

**Minutes of the Regular Board Meeting of the
Jump River Electric Cooperative, Inc.**

July 31, 2018

A regular meeting of the Board of Directors of the Jump River Electric Cooperative, Inc. was held on Tuesday, July 31, 2018, at the Hayward outpost building in Hayward, Sawyer County Wisconsin.

- A. President Jerry Carow called the meeting to order at 9:00 a.m.
- B. **Roll Call.** Carow stated that all board members were present, being as follows: Jane Reich, District 1; Myron Brooks, District 2; Joe Lorence, District 3; Jerry Carow, District 4; William van Doorn, District 5; John Cerman, District 6; Lori Taguma, District 7; Walter Kruk, District 8; and Sandra Schara, District 9. Also present were General Manager James Anderson, Finance Manager Lori Davis, and Executive Assistant Tammy Bloomer.
- C. The **Pledge of Allegiance** was recited.
- D. Motion by Brooks, and seconded by van Doorn, to **accept the Agenda** as presented. Unanimously carried.
- E. **Open Comment Session.** No one in attendance.
- F. **June Regular Board Meeting Minutes** were presented and reviewed. Motion made by Brooks, and seconded by Schara, to approve the June Regular Board Minutes as presented. Unanimously carried.
- G. **Financial Report.** Davis reviewed the Monthly ACH Money Transfer. Davis also reviewed Cooperative's check numbers 83677 - 83815 and 83818 - 83856 for the period 6-06-18 through 7-05-18. Davis distributed June 2018 Financial Reports and highlighted the following: TIER, Operating Revenue, Cost of Purchased Power, Total Distribution Expenses, Sales Expense, Administration & General Expense, Distribution Expense-Operation, Distribution Expense-Maintenance, Depreciation, Gross Revenue Tax, Interest on Long-Term and Short-Term Debt, Donations, Total Operation Margins, Non-Operation Margins, and DPC Capital Credits. Davis continued to report on the June 2018 Form 7 Operating Report, pointing out the following: Service Data, Services & Miles of Line, Operating Statistics, Due on Energy Accounts, Transportation Cost, Number of Dusk to Dawn Lights, and Member Counts by District. A motion was made by Kruk, and seconded by van Doorn to approve sending the financial report to the Cooperative Auditors. Unanimously carried.
- H. **Operations Report.** Hayward Line Superintendent Joe Donnellan entered the meeting at 10:18 a.m. and reviewed the Operations Report, highlighting the following: Spray season to start the first part of August – Flambeau, Gilman, and south circuit out of Hannibal Subs, both Hayward and Ladysmith working on service upgrades, still not a lot of new services, CR-D project in the town of Willard to start the week of July 30th, Osmose pole testing set for early September, Storm hit the Ladysmith and Hannibal areas on July 12th – Hayward sent a crew down to help with the restore, 2017 Brushing contract is complete – Lake Sates did an excellent job, and its getting to that time of the year to start working on the 2019 budget. Motion made by Reich, and seconded by Kruk, to approve the Operations Report. Unanimously carried. Donnellan left the room at 10:44 a.m.
- The board recessed for break at 10:44 a.m. and reconvened at 10:52 a.m.
- I. **General Manager Report.** Carow signed the 219's. Anderson reviewed River Valley Architects, Member Straw Poll Results, NISC, Supervisor Control and Data Acquisition (SCADA) Study, Hayward Office Intern, Community Cents, Chippewa Valley Cooperative, Policies, Board Education, Employee Review and Job Descriptions, Background Checks, and Record Retention. Anderson also reviewed the Membership Application List, Membership Refund List, Director Expenses, Employee Safety & Activity Report, and the Outage Report for June. Anderson updated the board on LCO - with the approval of BIA and our counsel, talking points were made available to the members at Member Appreciation Day, also, published in the Wisconsin Energy Cooperative News (WECN) Magazine. Currently, we are waiting on approval from LCO to do an assessment of our electric property. There has been positive movement. Lorence made a motion, and seconded by Kruk, to accept the Manager Report. Unanimously carried.

J. **DPC Director Report.** Reich was at DPC on July 19 and 20 and reported on Board Governance and Policies. Reich attended a board leadership course - Power Supply in the 21st Century which touched upon battery storage, how the coal industry is going to the sidelines, twin cycle gas plants, and how this is going to influence our power industry. Reich continued to report on the Alma station - decommissioning the stack, Wholesale Power Rate Study last done in 2010 through 2011, all coops have signed the Wholesale Power Contract, and safety. A motion was made by van Doorn to approve the DPC Director Report. Second by Taguma. Unanimously carried.

