

MINUTES OF THE 75th ANNUAL MEMBERSHIP MEETING
Lake City Community Church, Coeur d'Alene, Idaho, April 30, 2013

Doors opened for the 75th Annual Membership Meeting of Kootenai Electric Cooperative at 5:00 p.m. for registration and visiting the exhibits which included member information, In-Home Display/Usage Explorer, PowerTown safety demonstration and volunteer opportunities.

KEC Board Chairman Ed Gossett called the meeting to order at 6:00 p.m. Director Roger Tinkey gave the invocation. Boy Scout Troop 13 presented the colors and led the membership in the Pledge of Allegiance.

Member Services Manager Chris Kastella facilitated the membership meeting and introduced special guests, including former KEC directors and representatives from affiliated businesses, organizations and cooperatives.

Chairman Gossett introduced KEC General Manager Douglas Elliott, General Counsel Brent Schlotthauer and members of KEC's Board of Directors: Ron Bockstruck, Terry LaLiberte, David Pratt, Jim Robbins, Bill Swick and Roger Tinkey. Chairman Gossett introduced the members of the Nominating Committee: Patricia Pierce, Shirley Jones, Ed Lockwood, Bill Hickman, Jeff Passer, Kim Erk and Joy Crupper. Chairman Gossett also introduced the members of the Credentials and Elections Committee: Don Gardner, Roger Walton, Steve Morman, Sam Meyle, Casey Amy, Rob Wert and Jim Washko.

Chairman Gossett appointed General Counsel Brent Schlotthauer as Parliamentarian and KEC Executive Assistant Terry Brown as Recording Secretary.

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

Along with the draft minutes of the 2012 Annual Membership meeting, the draft minutes of the 2011 Annual Membership Meeting were also included in the packets given to the members. Members present at the 2011 meeting moved and seconded to dispense with the reading of the minutes and to approve the draft minutes of the 2011 Annual Membership Meeting as presented. However, the matter was not brought to a vote prior to adjournment of the meeting. As such, approval of the 2011 draft minutes constituted unfinished business and the 2011 minutes were placed on the 2013 meeting agenda for membership consideration and approval.

It was moved and seconded to dispense with the reading of the 2011 draft minutes. The minutes were approved by the membership as presented. It was moved and seconded to dispense with the reading of the 2012 draft minutes. The minutes were approved by the membership as presented.

Audit Committee Chair Pratt presented the treasurer's report and provided a summary of the Cooperative's 2012 audit performed by the auditing firm of Moss Adams. The purpose of the audit is to express an opinion on the financial statements of the Cooperative for the year 2012. In the opinion of Moss Adams, 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 principles and in compliance with all federal regulations. Audit Committee Chair Pratt also reported the Cooperative is in compliance with its loan agreements and with governmental financial requirements.

Nominating Committee member Joy Crupper presented the Nominating Committee report. The objective of the Nominating Committee is to ensure the most qualified people are nominated for election to the Board of Directors and to do this consistent with the Bylaws and any other applicable legal requirements.

Member Services Manager Kastella introduced the candidates running for board office. The following nominations were made:

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

After the candidates made their presentations to the members, General Manager Elliott addressed the proposed changes to the Articles of Incorporation & Bylaws.

Proposal #1: Capital Credit Retirements. This proposal allows members the option of receiving their capital credit retirements at a discounted rate earlier than currently allowed by our Bylaws. It is anticipated this Bylaw change will reduce the number of capital credits which are unclaimed by prior members after they leave KEC's service territory

Proposal #2: Uncontested Elections. This proposal allows unopposed candidates to be elected to the Board through acclamation, thereby avoiding thousands of dollars in costs associated with printing, mailing and processing ballots unnecessarily. The proposal also cures a conflict in our Bylaws pertaining to term limits when a Director's first term of service is less than three years.

Proposal #3: Forms of Voting. There are two parts to this proposal. First, it provides another method for members to cast ballots in an election in addition to mail ballot or at the Annual Meeting. Electronic voting gives some members a convenient way to participate in the Cooperative's democratic process, which could potentially increase member participation. This could also reduce some of KEC's vote-by-mail costs. This proposal also directs the Board of Directors to determine which forms of balloting are most appropriate to the matter being considered. Secondly, it reduces the costs associated with run-off elections when one candidate for a director position does not win by majority. In these circumstances, members will be allowed to elect directors through instant run-off balloting

Proposal #4: Districting. This proposal vests the Board of Directors with the authority to periodically adjust district boundaries and the Director positions representing them. As KEC's service territory evolves, the Board would consider a number of factors such as geographic, regional, population, membership, economic development or other equitable considerations.

