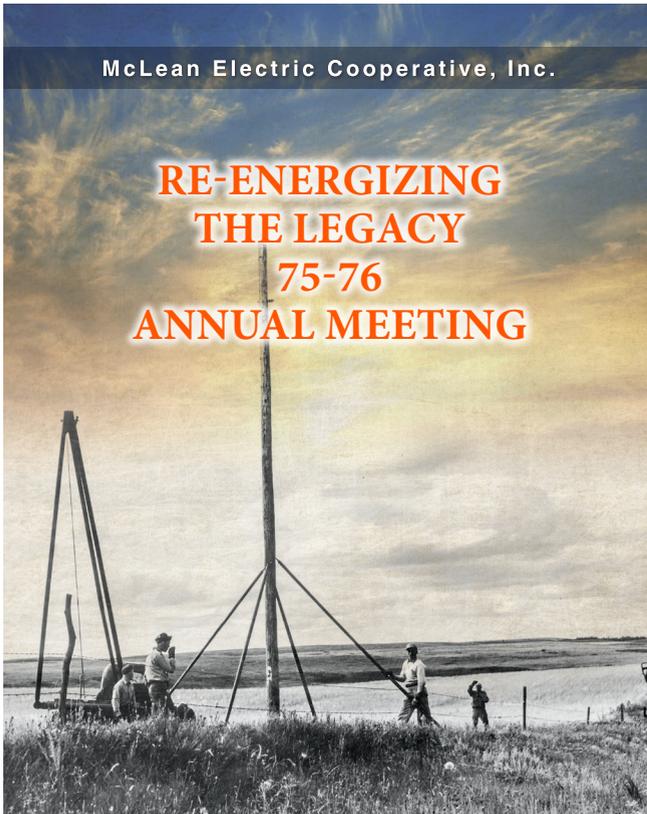


Annual meeting June 22
New location - MEC headquarters



McLean Electric Cooperative, Inc.

**RE-ENERGIZING
THE LEGACY
75-76
ANNUAL MEETING**

June 22, 2021
at MEC headquarters

AFTERNOON ACTIVITIES:

- Rocky Top Ranch Petting Zoo
- Bounce houses
- Bucket truck rides
- Touchstone Energy hot air balloon



**Official notice
of 76th annual meeting**

The annual meeting of the members of McLean Electric Cooperative Inc. will be held at the **McLean Electric Cooperative headquarters located at 4031 Highway 37 Bypass N.W., Garrison, N.D.**, at 6:30 p.m. on Tuesday, June 22, 2021, to take action upon the following matters:

1. Election of four (4) directors for the cooperative
2. All other business which may come before the meeting, or any adjournments thereof

Pursuant to the bylaws, the following members have filed petitions for directorship of the cooperative:

- | | |
|-------------------|-------------------------------------|
| District 2 | Clarence Behles (I) Garrison |
| District 4 | Darcy Klain (I) Ruso |
| District 6 | Karen Hanson (I) Turtle Lake |
| District 7 | Larry Gessele (I) Mercer |

May 22, 2021
Rodney Stockdill, secretary

PROGRAM

- | | |
|------------------|--|
| 5 p.m. | Registration and meal |
| 6:30 p.m. | Call to order |
| | Determination of quorum |
| | Invocation |
| | Welcome |
| | Reading of notice and previous minutes |
| | President's report |
| | General manager's report |
| | Financial report |
| | Operation Round Up report |
| | Service awards |
| | Presentation of scholarships |
| | Election of directors |
| | Unfinished business |
| | New business |
| | Adjournment |



LARRY GESSELE

MESSAGE FROM BOARD CHAIRMAN

BY LARRY GESSELE

What a difference a year makes! Last year at this time, people and businesses were in a virtual lockdown due to the COVID-19 pandemic. True, things have opened somewhat since then, but as Yogi Berra said, "It ain't over 'til it's over." The virus still has a haunting presence and has forever changed the way people approach a pandemic.

Speaking of change, McLean Electric Cooperative (MEC) has had several big changes this year. We would like to officially welcome Mark Doyle aboard as our new general manager/CEO. Mark had to hit the ground running, as the pandemic started soon after he was hired. To his credit and also our employees' credit, they all kept MEC delivering power almost without a hitch.