K. **Director Reports.** Director Reports were uploaded to the Board-Paq prior to the meeting. Cerman commented on the District 3 Meeting at Barron Electric. Lorence commented on a comment made by a member at Member Appreciation Days. Carow read Thank you cards from Katie McEathron, Citizens' Climate Lobby, Northwoods Bluegrass Festival, Keith Dawson, Helaina Martinson, Camryn Skabroud, Flambeau's Project Graduation – Class of 2018, Lauren Zimmer, Alex Brost, and Elizabeth Sarauer.

L. **Unfinished Business.** Nothing to report.

M. **New Business.**

1. **CDs – Establishing Storm, Equipment and Building Funds.** Davis reported on the status of our current CDs and having the capability of rolling them into an investment account that could be used at the Cooperative's discretion, in doing so, setting up storm and building contingency funds. Davis contacted a number of financial institutions and found that CFC had some great options. Davis requested to roll CD's to a CFC investment fund and presented the Board with a resolution from CFC that would allow General Manager / CEO James Anderson to appoint Davis as the employee responsible for making CFC investments. Motion made by Cerman, seconded by Kruk to approve the CFC Resolution and roll CDs into CFC investments. Unanimously carried.

The board recessed for lunch at 12:12 p.m. and reconvened at 12:44 p.m. and went back to New Business, Item 1 – CDs – Establishing Storm, Equipment and Building Funds.

The Board moved to Item 3 - Seat Availability – WECA District 3 - Interest.

2. **Budget.** Anderson requesting that we increase the capital budget by \$230K to cover the installation of the SCADA system. Kruk made a motion to increase our capital work plan by \$230K, seconded by van Doorn. Unanimously carried.

The Board moved back to Item 6 - River Valley Architects.

3. **Seat Availability – WECA District 3 → Interest?** Anderson brought to the Directors attention that there is a seat available in District 3 – on the Wisconsin Electric Cooperative Association (WECA) Board. Discussion held. Kruk nominated Cerman, seconded by Reich. All in favor of allowing Cerman to run for WECA District 3 seat. Unanimously carried.
4. **Dairyland Power Cooperative (DPC) Wholesale Power Contract Resolution.** Anderson reviewed the DPC Wholesale Power Contract Resolution. Same resolution as before, with minor changes (wording). Motion made by Reich, seconded by Kruk to approve signing the DPC Wholesale Power Contract Resolution. Discussion held. Motion carried with Cerman Opposed.
5. **SCADA Study (Supervisory Control and Data Acquisition).** Anderson reported on the SCADA Study that was conducted in May. Discussion held on how the installation of this system could save the Cooperative money. Anderson would like the boards' approval to get this system up and running and is asking for a capital increase of \$230K for 2018. This lead to the opening of Item 2 - Budget.

6. **River Valley Architects – Findings.** Anderson went over the findings from River Valley Architects. A member straw poll was conducted at each of our Member Appreciation Days and found that there are significant concerns about the need for “due diligence” to cover all options, this was specifically directed towards the Armory. Anderson asked the board, on behalf of the members, if we should do a feasibility study on the Armory building and property and is looking for direction as to how we should proceed? Discussion held. Brooks made a motion, seconded by Kruk to spend the \$18K and proceed with the study. Discussion held. Roll call vote taken with Brooks, Kruk, and Schara in favor of and Reich, Lorence, Carow, van Doorn, Cerman, and Taguma against pursuing the study. Upon further review, consensus was to proceed with study of current site.
7. **Rules and Resolutions Committee – Interested Parties.** Anderson reviewed the participant list. Meeting scheduled for Monday, August 6, 2018 at the Ladysmith headquarters office.
8. **BLC / CCD Courses.** Anderson presented the Board Leadership Certificate (BLC) and Credentialed Cooperative Director (CCD) course schedule offered by National Rural Electric Cooperative Association (NRECA). Anderson noted that these classes can be completed in a one-week period. Anderson would like the board to entertain this option as we move forward with any new elected directors. Discussion held. Motion made by Kruk, seconded by Lorence to offer the new Board Members the NRECA BLC/CCD training. Motion carried with van Doorn and Brooks opposed.
9. **Review / Sign 2016 – 2017 Annual Meeting Minutes.** Board reviewed the 2016 – 2017 Annual Meeting Minutes with Taguma and Lorence signing accordingly.
10. **Annual Meeting – Speakers / Agenda Discussion.** Discussion held on the 2018 Annual Meeting. Guest speakers will consist of Linda Powers from River Valley Architects, an Auditor from CliftonLarsonAllen, and a representative from DPC; possibly Jeff Springer. Reich suggested that we have a touchtone video playing in the background as people are coming into the main entrance. Board discussed grand prize of a \$1,200 energy credit (\$100 per month) - must be present to win. A \$100 energy credit will be available as well – member must turn in ticket at the end of the meeting. Ballot counters will count the ballots on stage. 10:00 a.m. meeting start time, with registration beginning at 9 a.m. Ballot counters need to be present by 8 a.m.

