

MCLEAN ELECTRIC COOPERATIVE, INC.
December 29, 2016

The December meeting of the Board of Directors of McLean Electric Cooperative, Inc., was held at the company's headquarters, at Garrison, North Dakota, on the 29th day of December, 2016. The meeting was called to order by President Larry Gessele, at 9:00 o'clock a.m.

Directors present:

Clarence Behles
Larry Gessele
Darcy Klain
James Odermann
Troy Presser
Thomas Sheldon
Rod Stockdill

Also present were Manager Martin D. Dahl, Business Manager Brett Holtz, Engineer Scott Iverson, Operations Director Keith Thelen, and Attorney David A. Lindell.

A motion was made by Klain, seconded by Sheldon, to approve the Consent Agenda which consisted of the minutes of the November 23, 2016, board meeting, additional agenda items, review of director's checks, and approval of the membership and service applications. The motion carried.

The estate of Elmer Schulz, was presented for capital credit retirement. A motion was made by Presser, seconded by Behles, to approve the estate retirement. The motion carried.

STAFF REPORTS:

1. Business Department - Brett Holtz. Items discussed and actions taken during the Business Department Report were as follows:
 - a) Provided the Financial Report for the cooperative which included the KWH usage and revenue for November 2016; review of the November 2016 financial ratios; and November 2016, Form 7.
 - b) Reported that the HRA plan for linemen retirees has been presented to NRECA.
 - c) Reported that the Cooperative's 401(k) plan transfer to NRECA is ongoing.
 - d) Reported that an AFLAC representative met with the staff on December 2, 2016.

2. Engineering Department - Scott Iverson. Items discussed and actions taken during the Engineering Department's Report were as follows:
 - a) Reported that the construction work plan is complete and RUS has given its approval.
 - b) The 2017 construction season has started with staff working to obtain permits and easements for the upcoming season.
 - c) The GPS data for the Cooperative's mapping system is being edited and corrected this winter.
 - d) The Board acknowledged the minutes of the Safety Committee meeting which occurred on December 1, 2016.
3. Operations Department - Keith Thelen. Items discussed and actions taken during the Operations Department Report were as follows:
 - a) Provided work plan/work load update.
 - b) Provided a storm damage report. Not many issues occurred within the Cooperative's system.
 - c) Provided a contract labor update.
 - d) Reported of the purchase of a Honda side-by-side with tracks for the crew.
4. Manager's Report - Martin D. Dahl. Items discussed and actions taken during the Manager's Report were as follows:
 - a) Manager Dahl will be meeting with representatives of Blue Flint Ethanol to discuss the extension of its service agreement.
 - b) Reported on his attendance at the Midwest Electric Consumers Association Annual Meeting.
 - c) Provided a Garrison Rural Water District update.
 - d) Announced the NISC 2016 capital credit allocation to the Cooperative was \$5,652.73.
 - e) Shared various thank you's to the Cooperative.

- f) Strategic Planning will be held on March 22nd and 23rd, 2017.
- g) Discussed upcoming rate increase. A motion was made by Presser, seconded by Sheldon, for the Cooperative to issue a 8.5% rate increase to begin in January, 2017. The motion carried.
- h) Headquarters addition/improvements. An architect provided a cost estimate of \$635,500.00 which figure has been included in the Cooperative's construction work plan.

REPORTS ON MEETINGS ATTENDED:

- 1. Central Power - Presser
- 2. Basin Electric - Presser

UPCOMING MEETINGS:

- 1. CoBank Regional Meeting - March 27th and 28th, 2017, in Fargo, ND.
- 2. Strategic Planning - March 22nd and 23rd, 2017.

The next regular board meeting is scheduled for Thursday, January 26, 2017, at 9:00 a.m. which will be held at the Cooperative's headquarters. The February board meeting is scheduled for Monday, February 20, 2017, at 9:00 a.m.

There being no further business, upon a motion made and carried, the meeting was adjourned.

Secretary