

MINUTES OF THE 74th ANNUAL MEMBERSHIP MEETING
Lake City Community Church, Coeur d'Alene, Idaho, April 24, 2012

Doors opened for the 74th 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 and volunteer opportunities.

KEC Board President Ed Gossett called the meeting to order at 6:00 p.m. Lake City Community Church Associate Pastor Tod Hornby 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.

President Gossett introduced KEC General Manager Douglas Elliott, General Counsel Brent Schlotthauer and members of KEC's Board of Directors: Donna Boekel, Ron Bockstruck, Terry LaLiberte, David Pratt, Bill Swick and Roger Tinkey. President Gossett introduced the members of the Nominating Committee: Patricia Pierce, Shirley Jones, Ed Lockwood, Bill Hickman, Fred Muhs, Kim Erk and Joy Crupper. President Gossett also introduced the members of the Credentials and Elections Committee: Rodney Shriner, Jan Somers, Roger Walton, Jim Washko, David Odgers, Casey Amy and Rob Wert.

President Gossett appointed General Counsel Schlotthauer 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 2011 Annual Membership Meeting were included in the packets given to the members. Members present at the 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 draft minutes constitutes unfinished business and shall be placed on the 2013 meeting agenda for membership consideration and approval.

Treasurer Pratt presented the treasurer's report and provided a summary of the Cooperative's 2011 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 2011. 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 also reported the Cooperative is in compliance with its loan agreements and with governmental financial requirements.

Nominating Committee member Muhs 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 #2:	Jim Robbins
	District #4:	Bill Swick, Incumbent
	District At-Large:	Terry LaLiberte, 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: Moving of Existing Language. The changes involve language that has been moved to another section, reworded to improve readability without changing its meaning and grammatically corrected.

Proposal #2: General Language Cleanup. There are two parts to this proposal. The first is the proposed language eliminates repetitive language and language no longer relevant throughout the Articles of Incorporation. The second part of the proposal also eliminates repetitive language and language no longer relevant throughout the Bylaws and reduces unnecessary constraints on conducting business meetings, such as the Annual Meeting.

Proposal #3: Vote-by-Mail Cleanup Language. The vote-by-mail language allows members unable to attend meetings in person to participate in the democratic processes of the Cooperative. The changes being proposed were overlooked in 2010 when the vote-by-mail process was originally adopted and are needed to maintain the original intent. The proposed language also improves efficiency in conducting mail-in voting.

Proposal #4: Governance and Director Officer Positions. The changes involve clarification of the Board's cooperative governance responsibilities and changes to the governance structure.

Proposal #5: Director Candidacy Nominations, Petition Candidacy and Director Qualifications. The proposed changes establish and safeguard the Nominating Committee's independence of the Board, the members' rights to run for vacant director seats by petition and the qualifications required to serve as a director.

Proposal #6: Patronage Capital. The proposed changes ensure all margins resulting from the Cooperative's operations are allocated to the members, unnecessary and unrelated charges are not assessed to members' patronage capital accounts and that Bylaw provisions dictating patronage capital management are in step with current cooperative tax law.

President 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, President Gossett and General Manager Elliott updated the membership on local and regional industry events and the state of the Cooperative. Details were provided about the rate pressures faced by our power supplier Bonneville Power Administration for the Fish and Wildlife Preservation program and equipment upgrades. The Fighting Creek Landfill Gas project construction is complete and generated 882,000 kWh of electricity during its first full month of operation. Investments were made in system improvements aimed at extending service to new members, improving service to exiting members and replacing equipment to improve reliability

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 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 \$500,000 in grants to KEC individuals in need and to worthy charitable projects in our area.

College scholarship winners were 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: Mackenzie Austin, Spirit Lake; Jennifer Bitner, Athol; Amanda Brison, Hayden; Whitney Brown, Dalton Gardens; Kaylee Kosareff, Hayden; Evan Lovel, Worley; Graydon Myhre, Harrison; Toni Ramsey, Hayden; Kierstie Shellman, Coeur d'Alene and Christie Wendle, Hauser. The Trust Board has awarded 60 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, Janet Parker, Len Crosby and John Love. 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 3,054 total votes cast. The results of this year's election are as follows:

District #2 – 2,880 votes cast; 1,441 necessary for election; 2,862 votes cast for Jim Robbins; 1 invalid vote; 17 *write-in votes and 0 blank votes.

District #4 – 2,797 votes cast; 1,400 necessary for election; 2,772 votes cast for Bill Swick; 5 invalid votes; 20 *write-in votes and 0 blank votes.

District At-Large – 2,830 votes cast; 1,416 necessary for election; 2,803 votes cast for Terry LaLiberte; 1 invalid vote; 26 *write-in votes and 0 blank votes.

*Write-in votes are considered invalid votes.

Proposal #1 – 2,863 "For" votes cast and 133 "Against" votes cast

Proposal #2 – Part 1: 2,915 "For" votes cast and 96 "Against" votes cast; Part 2: 2,920 "For" votes cast and 87 "Against" votes cast

Proposal #3 – 2,933 "For" votes cast and 76 "Against" votes cast

Proposal #4 – 2,843 "For" votes cast and 146 "Against" votes cast

Proposal #5 – 2,877 "For" votes cast and 115 "Against" votes cast

Proposal #6 – 2,859 "For" votes cast and 125 "Against" votes cast

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

District #2: Jim Robbins

District #4: Bill Swick

District At-Large: Terry LaLiberte

President Gossett declared the passage of Proposals No. 1-6 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. As noted earlier in the minutes there was unfinished business relating to a vote not being taken for approval of the 2011 minutes. This shall be placed on the 2013 meeting agenda for membership consideration and approval. A motion was made, seconded and carried, to adjourn at 8:00 p.m.

I, William R. Swick, Secretary to Kootenai Electric Cooperative, Inc. do hereby certify that the foregoing is a true and correct copy of the minutes of the 74th Annual Membership Meeting of Kootenai Electric Cooperative, Inc. held at the Lake City Community Church, Coeur d'Alene, Idaho, this 24th day of April 2012 as it appears in the minute book of the Cooperative and that they have not been rescinded.



William R. Swick, Secretary

4-30-2013

Date of Approval