

MINUTES OF THE BOARD OF DIRECTOR'S MEETING WASHINGTON-ST.
TAMMANY ELECTRIC COOPERATIVE, INC.
MONDAY, FEBRUARY 10, 2014 AT 5:00 P.M..

The Board of Directors of Washington St. Tammany Electric Cooperative, Inc., held a properly noticed board meeting on Monday, February 10, 2014 at 5:00 p.m. at the Franklinton, WST office. The directors noted below were present. The invocation was given by Rev. Hickman. The Board was led in the Pledge of Allegiance by Chick Boyd.

Present:

Also present:

Richard Singletary
Chick Boyd
Francis Cefalu
Dennis Glass
Carey Bateman
Lawrence Jourdan
Rev. Hickman
Billy Wayne Rester

Charles M. Hughes, Jr. - Attorney
Charles Hill – General Manager/CEO

Minutes of the regular board meeting of January 14, 2014 and the director search committee meeting of January 21, 2014, were presented and read. Motion was made by Mr. Jourdan, and seconded by Mr. Bateman to approve the minutes as submitted. Motion passed unanimously.

Mr. Charles Hill gave the managers report. Mr. Hill distributed the schedule and timeline for the WST Annual Meeting which is scheduled for Saturday, May 3, 2014 at 10:00 a.m. at Franklinton High School. Forms and letters of intention to run for the board for incumbent directors were distributed as well as drafts of the incumbent directors' candidate profiles. The three incumbent directors who are up for re-election all expressed an intent to run including Mr. Hoyt "Chick" Boyd, Mr. Dennis Glass and Mr. Richard Singletary. Mr. Hill also distributed a list of last years nominating committee members and asked all board members to update this list. Discussion was held concerning the need to approve a printing company for the printing of ballots for the annual meeting. After discussion, motion was made by Mr. Jourdan, seconded by Mr. Glass to award Franklin Press the contract for printing of the ballots for the annual meeting. Motion passed unanimously. Discussion was also held concerning the hiring of an auditor and CPA firm for the director's election. After discussion, motion was made by Mr. Rester, seconded by Mr. Glass to hire the CPA firm of Hawthorne, Waymouth and Carroll to act in this capacity. Motion passed unanimously.

Discussion was held concerning the need for extension for the CFC line of credit. The cooperative has a \$6 million line of credit that needs an extension due to planned construction work. After discussion, motion was by Mr. Bateman, seconded by Mr. Jourdan to create and adopt a resolution to authorize the execution of appropriate documents in order to obtain an extension for the line of credit with the CFC. Motion passed unanimously.

Manager Hill led the board in a discussion of the cooperative's finance and administration reports including a review of the purchase power and sales information and the RUS Form 7. Mr. Hill noted that revenues for the year 2013 were below budget due to mild weather and decreased sales but expenses were also below budget as a result of this same situation. Furthermore, actual expenses were down over \$100,000.00 from the previous year all due to tight fiscal management. As a result, the cooperative has stayed well within budget and is on very strong financial footing. Mr. Hill reported that the cooperative set an all time record peak as a result of January 2014 sales, which had a peak of 339 MW. Louisiana Generating, cooperative's power Supply Company set a record peak of 2525 MKW. Mr. Hill discussed the increases in monthly bills as a result of MISO pass through expenses reflective of transmission charges, basically due to unseasonably cold weather in January.

Discussion was held concerning damage to the Slidell office and necessary repairs. These repairs are needed in order to fix structural damage to the Slidell office. After discussion, motion was made by Mr. Boyd, seconded by Mr. Glass to authorize the expenditure up to \$25,000.00 for repairs to the Slidell office, as discussed. Motion passed unanimously. It was noted that insurance should cover the vast expense of these repairs.

