

## **Bylaw Committee Report**

May 2013

The Bylaw Committee met on 5/8/13 in Red Lodge. Present were: Sharlene McComas, Mike Specht, Burt Williams, Joe Acciani, Charles Sangmeister, David Peterson, Roxie Melton, Richard Peck and Arleen Boyd.

The Committee reviewed Article VIII and approved final copy to be presented to the board pending review by counsel. Article X was approved for review by counsel. Article X may require additional review by the committee pending input from counsel.

The committee worked on additions to Article IV. These additions address requirements to notify members before entering long-term contracts, taking on long-term debt, or raising rates. Additionally the committee is working to draft language for notifying and getting approval from members for major debt outside the standard distribution budget requirements. This has been difficult to define and counsel is working on a version to return to the committee for review. The committee recommends that these items be added to Article IV rather than being addressed in Article X (financial matters).

Committee members have agreed to form a proof reading subcommittee to help prepare final copy for distribution to members before the annual meeting when the member vote on changes will be recorded. Items still under consideration for recommendation to the board include board committees and term limits.

Arleen Boyd, Chair, BEC Bylaw Committee

## NWPPA Conference Report

Richard Peck, Roxie Melton and Arleen Boyd attended the Northwest Public Power Association Annual Conference in Bellevue Washington. The panels and presentations were informative. One excellent panel was very useful from both a utility management and governance perspective. *Examining the Challenges & Opportunities of Running an Electric Utility* featured the general managers of major utilities in California, Oregon, and Washington. The managers provided practical advice about how to dovetail management action and board direction. The Sacramento manager noted the benefits following the establishment by their board of seventeen key strategies that help board set direction, evaluate proposed actions, make financial decisions, and evaluate the manager's performance. The strategies allow management to make decisions efficiently and help new board members focus and get up to speed quickly

BEC manager Richard Peck set up a number of important meetings for BEC with high level decision makers from organizations that could prove important and helpful as the board and its due diligence committee continue to address key debt and power supply issues. In each case we discussed current issues and established a framework for discussions going forward. We met with:

- CEO of National Rural Utilities Cooperative Finance Corporation
- Vice President of CoBank.
- CEO of Northwest Requirements Utilities, a power supply and transmission organization
- Bonneville Power Administration (BPA) Deputy Administrator
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Additionally we had two business meetings with EES Consulting -- one set up by Fergus Electric to discuss Highwood Generating Station valuation and the other to launch a financial valuation at BEC. We met informally with many public utility and co-op managers, board members and other decision makers.

Arleen Boyd, Due Diligence Chair

## **SME MEETING**

**May 15, 2013**

**The SME Board met at the HDR Building in Billings at 12:45 PM, Wednesday, May 15, 2013. Members present were: David Dover, President; Jim DeCock, Secy/Treas; Lee Howard; Pat Hoffman; Dee Dee Isaacs; and Gerhard Helm (seated to replace Jack Knoblock). Members absent were: Terry Frost and Arleen Boyd. Carrie Boyson took minutes.**

**Minutes of the April 16, 2013 meeting were read and approved.**

**Treasurers Report: Bank Balance is \$12,415.45. Taxes to Cascade County are payable in the amount of \$525.67. State and Federal Tax Returns were filed. State taxes were \$50 and nothing to the Feds.**

**SME was named as a defendant in the YVEC suit and was asked to sign a release for dismissal of the suit. The Board agreed to sign the release. David Dover, will sign on behalf of SME and authorize John Paul to sign court docs for the dismissal.**

**Keith Bales addressed the Board on the dissolution of IESS Corporation. At present IESS has a cash balance of \$17,396.76 and a receivable of \$28.20. Final expenses for the month of May are estimated at \$5,020.21 (including payroll to Tim Gregori in the amount of \$1,881.81 less payroll taxes, and \$1,111.40 to board members for the final board meeting. There is also a payment due to Douglas Wilson in the amount of \$2,000. If the State processes their closing certificate by the end of May, IESS should wind up with about \$12,000. If it runs into June, then it could end up with a balance of about \$5,000 to \$6,000, which could be paid to SME for the \$50,000 seed money.**

**Mr. Bales asked if there was any other documentation that SME needed and if so, Randy could provide it to SME. Pat Hoffman asked that P&L Statements and Balance Sheets for each of the years IESS existed be provided to SME.**

**The President indicated that he had gotten estimates for audits from 3 different CPA firms. The estimates run from \$5,000 to \$12,000. One firm indicated they would do a report for \$2,500 and one firm declined to give an estimate. It was the consensus of the Board that SME wait and have an audit done before**

**dissolving the corporation, due to lack of funds. Pat Hoffman questioned if we could even dissolve the corporation with all the liens that are filed against SME.**

**Insurance Estimate: Carrie completed the D&O application and David will sign for SME. The current cost of D&O insurance is \$4,876.00 and Liability coverage is \$872.00. Pat Hoffman had recommended at the April meeting that SME obtain prices from other companies. This has not been accomplished and the payment is due June 15<sup>th</sup>. Fergus will check with Federated. It was noted that SME might have difficulty finding coverage through other entities. The application will be sent to Cogswell, the current carrier.**

**The June meeting will be held June 26<sup>th</sup> at 1:00 PM following the meeting of the 4 cooperatives. The meeting was adjourned at 1:45 pm.**

**Report by Pat Hoffman, one of BEC's Representatives to the SME Board**