

experience rating since 2009 due to BEC's excellent safety record. The lower rating led to combined savings of over \$20,600 in premiums from 2009 through 2014.

Eric noted that Carbon County is now under a Stage2 fire alert, which requires that no equipment powered by internal combustion engines be used after 1 PM. This means that BEC work crews and contractors must stop work at that hour. Eric will ask BEC crews to begin work at 7 AM, an hour earlier than at present, to facilitate maintaining the project work schedule. It is likely that Stillwater County will also declare a Stage2 fire alert.

Report from the Interim Director of Finance and Accounting: Bob

Bob is preparing for the annual June 30 audit. Capital spending has proceeded as planned, and cash balances have also fallen as expected. To date, Bob has drawn \$335,000 on BEC's line of credit. It will finance 2014 capital projects 50% with internally generated cash and 50% with long term borrowings from Rural Utility Service. The line of credit will convert to long term financing once projects are completed.

Committee Reports

Due Diligence and report on Southern: Arleen

See attached report.

The mediation among BEC and the three other cooperative members of Southern regarding BEC's exit from Southern continues. It will have to have a five year wholesale power contract to secure the financing that will allow it exit. Responses to Southern's request for proposal for a four year wholesale power contract are due August 20th. The responses will incorporate plans for BEC to purchase power should it exit from Southern. BEC must give 60 days' notice to its members before it enters into a long term contract. Board members and Richard have already begun preparing members that such a contract is pending.

The board discussed a letter to the board from Bruce Austin where he stated Lee Freeman, the initial bankruptcy trustee, had retained the services of Nancy Templeton of Katten Templeton to perform a forensic audit of Southern's activities in the years immediately preceding its bankruptcy. Templeton never prepared such an audit report. Austin therefore believes Southern should not pay Katten Templeton's invoice of \$61,603.

Dan moved and David seconded that BEC forward the Austin 07/29/14 e-mail letter to Arleen Boyd to each board member of Southern and its attorney(s), and that it indicates BEC strongly feels Katten and Temple, LLP's final fees and costs totaling \$61,912.52 should not be paid. Further, that the BEC representatives direct the Southern board to request a hearing as provided for in the Notice (Notice of Final Application for Professional Fees and Costs: Doc#: 1501-1, Filed 07/25/14) to vigorously dispute the Katten and Temple fee application. In the event that Southern rejects this request by BEC representatives, BEC will direct its attorney(s) to request the hearing. This must all be completed by the deadline of 08/07/14.

The motion carried unanimously.

See attached copy of the Austin letter.