Mr. Hill led the board in further discussion of financial minors for the cooperative including a review of the RUS Form 7, Part R reflecting sales and revenue data. Statement of cash flows was review as well as the 2013 capital budget. Year to date ratios were discussed which reflected 9.8 consumers per mile of line, DSC at 1.16, TIER at 1.42, and equity at \$35,416,953.00, or 18.2%. The board reviewed the key indicators including accounts served, KWH purchased and other matters. Debt schedule was reviewed by the board as was December 2013 charge offs. After discussion, motion was made by Mr. Bateman, seconded by Mr. Singletary to approve the transfer of accounts receivable to accounts uncollectible in the amount of \$3,727.33. Motion passed unanimously. Mr. Hill again noted that this is an extremely low figure for a cooperative the size of WST, putting it in the very top percentiles in both state and national rankings. The board reviewed the December 2013 check register reflecting payments for goods and services to the cooperative as well as statements for professional services rendered.

Mr. Hill gave the engineering report and discussion was held concerning location of work orders for the cooperative. A total of 124 jobs were staked for the month of January 2014. Aid to construction stood at \$9,771.25. Total system peak for the month of January was 257.026MW.

Mr. Hill led the board in a presentation of the operations report, updating the board on overhead and underground work performed by both the cooperative as well as the cooperative's contractors. Discussion was held concerning right of way work, it being noted that nearly all right of way contracts have been completed with the exception of some work to be done at the Stateline area. Work has been performed in Stoney Point, Savannah Branch, Enon, Clinton, Hackley, Stateline, Pearl Acres, Slidell, Mandeville, Bolivar and Isabel areas. The board also reviewed the herbicide application services performed on cleared right of ways. The board reviewed vehicle maintenance, vehicle mileage and overtime hours.

Mr. Hill presented the marketing report reflecting marketing activities for the month of January. The safety report was also presented by Mr. Hill noting that meetings were held on both the northern and southern districts. The main topic for this month “7 common accident causes” and all operational employees attended the training. Line feed changes, two way feed changes, strapped over reclosers, etc. were also discussed with all employees present. After discussion, motion was made by Rev. Hickman, seconded by Mr. Singletary to approve the safety report as submitted. Motion passed unanimously.

Mr. Hill noted the upcoming events for the cooperative including the NRECA annual meeting March 2-5, 2014 in Nashville, TN, the WST annual meeting on Saturday, May 3, 2014 at Franklinton High School and the Legislative Cook-out on May 20, 2014 in Baton Rouge.

Mr. Hill reported that AT&T has fully paid its past due amounts arising out of WST’s claim for reimbursement for unauthorized pole attachments. Mr. Hill also gave the report to the cooperative concerning the performance of the co-op and power system in the recent cold weather. Mr. Hill reported that even in light of the record peak experienced by the co-op of 339MW there were no load problems and no problems in the system at all. The system also withstood the ice storms very well and all present were pleased and impressed with the co-ops performance in these dangerous events.

Motion was made by Mr. Bateman, seconded by Mr. Glass to go into executive session to discuss legal matters. Motion passed unanimously. Executive session was held. Motion was made by Rev. Hickman, seconded by Mr. Boyd to come out of executive session. Motion passed unanimously.

Discussion was held concerning WST truck drivers and the fact that WST is in compliance with all CDL requirements including CDL physicals. Mr. Hill confirmed that all WST drivers are licensed and qualified and possess all necessary qualifications.

President Cefalu called upon board member Dennis Glass to present the report and recommendations to the board from the director search committee. Mr. Glass described the committee’s process and the work that it had done, including review of resumes’ and actual interviews of candidates. Mr. Glass, reported that after the interview process, the committee came away very impressed by all four applicants for the position. Mr. Glass reported that, after due consideration, the committee has recommended Mr. Charles Graves of the Pearl River/Talisheek area as the top applicant to fill the director position vacated by untimely death of Mr. David C. Shaw. After discussion, motion was made by Mr. Singletary, seconded by Mr. Rester to accept the recommendation of the director search committee and to appoint Mr. Charles Graves as director for WST cooperative. Motion passed unanimously.

Discussion was held concerning the WST by-laws and qualifications for directors. Discussion dealt with the belief of many directors that any person serving as a director or standing as a candidate for director should be fully and currently paid on all accounts owed to the cooperative. Discussion was held. After discussion, motion was made by Mr. Glass, seconded by Rev. Hickman to amend the WST by-laws to read as follows, 4.02, “Qualifications” and section 4.06 “Nominations”, as follows with the amended language underlined: Motion passed unanimously.

