

MCLEAN ELECTRIC COOPERATIVE, INC.

March 22, 2017

The March meeting of the Board of Directors of McLean Electric Cooperative, Inc., was held at the North Shore Inn and Suites, in Garrison, North Dakota, on the 22nd day of March, 2017, prior to the board and management's annual strategic planning session. The meeting was called to order by President Larry Gessele, at 9:05 o'clock a.m.

Directors present:

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

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

A motion was made by Behles, seconded by Odermann, to approve the Consent Agenda which consisted of the minutes of the February 20, 2017, board meeting, additional agenda items, review of director's checks, and approval of the membership and service applications. The motion carried.

The estates of Alice Kraft, Erna Hauf, and Janice Kerzman, were presented for capital credit retirement. A motion was made by Presser, seconded by Stockdill, to approve the estate retirements. The motion carried.

STAFF REPORTS:

1. Business Department - Brett Holtz. Items discussed and actions taken during the Business Department Report were as follows:
 - a) Reported that the due diligence is continuing on the Cooperative's 401(k) transfer to NRECA.
 - b) Discussed WSI program/discount. He is working to see what the Cooperative may qualify to receive a discount.

- c) Provided the Financial Report for the Cooperative which included the KWH use and revenue for February, 2017, review of the February, 2017, financial ratios, and the February, 2017, Form 7 as unaudited.
 - d) Reported that Brady Mautz completed its annual audit on the Cooperative on March 21, 2017.
2. Engineering Department - Scott Iverson. Items discussed and actions taken during the Engineering Department's Report were as follows:
- a) Reported that new service calls have started to increase for 2017.
 - b) Patron calls regarding motors have been occurring.
 - c) Substation improvements are being planned for 2017 implementation.
 - d) Provided a mapping update.
 - e) The board acknowledged the minutes of the March 16, 2017, Safety Committee meeting minutes.
3. Operations Department - Keith Thelen. Items discussed and actions taken during the Operations Department Report were as follows:
- a) Provided a current work load/plan update.
 - b) Provided a contract labor update.
 - c) A CPR/First Aid re-certification class was held earlier in March, 2017.
4. General Manager's Report - Martin D. Dahl. Items discussed and actions taken during the Manager's Report were as follows:
- a) Discussed a letter received from Mountrail-Williams Electric Cooperative.
 - b) Reported that the Air Force approved the current rate increase.
 - c) Reviewed the Cooperative's Safety Score Card which showed that no injuries occurred in 2016.
 - d) The Cooperative received a patronage distribution from Co-Bank in the amount of \$58,343.98 for fiscal year 2016.

- e) Discussed the Co-Bank Sharing Success Program in which Co-Bank will match a donation up to the amount of \$5,000.00. A motion was made by Presser, seconded by Behles, for the Cooperative to commit \$5,000.00 to the Sharing Success Program. The motion carried.
- f) Discussed the limited English Proficiency Plan and that statewide is working on development of such a plan.
- g) Stated that a Resco has an open Director seat for Cooperative directors. None of the Cooperative directors stated any interest for running for the seat.
- h) Bids were opened for the building addition on March 21, 2017. The bids came in under the architects estimate.

REPORTS ON MEETINGS ATTENDED:

- 1. Statewide - Stockdill
- 2. Basin Electric - Presser

OTHER BUSINESS:

The possible merger take-over by Mountrail-Williams Cooperative was discussed. Upon a lengthy discussion regarding the good current financial situation of the McLean Electric Cooperative and its positive growth experience and future viability, a motion was made by Presser, seconded by Behles, for the Cooperative not to pursue further discussion with Mountrail-Williams regarding a merger or take-over.

The board recessed until March 23, 2017, to hold its 2017 Strategic Planning session.

At 10:45 a.m. on March 23, 2017, Director Larry Gessele re-opened the meeting in which the following items were discussed:

- a) Headquarters building addition. A motion was made by Odermann, seconded by Stockdill, to proceed with the building project and award the contract for the building addition to Rolac Construction, with alternates G1, G2, G3, G4 and G5. The motion carried with Director Behles voting no and Klain abstaining from the vote.
- b) Revenue Deferral Program was discussed. A motion was made by Presser, seconded by Stockdill, for the cooperative to start a Revenue Deferral Program for non-rate based margins received by the Cooperative, (i.e. Co-Bank Capital Credit Distributions). The motion carried.

UPCOMING MEETINGS:

1. The regular monthly board meeting will be held at 8:00 a.m. on Thursday, April 27, 2017.
2. The May board meeting is scheduled for Wednesday, May 31, 2017 to begin at 8:00 a.m.
3. The June board meeting is scheduled for Thursday, June 22, 2017, to begin at 8:00 a.m.
4. The July board meeting is scheduled for Wednesday, July 26, 2017, at the Central Power Electric Cooperative's headquarters, followed by the attendance at the North Dakota State Fair Ice Cream Social.

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

Secretary