A hitch came in February, when Texas got hit with that cold snap and the Western Area Power Administration (WAPA), which is one of our power providers, was given as little as 10

minutes (in some cases) to shed power load or risk having a significant portion of the grid go down. In that short time, we did not know how many, when or where any of our substations would be shut down for the estimated time. We tried to notify our members as quickly as we could.

We are in the process of trying to get changes made so when the next polar vortex hits, there will be a better response. It also brings to front and center the need for adequate baseload sources to supplement intermittent energy sources.

All in all, it was a good year for MEC. I would like to thank all the MEC employees for going above and beyond their normal duties to get us through this tough stretch. Also, I would like to thank the board of directors for their valuable input and all the time they put in during the many meetings and interviews that we did this past year. It certainly made my job easier. THANK YOU! ■

BOARD OF DIRECTORS



Larry Gessele



Darcy Klain



Rod Stockdill



James Odermann



Clarence Behles



Troy Presser



Karen Hanson



Dave Lindell
attorney



MARK DOYLE

MANAGER'S REPORT

BY MARK DOYLE, GENERAL MANAGER

I will start by thanking you for the opportunity to be your new general manager/CEO. It is an honor.

Things did not start under normal circumstances. The pandemic in this area was in full stride! But as you should expect, the McLean Electric Cooperative (MEC) staff did not let that interfere with delivering the service you deserve. It was amazing how the staff did not let anything go undone, even while the offices were closed. Some office staff came in on shifts to complete their work. As for our line crews, they were isolated from each other to reduce exposure risks.

Since then, we have taken steps to allow for a more mobile workforce. Most tasks can be done remotely. I could not be more satisfied with the performance of the service they provide.

Now, as we look forward to the future, we must reflect on the past. 2020 is definitely one to remember, even though we wish we could all forget. MEC had its 75th anniversary celebration planned, but with the pandemic complications, the celebration and annual meeting were not held. This year, things have hopefully turned the corner and we can all enjoy some normalcy. Seventy-five years is a long time to be in business. You, as member-owners, should be proud of an institution that continues to serve and grow.

From a business perspective, 2020 was a good year for MEC. We ended with about

3.4% in plant growth, net margins were in line with 2019 and we retired \$480,203 in capital credits. 2020 sure could have ended worse, considering the pandemic and the mild winter for our fourth quarter, but our gross revenue was only down \$57,000 from 2019, while operating expenses stayed static.

We are always striving to provide better services to our member-owners. 2021 started with some challenges also. In February, we found much of the Midwest in a deep freeze, with unprecedented weather patterns from North Dakota to Texas. This is nothing extraordinary for us in North Dakota, but Texas was struggling a bit. This situation created an energy shortage and we stepped up and did what we could. Western Area Power Administration (WAPA) had to make some tough decisions, which included cycling off some of our substations to shed load. We greatly appreciate your understanding during those extraordinary times.

I would like to finish with acknowledging the retirement of your previous manager, Martin Dahl. I have had a professional relationship with Marty for several years and know that he has done an excellent job of managing your cooperative. It was unfortunate that we were unable to give him the celebration of his legacy that he deserves. If you get a chance, thank him for his many years of service to the member-owners of McLean Electric Cooperative. ■

MEET THE CANDIDATES

Larry Gessele

Incumbent candidate District 7

Larry Gessele is a farmer from the southeastern part of McLean County. He currently represents District 7 on the McLean Electric Cooperative (MEC) board of directors as the president. He contributed to the process of selecting a new general manager at McLean Electric.

Larry has been farming all his life. He has a Bachelor of Science degree in ag economics and animal science from North Dakota State University. He has served on the Turtle Lake-Mercer school board for nine years; the Farm Credit Services, Mandan, board for 16 years, with three terms as chairperson; and 10 years on the equity elevator board of Turtle Lake as secretary-treasurer. He also served on the board of Our Savior's Lutheran Church, Mercer, as treasurer and chairman.

Larry has served on the Mercer volunteer fire department for 49 years and has been a 4-H leader.

Larry and his wife, Kathy, have been married more than 40 years. They have three children and seven grandchildren. He enjoys spending time with his family and traveling. He also enjoys golf and studying history, especially the World War II era.



