

MCLEAN ELECTRIC COOPERATIVE, INC.
ANNUAL MEETING

June 20, 2017

The 72nd Annual Meeting of the members of McLean Electric Cooperative, Inc., was held at the Garrison City Auditorium in Garrison, North Dakota, on the 20th day of June, 2017. The meeting was called by order by President Larry Gessele at 6:30 o'clock p.m.

Dinner was prepared by Kyle's Katering of Garrison, North Dakota, and served by the Garrison Legion Baseball Team, the "Titans".

President Gessele led the attendees in the Pledge of Allegiance and introduced Reverend Janis Slokum of Camp of the Cross, of rural Garrison, North Dakota, who gave the opening invocation. The National Anthem was presented to the audience followed by recognition of present and past military service personnel.

President Gessele introduced representatives from each of North Dakota's Congressional Offices, Sally Johnson, representing Senator Hoven; Norm McLeod representing Senator Heitkamp, and Rick Collin, representing Congressman Cramer, who each read a letter written by the Senators and Congressman to the attendees.

President Gessele introduced other dignitaries and guests who were in attendance.

Secretary, Rod Stockdill, informed President Gessele that a quorum was present and President Gessele informed the attendees that the Cooperative was open for business.

President Gessele reported that the Notice of the 72nd Annual Meeting was ready to be read for approval. It was moved that a reading of the Notice be waived and it be approved as presented. The motion was seconded and carried.

President Gessele reported that the minutes of the 71st Annual Meeting were ready to be read for approval by the membership. It was moved that the reading of the minutes be waived and that they be approved as presented. The motion was seconded and carried.

President Gessele introduced the Cooperative's Board of Directors and the Cooperative's employees to the audience, and provided his report to the attendees:

- He mentioned that the electric industry is in a rising rate environment, at least for the short term, but the Board is doing its best to lessen the burden on its members.

- He mentioned that the Board had been asked about a possibility of the merger with another Cooperative and he stated that after a long and serious discussion that due to the Cooperative being strong financially and growing and having a very strong work force, it was not a good time for a merger plus no offer has been received.
- He reported that the Cooperative is expanding its headquarters in which repairs were badly needed and that it was a good time since interest rates were still low. He mentioned that the cost of the addition would be about \$.39 per month per meter.

President Gessele then introduced the Member Advisory Board to the audience and thanked the members for their input and service to the Cooperative. He introduced Manager Martin D. Dahl who discussed the following in his report:

- The Cooperative did its best to keep the rates low and to delay any raise in rates during the past year. The Cooperative had a good year financially which will keep the Cooperative's equity at a reasonable level for the future which is due to the strong work force that the Cooperative has.
- He thanked the employees for their hard work and dedication to the Cooperative.
- He discussed the following National Legislative Issues:
 - Rollback of the Clean Power Plan along with his meeting with the current EPA administrator who sees the CPP as over-reaching.
 - The rethinking of the Waters of the United States (WOTUS) Rule. The current budget will leave RUS funding intact but the REDLG could be eliminated. WAPA or APMA could be sold which could drastically raise rates to Cooperative's in the region.
 - He spoke about the Acre Program and invited any attendants to join if they have not already done so.

Manager Dahl introduced Business Manager, Brett Holtz, who gave the Financial Report for the Cooperative.

1. Total revenue received was \$12,716,347.00 with a total kwh sold in 2016 of \$124,622,346.00 with a net margin of \$1,766,359.00. He reported that the financial ratios of the Cooperative are healthy and are higher than required by the Cooperative's lenders.

Manager Dahl gave a generation and transmission report. He mentioned that the Max to Benedict and Washburn to Blue Flint Ethanol transmission lines are being planned and with construction to occur shortly. These lines will provide a better rate to the Cooperative. He mentioned a possible new irrigation system South of Mercer and reported that Basin Electric is looking strong presently.

President Gessele presented the following scholarships:

1. McLean Electric/Basin Electric scholarship of \$500.00 each to Kimberly Kolden, daughter of Travis and Dawn Kolden of Ryder, and Cassidy Schafer, daughter of Shawn and Lani Schafer of Turtle Lake.
2. McLean Electric scholarships of \$500.00 to Cassidy Huesers, daughter of Marlo and Paula Huesers of Max.
3. The 2017 Youth Tour winner is Ryeleigh Laib, daughter of Sheldon and Anita Laib, of Mercer.

Manager Dahl presented the following Service Awards:

1. Rick Gienger - Lineman - 40 years
2. Nathan Ruud - Lineman - 15 years
3. Robert Schafer - Meter Reader - 10 years

Manager Dahl announced the terms of Directors for District 2 and District 7 were up for election. President Gessele is a candidate for District 7, so he turned the meeting over to Vice-President Klain who announced that the following candidates had presented petitions for nomination:

- District 2 - Clarence Behles
- District 7 - Larry Gessele

As each candidate was unopposed, Vice-President Klain asked for a motion to cast a unanimous ballot for candidates Behles and Gessele. The motions were seconded and carried. Vice-President Klain turned the meeting back over to President Gessele.

Manager Dahl presented a Operation Round-Up Report. He introduced the Operation Round-Up Directors to the attendees and reported that the program provided \$11,000.00 over the past year.

President Gessele asked for any old business. There was none.

President Gessele asked for any new business. During new business, past Cooperative President Alvin Myers made a motion to allow current directors and Cooperative employees who are members of the Cooperative to be included in the grand prize drawing for attendees. The motion was seconded and carried by the membership. There was no other new business.

President Gessele announced that the 72nd Annual Meeting grand prize was in the amount of \$1,000.00 which would be given to a meeting attendee, who is present. The 2017 winner was Donald Iglehart. Other door prizes were presented as well.

President Gessele thanked the attendees for attending the 72nd Annual Meeting. The meeting upon a motion made, seconded and carried, was adjourned.

Secretary