

NOTICE TO MEMBERS OF BEARTOOTH ELECTRIC COOPERATIVE

Securing a two-year loan with CoBank for deposit into the RUS Cushion of Credit account was approved by the board at the July 25, 2017 board meeting. The board also voted to consider an additional loan from CoBank for an additional three years for deposit into the RUS Cushion of Credit account.

The RUS Cushion of Credit program allows borrowing cooperatives to deposit money with RUS that may be used to make debt payments to RUS. By law, the account pays 5% annual interest. The RUS interest payments on the Cushion of Credit account are directly deposited in the co-op's Cushion of Credit account for use in debt payment. On July 25, 2017, the BEC Board approved moving forward with an RUS Cushion of Credit account.

Current interest rates are lower than 5% providing BEC the opportunity to borrow money to deposit into the RUS Cushion of Credit account described above and receive interest on the deposit exceeding the interest of the loan.

BEC is notifying co-op members that an additional loan of approximately \$1,550,000 for an additional three years for deposit into the RUS Cushion of Credit account with a net benefit of about \$140,000 is under consideration.

BEC Bylaws require a 60-day notice to members of a long-term debt exceeding two years. To begin the required process of informing and hearing from members BEC this notification is posted on the BEC website. In addition, the announcement will appear in the BEC member email, BEC billing statement, in BEC social media and the legal notices of the Carbon and Stillwater County newspapers and the Powell Tribune.

Opportunities for members to comment include board meetings on August 29 and September 23.

Beartooth Electric Bylaws Article IV, Section 1, G: The Board shall provide at least 60-day notice to Members of proposals before the Board approves long-term debt exceeding two (2) years, or enters or amends power contracts exceeding two (2) years. During the notification period, Members shall be allowed to comment on such proposals, including, at the monthly Board Meeting immediately prior to the Board Meeting at which a vote on the proposal is scheduled, or at specially scheduled Board Meeting for Member comments and discussion.

Submitted July 28, 2017

In addition, the June 29, 2017, 60-day notice to members of proposals for power contracts exceeding two years is in progress. BEC notified co-op members that the contract with EKI includes an option to extend the contract for three additional years, through September 30, 2027.

BEC may choose to exercise the option within 75 days of the June 27 execution of the contract. If BEC declines the option to extend the contract, the co-op could begin negotiations with EKI for three additional years of power supply, which also could increase the term of a new power contract beyond two years. Either of our current potential alternatives, exercising the contract extension option or negotiating further with EKI, could result in a favorable contract with EKI exceeding two years.

Members have the opportunity to comment at the August 29 board meeting.

For additional information, call the co-op at 446-2310 or contact any member of the Beartooth Board of Trustees. Further information will follow this notice.