The board moved to Item – 13 - Community Cents.

11. **Review Management Resolution Recommendations.** Anderson reviewed the management resolution recommendations to be presented to the members at the 2018 Annual Meeting: Proposed Arbitration Bylaw and Clarify Director Terms. Discussion held. van Doorn made a motion, seconded by Schara to support the Proposed Arbitration Bylaw. Unanimously carried. Brooks made a motion, seconded by van Doorn to support the Clarification of Director Terms Resolution. Discussion held. Board consensus was to proceed with amendment as presented. Unanimously carried.
12. **August Board Meeting.** Discussion held on August Board Meeting – which will consist of two days, starting at 9:00 a.m. both days. Sarah from Cooperative Finance Corporation (CFC) will be here on the 27th to go over board education. Attorneys’ Niles Berman and Barbra Klug will review revised board policies on August 28th.
13. **Community Cents Inc.** Anderson reviewed the Community Cents Resolution and asked the board to support Jump River Electric Cooperative in the form of Corporation. Papers have been filed and Anderson is asking for permission to keep moving forward with the process. Seven directors in favor of moving forward with the Community Cents Resolution with Cerman and Kruk opposed. Motion passed.

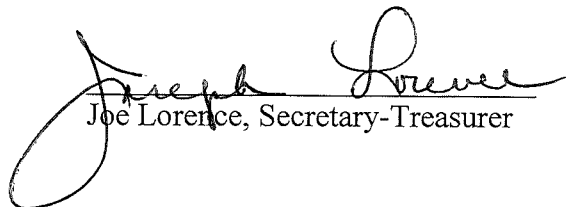
The board recessed for break at 3:21 p.m. and reconvened at 3:26 p.m.

Taguma left the meeting at 3:25 p.m.

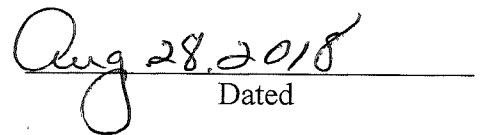
The board moved back to Item 11 – Review Management Resolution Recommendations.

14. **Executive Session.** A motion was made Reich by to go into Executive Session to discuss approval of Executive Minutes, Legal Matters, and Other Business at 3:44p.m. Seconded by Schara. Unanimously carried. Bloomer left the meeting at 3:45 p.m. A motion was made by Reich and seconded by van Doorn to move out of Closed Session at 4:17 p.m. Unanimously carried. Action was taken and is recorded in the Executive Session Minutes. Bloomer re-entered the meeting at 4:17 p.m.

A motion was made by Schara, and seconded by Brooks, to adjourn the meeting at 4:18 p.m. Unanimously carried.


Joe Lorence, Secretary-Treasurer

(CORPORATE SEAL)


Dated

JULY

District 2 Director Report

*Lost power in District 2 twice in July due to storms. Power was restored quickly in a matter of 2-3 hours.

*Attended member appreciation days at all 3 locations. Talked to many members. Did not seem to be many members dissatisfied with JREC services.

*Went to WECA district meeting July 17 at Baron Electric. Re-elected Dallas Sloan as District 3 manager/director for second three-year term.

WECA is financially strong and has resolved its issues with Cooperative Network and is moving forward.

*Jerry gave us a tour of JREC West of Ladysmith to Baron. The tour was interesting. I learned more about the Coop.

Myron

X

JREC Director's Report
Bill vanDoorn
District 5

July was a very active month. With customer (member) appreciation days I along with the other board members attended and shared a meal and had the opportunity to converse with the members of those respective areas of JREC. As a board member, I would like to have the Director's introduced or announced that they are present and available for the members to speak with.

