods that can reduce their energy consumption either through lifestyle changes or purchasing efficient products. This program can be accessed through the Kootenai Electric website @Togetherwesave.com. Members were encouraged to contact KEC to take advantage of energy rebates that the Cooperative offers.

The General Manager and the Board of Directors answered questions from the membership.

Credentials & Elections Committee Chair Roger Walton announced the vote tally:

District #1 – 341 votes cast, 171 necessary for election; 337 votes cast for Ron Bockstruck, 0 invalid ballots, 4 write-in ballots and 0 blank ballots.

District At-Large – 382 votes cast, 192 necessary for election, 139 votes cast for Crystal Musselman, 243 votes cast for Roger Tinkey, 1 invalid ballot, 0 write-in ballots and 0 blank ballots.

Proposal No. 1: 379 votes cast, 191 necessary for election, 315 "For" votes cast, 64 "Against" votes cast, 0 invalid ballots and 0 blank ballots

Proposal No. 2: 379 votes cast, 191 necessary for election, 321 "For" votes cast, 58 "Against" votes cast, 0 invalid ballots and 0 blank ballots.

Proposal No. 3: 379 votes cast, 191 necessary for election, 341 "For" votes cast, 48 "Against" votes cast, 0 invalid ballots and 0 blank ballots.

Proposal No. 4: 371 votes cast, 187 necessary for election, 283 "For" votes cast, 88 "Against" votes cast, 0 invalid ballots and 0 blank ballots.

Proposal No. 5: 373 votes cast, 188 necessary for election, 348 "For" votes cast, 25 "Against" votes cast, 0 invalid ballots and 0 blank ballots.

President Gossett declared those elected to the Kootenai Electric Board of Directors:

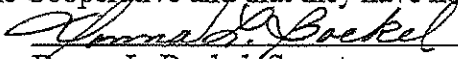
District #1: Ron Bockstruck

District At-Large: Roger Tinkey

President Gossett declared the passage of Proposals No. 1-5 to the Cooperative's Bylaws.

There was no unfinished business. A motion was made, seconded and carried, to adjourn at 12:48 p.m. President Gossett extended a special thanks to the Nominating Committee, the Credentials and Elections Committee, the Lake City Community Church and Boy Scout Troop 13.

I, Donna L. Boekel, Secretary to Kootenai Electric Cooperative, Inc. do hereby certify that the foregoing is a true and correct copy of the minutes of the 72<sup>nd</sup> Annual Membership Meeting of Kootenai Electric Cooperative, Inc. held at the Lake City Community Church, Coeur d'Alene, Idaho, this 20<sup>th</sup> day of March 2010 as it appears in the minute book of the Cooperative and that they have not been rescinded.

  
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Donna L. Boekel, Secretary