SECTION 4.02. Qualifications. No person shall be eligible to become or remain a director of the Cooperative who is a close relative of an incumbent director or of an employee of the Cooperative, or is not a member in good standing of the Cooperative or of another electric cooperative which shall be a member thereof, and is receiving service from the Cooperative or such other cooperative at his primary residential abode. No person shall be eligible to become or remain a director of, or to hold any other position of trust in, the Cooperative who has not fully and currently paid the Cooperative for all amounts due the Cooperative from the member or any business, corporation, partnership or other entity owned or controlled by the member for eleven (11) of the past twelve (12) months prior to the members application for election as a Director, who is not at least eighteen (18) years of age, is in any way employed by or substantially financially interested in a competing enterprise, or a business selling electric energy or supplies to the Cooperative, or a business substantially engaged in selling electrical or plumbing appliances, fixtures or supplies primarily to the members of the Cooperative or who, while an incumbent director, is finally adjudged to be guilty of, or pleads guilty or nolo contendere to a charge of, a felony or who, although never having been a director, has been so adjudged or has so pleaded and at least ten (10) years has not elapsed after his having been fully pardoned or having completed his punishment therefore. Notwithstanding any of the foregoing provisions of this Section concerning close relative relationships, no incumbent director shall lose eligibility to remain a director or to be re-elected as a director if he becomes a close relative of another incumbent director or of a Cooperative employee because of a marriage or adoption to which he was not a party. Upon establishment of the fact that a nominee for director lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause him to be removed therefrom, as the case may be. Also, the office of a director shall become vacant if he misses as many as three (3) regular meetings of the Board of Directors during any twelve (12) consecutive regular meetings, unless the remaining directors unanimously resolve (1) that there was good cause for such absences and (2) that such cause shall not likely result in such absences during the ensuing twelve (12) consecutive regular Board of Directors meetings. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the directors have an interest adverse to that of the Cooperative.

SECTION 4.06. Nominations. It shall be the duty of the Board of Directors to appoint, not less than thirty (30) nor more than ninety (90) days prior to the date of a meeting of the members at which directors are to be elected, a Committee on Nominations, consisting of nine (9) members of the Cooperative who are not existing Cooperative employees, agents, officers, directors or known candidates for director, who are not close relatives (as hereinafter defined) or members of the same household thereof, and who are so selected that four (4) are residents of Washington Directorate District, four (4) are residents of St. Tammany Directorate District, and one (1) is a resident of Tangipahoa

Directorate District. The Committee shall pass upon the eligibility requirements of all nominees but shall make no nominations itself except for directorships, if any, for which there are no qualified nominees otherwise made. Any incumbent director may be a nominee by filing a letter to that effect with the Cooperative at least forty (40) days prior to the date of the member meeting at which such directorship is to be voted upon; and any other member may be a nominee by filing with the Cooperative a petition to that effect over the signatures of fifteen (15) or more members who are in good standing by the same date, and who has fully and currently paid the Cooperative for all amounts due to the Cooperative for eleven (11) of the past twelve (12) months prior to the members signature on the nominee's petition. The committee shall meet not less than thirty-five (35) nor more than thirty-nine(39) days prior to such meeting to take any required action, but shall not meet at all if no action by it is required. The Secretary shall mail to the members with the notice of the meeting, or separately, but at least ten (10) days prior to the date of the meeting, a statement of the names and addresses of all nominees, showing clearly those nominated by the Committee, if any, and those nominated by letter and/or petition. At the member meeting, nominations may be made from the floor unless the Board has provided for mail balloting for the election of directors, except that nominations may be in any event made from the floor for the filing of any directorate scheduled to be filled at such meeting if there would not otherwise be any eligible nominee for such election; PROVIDED, if the Board shall have provided for mail balloting, such ballots shall contain all nominee(s), identifying separately those nominated by the Committee, if any, and those nominated by letter and/or petition, and the ballots shall be mailed either with or separately from, but no later than the mailing of the notification required to be given by the Secretary, as set forth above. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of directors.

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