Larry Gessele

Darcy Klain

Incumbent candidate, District 4

Darcy Klain is a farmer/rancher from Ruso. She has served on the McLean Electric Cooperative board of directors for six years. She has also worked for the South McLean Soil Conservation District and has been an ag loan officer for Dakota West Credit Union. She has an Associate Degree from Minot State University. She is married to Durnell and they have three adult children: Tyler (Carrie), Dalyce (Adam) and Trey. She also has a granddaughter, Finley!

She is active in the TL-M FFA Alumni, St. Olaf's Church, McLean County 4-H, the North Dakota Simmental Association and the North Dakota Junior Simmental Association. She enjoys gardening, traveling and attending livestock shows and sporting events.



Darcy Klain

Karen A. Hanson

Incumbent candidate, District 6

Karen Hanson has farmed with her husband, Richard, in the midst of the triangle between Turtle Lake, Washburn and Underwood for 30 years. She has represented District 6 on the McLean Electric Cooperative (MEC) board of directors for the past two years. She is eager to continue serving McLean Electric's member-owners, learning and understanding more about the industry, and contributing to the cooperative's success.

Karen has served on the MEC Operation Round Up board of directors and church council. She has also volunteered her time as a Sunday school teacher, LYO leader, high school class advisor and substitute bus driver. She enjoys quilting, cooking and exploring new places!

Karen and Richard have been married for 31 years. They have three adult children: Rachel is the CFO at Northland Health Centers based in Turtle Lake, Joshua is a journeyman lineworker at Otter Tail Power Company based in Garrison, and Jacob is a vision engineer for Mikron (automation company) in Denver, Colo.



Karen A. Hanson

Clarence Behles

Incumbent candidate, District 2

Clarence Behles is a farmer/rancher north of Garrison. He currently represents District 2 on the McLean Electric Cooperative (MEC) board of directors. He presently holds the office of assistant secretary-treasurer. He would like to continue to be a voice for District 2.

Clarence has been a farmer/rancher since 1982. He has served as a director for CHS Garrison elevator for seven years. He is also currently a director for the Garrison Rural Fire District.

Clarence and his wife, Darci, have been married for 29 years. They have two children, Justin and Julie.

Clarence has served on the Garrison volunteer fire department since 1999. Besides spending time with family and friends, he also enjoys NASCAR racing, golfing in scrambles, watching movies and taking care of his animals.



Clarence Behles

BALANCE SHEET as of December 31, 2020

ASSETS

ELECTRIC PLANT

In Service	43,915,501	(As Restated) 42,422,443
Electric Plant Under Construction	<u>2,396,581</u>	<u>2,225,464</u>
Total Electric Plant	46,312,082	44,647,907
Less Accumulated Depreciation	<u>12,363,742</u>	<u>11,344,160</u>
Net Electric Plant	33,948,340	33,303,747

OTHER ASSETS AND INVESTMENTS

Investments in Associated Companies	7,851,215	7,505,592
Other Investments	<u>529,674</u>	<u>517,515</u>
Total Other Assets and Investments	8,380,889	8,023,107

CURRENT ASSETS

Cash	2,755,623	2,402,397
Accounts Receivable - Electric Bills	1,765,548	2,055,531
Current Portion Other Investments - Loans Rec.	88,408	97,567
Materials & Supplies	1,376,299	1,382,199
Other Current and Accrued Assets	<u>11,049</u>	<u>10,996</u>
Total Current Assets	5,996,927	5,948,690

DEFERRED DEBITS

Total Deferred Debits	<u>717,656</u>	<u>824,773</u>
	717,656	824,773

TOTAL ASSETS

49,043,812 **48,100,317**

LIABILITIES

EQUITIES

Patronage Capital - Members	15,411,534	(As Restated) 14,985,850
Other Margins & Equities	<u>1,020,425</u>	<u>987,568</u>
Total Equities	16,431,959	15,973,418

LONG-TERM DEBT (RUS, FFB, COBANK)

Total Long-Term Debt	30,549,222	29,916,014
Less Current Maturities	<u>1,335,367</u>	<u>1,315,046</u>
Total Long-Term Debt (Net)	29,213,855	28,600,968

OTHER NON-CURRENT LIABILITIES

Capital Leases - Noncurrent	6,103	65,453
Accumulated Provision for Pension & Benefits	<u>614,393</u>	<u>447,367</u>
Total Non-Current Liabilities	620,496	512,820