While obtaining the remaining signatures for my nomination papers, I had the opportunity to have contact with several members of District 5. Our conversations were very enlightening in that many members understood why we had to change the rate structure. Concern was brought up regarding directors having access to cooperative credit card use. I explained that that policy is very limited and monitored very closely and may be eliminated in the future. The LCO easement issue was discussed with many members not being aware of the complexity of the issue.

I am hoping to retain my position on the board because I feel I am beginning to understand many of the complex issues concerning the Coop and its members.

Respectfully submitted,
Wm vanDoorn

District # 3 Director Report
Joe Lorence / Director
July report 2018

July 11th, 12th, 13th. I attended all 3 days of Member Appreciation Days. July 11 was in Jump River, 12th in Hayward, and the 13th in Ladysmith. All three days were very positive, and I managed to visit and discuss issues with numerous members in all 3 locations. Members had concerns as to how the co-operative was doing since the changes in Management and directors. Everything seems to be positive. Many questioned me about the tribal issues facing the co-operative and were wondering if there was any positive movement. Due to the fact it is a legal matter and we have ongoing negotiations I was very limited on what we could discuss but I assured members that there was positive movement and we were moving forward but it is going to take time to address all the issues involved.

I did talk to some of the seasonal members in the Hayward area that complained about the rate hike for them as they were only at their cabins a limited time during the year. I did try to explain why it was necessary.

Also in all 3 locations I was questioned about why we discontinued the appliance sales. People really seemed to like the service that was provided by JREC and said they really have very few options available to them especially our Senior members. I did try to explain that we were losing money on the service and it was decided to be discontinued. We did have lots of inventory to liquidate and we may revisit the issue at some future date.

On July 13th I attended my first District 3 joint meeting of the co-operatives in Barron. It was a good meeting and I was able to meet some of our fellow directors from other co-ops. We drove from Ladysmith cross country through the Bruce, Weyerhauser area where Jerry pointed out how far our service goes West from Ladysmith. I was surprised to learn we serviced members most of the way to Rice Lake. We have a very large area to maintain.

Resolution committee members from District #3 will be Gene Ludvigsen and Doug Disus.

I attended all three Appreciation Days for JREC members. It was interesting visiting with all the members and I am happy to say that our members are relatively comfortable with us and our coop. That being said I also canvased our area getting signatures for my nomination paper. Again that went well and the members of District 1 that signed did not have any issues with JREC OR me.

Jane Reich

Jump River Electric Cooperative
Board of Director Activities of July 2018
District Four-Jerry Carow

Attended a July 10th WECA District Meeting at Barron with Manager Jim Anderson and Board Members Myron Brooks and Joe Lorence and received an update of recent WECA activities and participated in District elections.

Attended Member Appreciation Days in Jump River-July 11th, Hayward-July 12th and Ladysmith-July 13th and had interactions with a considerable number of Members/Owners at all events. Had considerable discussion with Member/Owners on a personal basis concerning:

Difference in the Cost of providing service between Jump River and other providers. After the discussions it appeared all the Member/Owners I spoke with understood and were in approval of why there was a difference.

Easement issues were met with a difference in understanding depending which locality we were at. Hayward had the most persons with little knowledge the issue was even an issue. Many of the Member/Owners who were also tribal members had no knowledge the tribe was engaged in negotiations which would result in their own utility and when advised of the possibility stated they would like to stay with Jump River as a provider. Member/Owners from other areas all knew of the issue and agreed with the pursuit of settlement Jump River Electric was pursuing.

Several Member/Owners stated their belief that Jump River should have continued the Appliance Division or at least the service portion but most understood the Sales and Service could not be applied equally throughout the Cooperative.

Some members questioned the cost of the Member Appreciation Days but understood after explanation that this was the one time of the year a Member/Owner could meet and voice their opinions on a personal basis with the Directors they elect to serve as their voice throughout the year.

There was some discussion of underground and overhead service and the costs and reliability of each. No consensus was reached.

The Member/Owners seemed in a good mood and appreciative.

Lori Taguma
Jump River Electric Cooperative
Board of Directors Meeting
Hayward Office
District 7

July 30, 2018

Overview of Activities for July 2018:

July was an activity filled month. Jump River's Membership Appreciation Days were well attended, and the brats and ice cream were very appreciated by all. A few people inquired about the music, but there were many good conversations this year among the attendees. I was present at the Hayward and Jump River Offices for Appreciate Days, July 12th and 13th.

I also had a chance to attend the Barron Electric District meeting during the month, where they held elections. Their facility is state of the art, with a solar panel display on the grounds.

Regards,



Lori J. Taguma
District 7
Jump River Electric Board