

**MINUTES OF THE BOARD OF DIRECTOR'S MEETING WASHINGTON-ST.**  
**TAMMANY ELECTRIC COOPERATIVE, INC.**  
**TUESDAY, JUNE 10, 2014 AT 4:30 P.M..**

The Board of Directors of Washington St. Tammany Electric Cooperative, Inc., held a properly noticed board meeting on Tuesday, June 10, 2014 at 4:30 p.m. at the Franklinton, WST office. The directors noted below were present. The invocation was given by Rev. Leon Hickman including prayer for Mr. Singletary. The Pledge of Allegiance was led by Chick Boyd. Absent was Mr. Singletary who is out with illness.

Present:

Charles Graves

Chick Boyd

Francis Cefalu

Dennis Glass

Carey Bateman

Lawrence Cotton Jourdan

Rev. Leon Hickman

Billy Wayne Rester

Also present:

Walt Sylvest – Finance Manager

Charles M. Hughes, Jr. - Attorney

Minutes to the regular board meeting of May 13, 2014 were presented and read. Motion was made by Mr. Jourdan, seconded by Bateman to approve the minutes as submitted. Motion passed unanimously.

Ms. Coylean Schloegel, marketing director for the co-op, made a presentation regarding charitable contributions for the year 2014. Several donation requests were reviewed by the board. After discussion, authorization was given by the board to Ms. Schloegel for certain charitable donations.

Manager Charles Hill circulated the tax return of the cooperative for review by the board. The board reviewed the same and after discussion, motion was made by Mr. Glass, seconded by Mr. Boyd to authorize director of finance, Walt Sylvest, to execute and return the tax return of the cooperative on behalf of WST. Motion passed unanimously. Discussion was held concerning the cooperative's employee savings plan and trust option replacement program and information was circulated by Manager Hill with regards to that. Proposed changes for the replacement procedures were discussed and after discussion, motion was made by Mr. Bateman, seconded by Mr. Jourdan to increase the option plan from 2 years to 3 years as set forth in the replacement procedures circulated to the board. Motion passed unanimously.

Mr. Hill indicated that the NRECA regional meeting will be held soon and voting delegates needed to be designated by the cooperative. After discussion, motion was made by Rev. Hickman, seconded by Mr. Glass to nominate Mr. Charles Hill as the WST voting delegate for this meeting. Motion passed unanimously. Mr. Hill noted that the ALEC annual meeting is set for July 27-29, 2014, in Baton Rouge and urged any directors interested in attending to get with Sherri Goss to make arrangements for same. Mr. Hill also indicated that a voting delegate was needed for the meeting in the event that votes regarding GRESCO, the national wholesale material supplier for the cooperative

were needed. After discussion, motion made by Rev. Hickman, seconded by Mr. Glass authorizing Mr. Hill as the delegate and to authorize proxy voting if proxy voting is afforded. Motion passed unanimously.

Mr. Hill circulated information to the board regarding the 2013 NRECA National Directors Study survey results which had recently been release. The study set forth a methodology and reporting activities for the survey which had been conducted across the nation on directors serving on cooperative boards. Discussions was held concerning the findings of the study including findings on governance, director activities, director compensation, governing policies, health benefits, meeting types, communications plans, transparency as well as demographic information on cooperatives and directors. Discussion was held concerning per diem and other compensation received by WST directors as well as directors across the country. After discussion, motion was made by Mr. Boyd, seconded by Mr. Jourdan to increase the per diem for monthly meetings of WST cooperative directors from \$200 to \$500. Motion passed unanimously.

Motion was made by Mr. Boyd, seconded by Rev. Hickman to go into executive session to discuss legal issues. Motion passed unanimously. Executive session was held. Motion was made by Mr. Glass, seconded by Rev. Hickman to come out of executive session. Motion passed unanimously and the regular meeting resumed. Motion was made by Mr. Glass, seconded by Rev. Hickman to authorize Mr. Hill to proceed with the acquisition of property as discussed in executive session. Motion passed unanimously.

Mr. Hill gave a presentation of the finance and administration report which included a purchase power and sales information summary. Purchases are up approximately 15% year to date as a result of cold weather, particularly in January. Year revenue up 11.2% and year sales are up 14.9%. Equity has increased in the cooperative to nearly 37 million dollars and remains over 19%. Mr. Hill also reviewed the RUS Form 7 statement of operations reflecting favorable patronage in capital and margins. The board also reviewed the cooperative's data on transmission and distribution plant and the cooperative's balance sheet, which reflects total utility plant of nearly 215 million dollars. Peak purchase KW demand stood at 182.218, according to the RUS Form 7 Part R. The board reviewed the statement of cash flows and the 2014 capital budget. Year to date key ratios were reviewed reflecting 9.8 consumers per mile of line and cost for KWH purchased at 4.5 cents. The board also reviewed key indicators of the cooperative and the WST debt schedule. The board reviewed April 2014 charge offs and motion was made by Rev. Hickman, seconded by Mr. Boyd to transfer accounts receivable to accounts uncollectible in the amount of \$6,283.38. The board reviewed the April check register reflecting expenditures of the cooperative for the month as well as statements for professional services rendered.

Mr. Hill presented the engineering and operations reports which reflected 148 staking jobs for the month of May. Total system peak stood at 182.218 MW, a high figure for April. The board reviewed overhead and underground work done by both WST and contractor crews, reflecting 562 service orders in the southern district and 591 service orders in the northern district, reflecting active crews on behalf of the coop. Contractor construction report for May was reviewed as well as the report for contractor activity

throughout the cooperative's service area. The board also reviewed vehicle maintenance, vehicle mileage and overtime hours.

The board reviewed the marketing report showing marketing efforts of the cooperative in the last month. Mr. Hill reported that Mr. Bruhl is recovering nicely and should be back at work soon. The board also reviewed the safety report for the month of April with the main topic of the month being spill prevention and contact awareness as well as Hazmat Training. All operation employees attended and line feed changes, two way feed changes, strapped over reclosers and other matters were also discussed. Motion was made by Mr. Rester, seconded by Mr. Bateman to approve the safety report. Motion passed unanimously.

Attorney Chuck Hughes presented the legal report and indicated that a lawsuit would be filed soon, per the board's direction, regarding a licensee who has not paid pole attachment fees.

There being no further business to be brought before the board motion was made by Rev. Hickman, seconded by Mr. Rester to adjourn. Motion passed unanimously and the meeting stood adjourned.

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Francis Cefalu, President

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Billy Wayne Rester, Secretary