

MCLEAN ELECTRIC COOPERATIVE, INC.

September 25, 2014

The September meeting of the Board of Directors of McLean Electric Cooperative, Inc., was held at the Cooperative's Headquarters in Garrison, North Dakota, on the 25th day of September, 2014. The meeting was called to order by President Alvin Myers at 8:35 o'clock a.m.

Directors present:

Clarence Behles  
Larry Gessele  
Alvin Myers  
Troy Presser  
Orvin Ravnaas  
Rod Stockdill

Director absent: Ernest Grueneich.

Also present were Manager Martin D. Dahl and Attorney David A. Lindell.

A motion was made by Presser and seconded by Ravnaas to approve the Consent Agenda which consisted of the minutes of the August 28, 2014, board meeting, additional agenda items, review of director's checks, and approval of the membership and service applications. The motion carried.

The estates of William M. Sawicki and Llewellyn Behles were presented for capital credit retirement. A motion was made by Presser and seconded by Stockdill, to approve the retirement of the capital credits. The motion carried.

STAFF REPORTS:

1. Business Department - Luke Steen. 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, a review of the August, 2014, Form 7, Financial Ratios analysis, and review of the budget to actual reports for August, 2014.
  - b. Discussed Budget Billing Policy No. 314.0. Proposed amendments to this policy will be presented for Board consideration and vote during the October, 2014, Board Meeting.

- c. Discussed Policy No. 305.0 Consumer Accounting Practices and Policy No. 306.0 Special Consumer Charges regarding credit check software to determine the credit worthiness of new consumers. A motion was made by Presser and seconded by Stockdill to approve the amendments to Policy No. 305.0 and Policy No. 306.0. The motion carried.
  - d. Discussed possible medical insurance options for the cooperative employees.
  - e. Discussed cooperative debt regarding possible refinance from RUS/FFB to CFC and/or Co-Bank
  - f. Discussed the Basin Electric rate. Reported that Basin is projecting a 1 mill rate increase on heat from Basin Electric in 2015.
  - g. Had a Long Range Plan discussion.
2. Operations Department - Keith Thelen. Items discussed and actions taken during the operations department report were as follows:
- a) Provided a September workload and work plan update. There are 194 work orders to date.
  - b) Reported that AT&S Safety Field Visits were held September 4 and 16, 2014.
3. Manager's Report - Martin D. Dahl. Items discussed and actions taken during the Manager's Report were as follows:
- a) Reported on his attendance at the Region 6 meeting.
  - b) Continued discussion regarding Basin Electric rates and the effect of the potential rate increases.
  - c) Provided a member services update.
  - d) Discussed the REDL&G request from Camp of the Cross. A motion was made by Presser and seconded by Behles for the Cooperative to charge a .5% Administration Fee for the loan and increase the loan amount to \$1,000,000.00 from \$800,000.00. A motion was made by Ravnaas to amend the motion to reduce the administration fee to .25%. The amendment failed for lack of a 2<sup>nd</sup>. The motion originally made and seconded was carried.

Reports on meetings attended:

1. Central Power - Presser

Other Business:

1. A Resolution from Gold Leaf Partners (the Cooperative's 3<sup>rd</sup> party administrator of the retirement plan) was presented to re-appoint Manager Dahl as Trustee of the plan and change the Cooperative's vesting schedule for profit sharing contributions from 100% to a 1 to 5 year graded, effective January 15, 2015. A motion was made by Stockdill and seconded by Ravnaas to approve the resolution. The motion carried.
2. The Board and Manager Dahl discussed General Manager evaluation results. After the discussion, the Board went into executive session to discuss general manager compensation.

Upcoming Meetings:

1. The next regular Board Meeting is scheduled for Friday, October 24, 2014, at 8:30 o'clock a.m.

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

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Secretary