CURRENT LIABILITIES

Current Maturities - Long-Term Debt	1,335,367	1,315,046
Current Maturities - Capital Leases	59,345	81,784
Line of Credit	-	-
Accounts Payable - Power Supplier	747,487	893,236
Accounts Payable - General	72,562	61,546
Member Deposits	37,193	34,334
Other Current and Accrued Liabilities	<u>461,000</u>	<u>567,882</u>
Total Current Liabilities	<u>2,712,954</u>	<u>2,953,828</u>

DEFERRED CREDITS

Advanced Payment for Electricity - Members	64,548	59,283
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TOTAL EQUITIES AND LIABILITIES

49,043,812 **48,100,317**

OPERATING REVENUES

Sales of Electricity

OPERATING EXPENSES

Cost of Power
 Operations & Maintenance
 Member Accounts
 Member Service
 Administrative and General
 Depreciation
 Taxes
 Other
 Sales Expense
 Total Operating Expenses

OPERATING MARGINS

FIXED CHARGES

Interest on Long-Term Debt
 Interest on Capital Lease Oblig
 Total Fixed Charges

**MARGIN AFTER FIXED CHGES
 G&T AND OTHER CAP CREDIT
 NET OPERATING MARGINS**

NON-OPERATING MARGINS

Merchandising
 Other Income
 Interest Income
 Gain (Loss) on Disposal prop

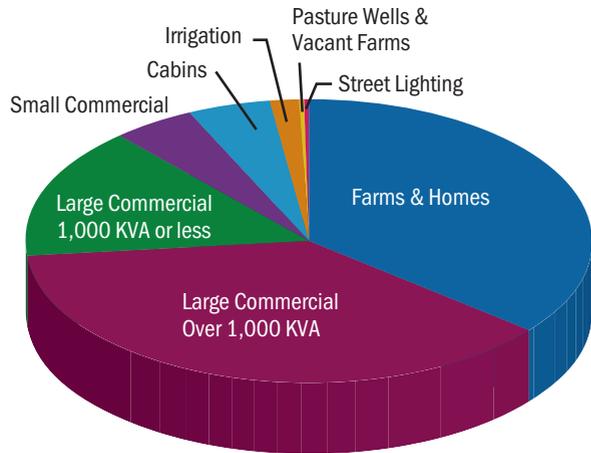
Total non-operating margins

NET MARGIN

	2020	2019 (As Restated)
Sales of Electricity	15,064,196	15,105,144
Cost of Power	8,730,731	8,783,309
Operations & Maintenance	1,943,085	1,927,212
Member Accounts	410,576	388,559
Member Service	125,887	118,582
Administrative and General	1,156,236	1,155,754
Depreciation	1,212,968	1,181,730
Taxes	105,676	101,202
Other	13,242	16,781
Sales Expense	76,894	85,933
Total Operating Expenses	13,775,295	13,759,062
OPERATING MARGINS	1,288,901	1,346,082
Interest on Long-Term Debt	982,814	972,673
Interest on Capital Lease Oblig	4,450	8,066
Total Fixed Charges	987,264	980,739
MARGIN AFTER FIXED CHGES G&T AND OTHER CAP CREDIT NET OPERATING MARGINS	301,637	365,343
	625,672	565,299
	927,309	930,642
NON-OPERATING MARGINS		
Merchandising	(43,541)	(30,203)
Other Income	-	-
Interest Income	22,119	41,441
Gain (Loss) on Disposal prop	-	17,568
Total non-operating margins	(21,422)	28,806
NET MARGIN	905,887	959,448

