

MCLEAN ELECTRIC COOPERATIVE, INC.
November 23, 2016

The November meeting of the Board of Directors of McLean Electric Cooperative, Inc., was held at the company's headquarters, at Garrison, North Dakota, on the 23rd day of November, 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 and Attorney David A. Lindell.

To begin the meeting, the board met with Marlyn Seidler and Jaimie Weber regarding the cooperative's policy for 10 HP and greater motors for grain bins.

After the patron meeting, a motion was made by Behles and seconded by Sheldon to approve the Consent Agenda which consisted of the minutes of the October 27, 2016, board meeting, additional agenda items, review of director's checks, and approval of the membership and service applications. The motion carried.

The estates of Edna Rauser, Leonard Klain, Robert Skadberg, Roger Peterson, and James Nagel, were presented for capital credit retirement. A motion was made by Presser, seconded by Odermann, to approve the retirements. The motion carried.

2017 Budget Discussion and Analysis - A motion was made by Presser, seconded by Sheldon, to approve the 2017 budget as presented by management with changes made, with the caveat that any improvements/expansions to the headquarters building or the Turtle Lake shop will be separately approved by the board. 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 October 2016; review of the October 2016 financial ratios; and October 2016, Form 7.

- b) Reported on his attendance at the Wellness Seminar.
 - c) Discussed retired lineman HRA. NRECA reported that this would work for the linemen only. A motion was made by Presser, seconded by Behles, to authorize the set-up of an HRA through the NRECA for retired linemen to transfer their accrued sick leave to an HRA upon retirement. The motion carried.
2. Engineering Department - Scott Iverson. Items discussed and actions taken during the Engineering Department's Report were as follows:
- a) Provided a construction work plan update. The next step for the plan is the environmental report approval which was sent to the required agencies in October.
 - b) Reported that they are using GPS to map all of the large projects.
 - c) Motor discussion continuation:
 - 1. Scott was directed to send a letter to each patron farmer, electrician, and grain bin salesman within MEC's immediate and surrounding area.
 - 2. Reviewed Policy NO. 402.1 - Member Service and Line Extension Overloads - A motion was made by Stockdill, seconded by Behles to revise Policy No. 402.1 to reflect the policy for all motor loads over 10 HP instead of 10 HP and greater. The motion carried.
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 contract labor update.
 - c) Discussed the linemen four day work week.
4. Manager's Report - Martin D. Dahl. Items discussed and actions taken during the Manager's Report were as follows:
- a) Provided a Basin Electric Annual Meeting report.
 - b) Reported that the 4-H donation was presented last month.

- c) Headquarter's building addition discussion. He mentioned that a \$450,000.00 construction cost at a current interest rate of 2.12% interest over 35 years would result in an estimated \$.3634 per meter per month.
- d) Turtle Lake shop building discussion. As continued from the October meeting, the offer discussed during the October meeting most likely would not be accepted.
- e) Provided a Garrison Rural Water update. A joint board meeting will be scheduled.
- f) 2016 auditor's approval. A motion was made by Klain, seconded by Sheldon, to approve Brady Martz as the auditor to audit the cooperative's financials for the year ending December 31, 2016.
- g) Reported of Resco's Stock Redemption and Devaluation.
- h) Presented a 2017 revised load forecast. A motion was made by Presser, seconded by Odermann, to approve the revised 2017 load forecast. The motion carried.
- i) Co-Bank By-Law amendments. A motion was made by Presser, seconded by Behles, to submit the proxy to approve the proposed by-laws. The motion carried.
- j) Presented line extension contracts for Nathan Smith Holdings I, LLC and Nathan Smith Holdings II, LLC. A motion was made by Behles, seconded by Sheldon, to approve the contracts. The motion carried.
- k) Presented a Safety Performance Scorecard for the Cooperative. No accidents or incidents were reported in the past year.
- l) FSA County Director election. A vote will be cast for Brenda Huesers.
- m) Reported that the cooperative was awarded the best center pages in Dakota Living for 2016.
- n) Presented an Operation and Maintenance Agreement with Central Power regarding substations within its territory. A motion was made by Odermann, seconded by Klain, to approve the agreement. The motion carried.
- o) Discussed proposed Midwest Electric Consumer's Association By-Law amendments.

- p) Reported that Operation Round-up met in early November and held a reorganization of its officers and made donations of \$7,500.00.

REPORTS ON MEETINGS ATTENDED:

1. Statewide - Stockdill
2. Central Power - Presser
3. Basin Electric - Presser

OTHER BUSINESS:

1. 2016 capital credit retirement. To maintain a 20 year rotation, 1/20th of the current outstanding capital credits equals \$285,878.69. A motion was made by Stockdill, seconded by Presser, for the cooperative to retire \$285,878.69 for all of the credits of 1997, 1998 and part of 2000, with payment to be delivered in December. The motion carried.

UPCOMING MEETINGS:

1. Midwest Electric Consumers Association Annual Meeting is December 6-8, 2016, in Denver, Colorado.
2. The next regular board meeting is scheduled for Thursday, December 29, 2016, at 8:30 a.m. which will be held at the Cooperative's headquarters.

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

Secretary