

MCLEAN ELECTRIC COOPERATIVE, INC.

May 23, 2013

The May meeting of the Board of Directors of McLean Electric Cooperative, Inc., was held at the Company's headquarters in Garrison, North Dakota, on the 23<sup>rd</sup> day of May, 2013. The meeting was called to order by President Alvin Myers at 8:35 o'clock a.m.

Directors present:

Ronald Bloom  
Ernest Grueneich  
Agnes Jennings  
Alvin Myers  
Troy Presser  
Orvin Ravnaas  
Rod Stockdill

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

A motion was made by Bloom and seconded by Jennings to approve the Consent Agenda which consisted of the minutes of the April 25, 2013, board meeting, additional agenda items, review of director's checks, and approval of the membership and service applications. The motion carried.

The estates of Marvin Landgren and David Frank were presented for capital credit retirement. A motion was made by Bloom, seconded by Ravnaas, 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 review for the Cooperative, which included the KWH usage and revenue for the previous month and year to date review of the April 2013, Form 7, and review of the Financial Ratios and the year- to-date Budget to Actual Report.
  - b) Reviewed the 2012 Audit Report for the cooperative. A motion was made by Ravnaas, seconded by Jennings, to approve the 2012 Audit Report. The motion carried.

c) Part-time employment policy follow-up. The board reviewed the following policies:

-Policy No. 607.0 Vacation Leave - A motion was made by Stockdill, seconded by Grueneich to approve Policy No. 607.0 as presented with item 10 deleted. The motion carried.

-Policy No. 608.0 Sick Leave and Funeral Leave - A motion was made by Presser, seconded by Ravnaas, to approve Policy No. 608.0 as presented. The motion carried.

-Policy No. 610.0 Holidays - A motion was made by Bloom, seconded by Stockdill, to approve Policy No. 610.0 as presented. The motion carried.

d) Discussed the cooperative's Form 990.

e) Provided a MEC Services dissolution update.

f) Discussed using direct deposit for director pays and reported that it is available to the cooperative now. A motion was made by Presser, seconded by Jennings, to require direct deposit of director's fees. The motion carried.

g) Discussed estate capital credit retirement and how retirements should be discounted.

h) Provided an update of the cooperative's loan receivables regarding the REDL&G, construction loans and ERC loans.

i) Reported on his viewing of the CFC Rate Webinar.

j) Discussed linemen cell phones.

2. Member Services Department - Darin Sand. Items discussed and actions taken during the Member Services report were as follows:

a) Provided an AMR update.

b) Provided an update on the 2013 Annual Meeting preparation.

c) Reported on his attendance at the NRECA Connect Conference.

d) Reported the McLean County Fair Barbeque is set for June 9<sup>th</sup> at 2:00 p.m.

- e) Reported that he plans to take Master's courses through Minot State University. A motion was made by Bloom, seconded by Presser, for the cooperative to participate in the payment of his tuition and fees following cooperative policy. The motion carried.
3. Operations Department - Wayne Skarda. Items discussed and actions taken during the Operations Department Report were as follows:
- a) Provided a workload and workplan update.
  - b) The Board acknowledged the minutes of the May 17, 2013, Safety Meeting and the May 14, 2013, AT&S Safety Meeting.
  - c) Discussed the Crooked Lake Substation problems.
4. Manager's Report - Martin D. Dahl. Items discussed and actions taken during the Manager's Report were as follows:
- a) Provided an Air Force rate update. The 2013 cost of service studies have been submitted.
  - b) Discussed his meeting with RUS Administrator, John Padalino.
  - c) Reported that he has received no applicants for new Engineer position.
  - d) Followed up the Crooked Lake Substation problems from earlier reports.
  - e) Reported that the Minnkota Underground Mitigation Project is about to begin.
  - f) Reported that Jasper Schneider of the USDA Rural Development will speak at the 2013 Annual Meeting.
  - g) Provided a Hazard Mitigation update.
  - h) Discussed the possibility of a Shared Management Agreement with Burke-Divide Cooperative.
5. Policy Review - The following policies were reviewed:
- a) Policy No. 103.0 - Management Committees. A motion was made by Presser, seconded by Ravnaas, to approve the amended policy as presented. The motion carried.

- b) Policy No. 106.0 - Records Management. A motion was made by Bloom, seconded by Ravnaas, to approve the amendment to Policy No. 106.0 as presented. The motion carried.
- c) Policy No. 201.0 - Functions of the Board of Directors. A motion was made by Bloom, seconded by Ravnaas, to amend Policy No. 201.0 as presented and discussed. The motion carried.
- d) Policy No. 203.0 - Director's Fees and Expenses. A motion was made by Presser, seconded by Ravnaas, to approve the amendments to Policy No. 203.0 as presented. The motion carried.
- e) Policy No. 206.0 - Membership in Organizations. A motion was made by Presser, seconded by Stockdill, to amend Policy No. 206.0 to move the organizations stated as numbers 4, 6, 7 and 8 in Section A to Section B. The motion carried.
- f) Policy No. 305.0 - Consumer Accounting Practices. A motion was made by Ravnaas, seconded by Jennings, to approve the amendments to Policy No. 305.0 as presented and discussed. The motion carried.
- g) Policy No. 306.0 - Special Consumer Charges. A motion was made by Presser, seconded by Stockdill, to amend Policy No. 306.0 as presented. The motion carried.
- h) Policy No. 314.0 - Budget Billing. A motion was made by Jennings, seconded by Grueneich, to amend Policy No. 314.0 as presented. The motion carried.

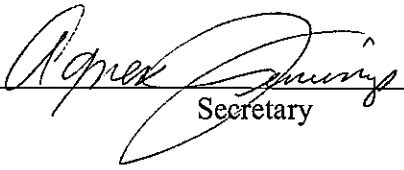
Reports on Meeting attended:

- 1. Central Power - Presser

Upcoming Meetings:

- a) 2013 Cooperative Annual Meeting is scheduled for Tuesday, June 18, 2013, in Garrison, North Dakota. The meal will start at 5:00 p.m. with the business meeting to begin at 6:30 p.m.
- b) The next regular Board Meeting is scheduled for Wednesday, June 26, 2013, at 8:30 a.m.

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

  
Secretary