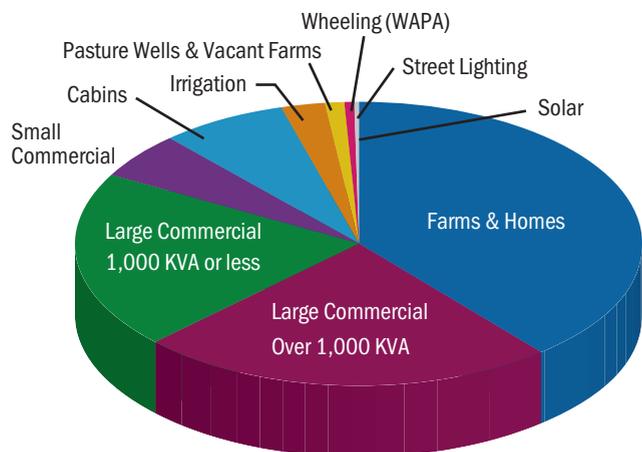
KWH Usage

Farms & Homes.....	47,285,950
Large Commercial - Over 1,000 KVA.....	49,554,208
Large Commercial - 1,000 KVA or less.....	19,816,902
Small Commercial (Single Phase)	5,964,746
Cabins (Seasonal).....	6,264,790
Irrigation (Three Phase).....	2,263,098
Pasture Wells & Vacant Farms.....	524,308
Street Lighting.....	29,695
TOTAL.....	131,703,697



Revenue

Farms & Homes.....	\$5,872,011
Large Commercial - Over 1,000 KVA.....	\$3,611,510
Large Commercial - 1,000 KVA or less.....	\$3,050,859
Small Commercial (Single Phase)	\$781,367
Cabins (Seasonal).....	\$1,087,016
Irrigation (Three Phase).....	\$350,438
Pasture Wells & Vacant Farms.....	\$192,706
Wheeling (WAPA).....	\$89,007
Street Lighting.....	\$7,534
Solar.....	\$564
TOTAL.....	\$15,043,012



MCLEAN ELECTRIC COOPERATIVE, INC.

ANNUAL MEETING

June 18, 2019

The 74th Annual Meeting of the members of McLean Electric Cooperative, Inc., was held at the Garrison City Auditorium in Garrison, North Dakota, on the 18th day of June, 2019. 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 High School FFA Chapter.

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 introduced Pastor Annie Langseth of St. Paul's Lutheran Church of Garrison, North Dakota, who gave the opening invocation.

President Gessele recognized present and past military service personnel and led the attendees in the Pledge of Allegiance followed by the presentation of the National Anthem.

President Gessele introduced dignitaries and guests who were in attendance and recognized that the North Dakota Congressional Delegation wrote letters of appreciation to the Cooperative.

The keynote speaker, Dan Inmann, Vice-President and Chief Information Security Officer for Minnkota Power Cooperative, was introduced and he presented information and an update about Minnkota Power and gave an overview of the MPC System and facilities and service territory of the Cooperative. He discussed the 2019 Polar Vortex event and how Minnkota Power met its patrons' needs during the event. He also discussed the balance between Minnkota Power's base load vs. renewables and

discussed Minnkota Power's Project Tundra for CO2 capture and reuse.

After the keynote speaker, President Gessele reported that the notice of the 74th Annual Meeting and minutes of the 73rd Annual Meeting were ready to be read for approval. It was moved that a reading of the notice and minutes be waived and 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 attendees, and provided his report:

- He mentioned that the Cooperative has held its rates for the past year and that 67% of MEC's power is purchased from Basin Electric and it appears that Basin's rate will remain steady throughout 2019.
- He reported about the 2018 storm to western McLean County and the Cooperative's response and mentioned that the Cooperative's Board of Directors stress safety.
- He announced that 2020 will mark the 75th Annual Meeting and asked that the attendees provide the Cooperative of stories that would be available to be read during the 75th Annual Meeting.

President Gessele introduced the Member Advisory Committee Members and thanked them for their input to the Cooperative.

President Gessele introduced General Manager/CEO Martin D. Dahl to provide his report.

Manager Dahl discussed the following:

- 2018 was a great year for the Cooperative with margins

being very high.

- The board is budgeting for 2019 a margin of .5% in 2020.
- The Cooperative is halfway through their third year of no rate increases with no rate increases foreseen in the short term.
- He discussed demand billing and how it can affect a patron's monthly bill.
- He discussed the following Legislative issues: Grants not becoming income; promoting the proposed infrastructure package; retaining the power marketing agencies such as WAPA; pension funding; waiting for the replacement of the Clean Power Plan and the rewrite of the Waters of the United States; and laws restricting railroad crossing costs.
- Reported that Central Power Electric Cooperative should complete the Max to Benedict and Washburn to Blue Flint lines in 2019.
- He provided a battery storage back-up project update.
- He recognized all of the Cooperative's employees and thanked them for their hard work and dedication to the Cooperative.

Manager Dahl then provided the Financial Report for the Cooperative and he introduced the Cooperative's Financial Director, Wendy Kinn to the attendees.

