

Washington Electric Cooperative, Inc.

Board of Trustees Minutes

March 22, 2018

The Board of Trustees of Washington Electric Cooperative, Inc., met in regular session on Thursday, March 22, 2018. Chairman Paul Fleeman called the meeting to order at 8:59 a.m., in the Cooperative's meeting room at 440 Highland Ridge Rd., Marietta, Ohio. Trustees answering the roll call were Paul Fleeman, William Bowersock, Gale DePuy, Betty Martin, Brent Smith, Shawn Ray and Larry Ullman. General Manager/CEO Jack Bragg, Jr., Dean McMahan, and Matt Rakey and Jeff Harr of the BHM CPA Group were also in attendance. Allen Casto joined the meeting at approximately 9:45 a.m.

Ray moved to accept the minutes of the February 22, 2018, WEC board meeting. Ullman seconded the motion. Motion carried.

DePuy moved to accept the reports of capital credit estate retirements, new members of the Cooperative and the February 2018 safety report as presented by Bragg. Smith seconded the motion; motion passed.

Matt Rakey and Jeff Harr of BHM CPA Group presented the financial statement audit for the year ended December 31, 2017, in which BHM issued an unqualified opinion. The statements present fairly the financial position of WEC in all material respects in conformity with generally accepted accounting principles. There were no issues noted during the audit. It was noted that WEC continues to invest in the system with improvements and retire capital credits. Rakey complimented the WEC staff on their level of preparation, efficiency of providing additional information, and the general level of cooperation with the audit personnel. Ullman moved to go into executive session at 9:27 a.m., seconded by DePuy, for discussion with the auditors, motion passed and staff exited the boardroom. At 9:37 a.m. Ullman moved to exit executive session and return to open session, seconded by DePuy, motion passed and the staff returned. Rakey and Harr exited the meeting.

DePuy moved to accept the audited December 2017 financial report as presented by Director of Finance and Administration Dean McMahan after an in depth discussion of the results. Smith seconded the motion. Motion passed.

Bragg provided an update on the AEP Transmission Upgrade Project and the anticipated replacement of four WEC substations. Items discussed included the magnitude of the project, the projected timeline, and a summary fact sheet to assist in answering potential questions from the membership. Also discussed were the proposals for the construction of the South Olive substation and the acceptance of Vaughn Industries, LLC, as the successful proposer at \$1,494,400 as recommended by Power Systems Engineering, our consulting engineers. This amount represents both Vaughn's work product and the items provided by WEC in order for the proper bonding of the project to be obtained.

Bragg reported on the following meetings and topics:

- Summary of Buckeye Power board meeting of March 12.
- Approval of the tax abatement on March 6 by the Washington County panel that was recalculated by Washington County Auditor Bill McFarland and has actually amounted to approximately \$22,000 annually.
- Attending the Marietta and the Noble County Chamber dinners on March 12 and 15.
- Meeting with W.A. Kendall & Co. LLC to discuss the bid for the remainder of the 1400 circuit of South Olive substation.
- Update on the Monroe County road issues.
- A transcript was provided for each board member's NRECA education requirements.
- Discussed alternative date for the April board meeting and Monday April 30, 2018 is the meeting date.

Casto gave an update on the future upgrade of the Aclara (TWACS) metering system that will be required due to Oracle no longer supporting its current version. Anixter, the provider of our meters, has offered an upgrade special providing a discounted price for UMT-C meters with a disconnect module to replace the obsolete meters still in our system over the next four years. The discounted price will save WEC approximately \$800,000 over the current pricing for these meters. All were in agreement this was the most prudent path for WEC to follow. Bragg reported on upcoming events through a report and summary provided by Jennifer Greene, director of marketing and member services, who was attending the spring Marketing and Member Services Association conference and was absent from the board meeting.

The next WEC Board Meeting will be conducted on Monday, April 30, 2018, beginning at 9 a.m.

DePuy moved to adjourn. Martin seconded the motion. Motion passed. Adjournment was at 11:26 a.m.

Chairman

Secretary