Chairman Gossett called upon the members who had not cast their ballot by mail to cast their ballot at this time for board candidates and for the proposed amendments to the Articles of Incorporation & Bylaws.

While the votes were being counted, Chairman Gossett and General Manager Elliott updated the membership on local and regional industry events and the state of the Cooperative. Details were provided about what KEC is doing to help members save energy, the value of the hydro system powering the Northwest and details about the rate pressures faced by our power supplier, Bonneville Power Administration (BPA), who will be increasing rates to KEC this fall. While KEC had no rate increase in 2012, BPA's rate increase will make it necessary for KEC to adjust rates to the KEC membership. Details about this will be forthcoming in the months to come, but it was emphasized that KEC will be looking out for its members.

On behalf of the Board of Directors, Chairman 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, Chairman Gossett thanked and commended the Cooperative employees for their hard work and their dedication to the Cooperative. Gossett also gave special thanks to those KEC employees in attendance at today's meeting.

On behalf of the Kootenai Electric Trust Board, President Cathy Tinder reported via video on the continued success of the Operation Round Up® program. Since the program's beginning in November 2002, the Trust Board has awarded more than \$600,000 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 Trust Board awarded \$1,000 scholarships to the students of 10 KEC members. The following students were selected: Mariah Bell, Karen Bryan, Luke Foster, Olivia Heisey, Leah Langdon, Trevor Masterson, Mercedes McComb, Kelsey Mein, Evan Paris and Jennifer Roman. The Trust Board has awarded 70 scholarships since 2007 and plans to offer the scholarship program again early next year.

President Tinder thanked the Trust Board members for their commitment to the program. Members include Carole Swick, Meredith Bryant, Dennis Wilson, Fred Muhs, Mark Haberman and Len Crosby. Tinder thanked the membership for their continued support of the Operation Round Up® program.

On behalf of the Credentials & Elections Committee, Chair Casey Amy announced the vote tally which combined the votes cast by mail-in-ballot and the votes cast in person at today's meeting. There was a total return of 3,417 votes cast. The results of this year's election are as follows:

District #1 – 3,001 votes cast; 1,501 necessary for election; 3,001 votes cast for Ron Bockstruck and 0 invalid votes.

District At-Large – 2,972 votes cast; 1,487 necessary for election; 2,972 votes cast for Roger Tinkey and 0 invalid votes.

Proposal #1 – 3,105 "For" votes cast and 277 "Against" votes cast.

Proposal #2 – 2,990 "For" votes cast and 397 "Against" votes cast.

Proposal #3 – Part 1: 3,099 "For" votes cast and 274 "Against" votes cast; Part 2: 3,079 "For" votes cast and 266 "Against" votes cast.

Proposal #4 – 3,033 "For" votes cast and 334 "Against" votes cast.

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


District #1:	Ron Bockstruck
District At-Large:	Roger Tinkey

Chairman Gossett declared the passage of Proposals No. 1-4 to the Cooperative's Articles of Incorporation & Bylaws.

On behalf of the Kootenai Electric Board of Directors, President Gossett extended special thanks to the Nominating Committee, the Credentials and Elections Committee, the Lake City Community Church and Boy Scout Troop 13. Also on behalf of the Board, President Gossett extended a special thank you to Executive Assistant Brown for her dedication and assistance to him as Board President and to the Board of Directors.

At the conclusion of today's meeting, members were invited to meet with Cooperative senior management and the Board of Directors for a Member Feedback and Questions Session. A motion was made, seconded and carried, to adjourn at 8:17 p.m.

I, Roger Tinkey, Secretary to the Board of Directors of Kootenai Electric Cooperative, Inc., do hereby certify that the foregoing is a true and correct copy of the minutes of the 75th Annual Membership Meeting of Kootenai Electric Cooperative, Inc., held at the Lake City Community Church, Coeur d'Alene, Idaho, this 30th day of April 2013 as it appears in the minute book of the Cooperative and that they have not been rescinded.



Roger Tinkey, Secretary

4/29/2014

Date of Approval