For 2018, total revenue received was \$14,897,719.00 with a total KWH sold in 2018 of 132,838,215 with a net margin of \$2,445,160.00. The Cooperative has total assets of \$45,444,340.00. He reported that the financial ratios are higher

than required by the Cooperative's lenders with TIER of 3.54, DSC of 2.17 and an equity to assets ratio of 34.17.

Manager Dahl introduced Troy Presser, MEC Director, as well as the Cooperative's Director to Central Power and the Central Power Director to Basin Electric, who provided a Generation and Transmission Report. During his report, Manager Presser mentioned that Central Power is working with Minnkota to shed Otter Tail Power lines with the Max to Benedict line as an example that directly affects McLean Electric. He also reported that the Washburn to Blue Flint line should be finished in August 2019. He reported that Basin's DGC Fertilizer Project has been a success and it continues to do so.

Operation Round Up Committee President, Jude Iverson, was introduced to give a Operation Round Up Report to the attendees. She introduced the Operation Round Up board members and reported that \$16,200.00 was awarded in 2018 to the Turtle Lake Chamber of Commerce Bike Fest, Underwood Cupboard, Turtle Lake Summer Recreation Program, Guardian and Protective Services, McLean Family Resource Center, Great Plains Food Bank, Turtle Lake Tiny Turtle's Daycare, and North Dakota Association for the Disabled.

President Gessele announced that the Board of Directors have proposed a bylaw amendment. The proposed amendment is to Article 3, Section 8 - Nomination and Election of Directors. The amendment would change the language for Director petitions and potential floor nominations to allow members who have a meter but do not reside in the District to sign petitions or make nominations for a director of the district where the meter is located. The election for the bylaw was by secret ballot and the bylaw Amendment passed with 146 aye to 5 votes no.

President Gessele announced the terms of directors for District 1, District 3, and District 5 were up for election. He announced that the following candidates presented petitions for nomination.

District 1 - James Odermann; District 3 - incumbent Rod Stockdill and Jason Ziemann; District 5 - Troy Presser. Each of the candidates provided a short address to the attendees. Directors Odermann, Presser and Stockdill were re-elected as directors.

Manager Dahl announced the following employee service awards:

Daryl Engel - 45 years

Tonya Graeber - 20 years

Marcia Zimmerman - 15 years

Martin Dahl - 10 years

Brian O'Shea - 10 years

Wendy Kinn - 5 years

Julie Streich - 5 years

Keith Thelen - 5 years

Kelly Schmaltz - 5 years

President Gessele and Manager Dahl presented the following scholarships:

1. McLean Electric/Basin Electric Scholarship of \$500.00 each to Ally Behles, daughter of Cory and Cindy Behles of Garrison, North Dakota and Joshua Thompson, son of Jeremy and Karen Thompson of Max, North Dakota.

2. McLean Electric Scholarship of \$500.00 to Hannah Retterath, daughter of Justin and Rachel Retterath of Washburn, North Dakota.

3. The 2019 Youth Tour Essay Contest Winner is Skyla Folden, daughter of Nicole and Carey Gieser of Garrison, North Dakota.

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

President Gessele announced that the 74th Annual Meeting grand prize of \$1,000.00 would be given to a meeting attendee who was present. The 2019 winner was Wendy Kinn. Other door prizes were presented as well.

President Gessele thanked the attendees for attending the 74th Annual Meeting. The meeting upon a motion made, seconded and carried, was adjourned. ■

BOARD OF DIRECTORS:

Larry Gessele, president
701-447-2461
District 7, Mercer

Darcy Klain, vice president
701-448-2408
District 4, Ruso

Rod Stockdill, secretary-treasurer
701-337-5462
District 3, Garrison

Clarence Behles, asst. secretary-treasurer
701-337-5362
District 2, Garrison

Troy Presser, director
701-447-2855
District 5, Turtle Lake

Karen Hanson, director
701-448-2636
District 6, Washburn

James Odermann, director
701-743-4415
District 1, Parshall

STAFF:

Mark Doyle, General Manager/CEO
Keith Thelen, Operations Manager
Lucas Schaaf, Engineering Manager
Wendy Kinn, Finance Manager

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Toll-Free: 800-263-4922
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Email: mclean1@mcleanelectric.com
Website address:
www.mcleanelectric.com