

MCLEAN ELECTRIC COOPERATIVE, INC.

April 23, 2014

The April meeting of the Board of Directors of McLean Electric Cooperative, Inc., was held at the Cooperative's Headquarters in Garrison, North Dakota, on the 23rd day of April, 2014. The meeting was called to order by President Alvin Myers at 8:00 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 Ravnaas and seconded by Bloom to approve the Consent Agenda which consisted of the minutes of the March 27, 2014, board meeting, additional agenda items, review of director's checks, and approval of the membership and service applications. The motion carried.

The estate of Betty Lou Hultberg was presented for capital credit retirement. A motion was made by Jennings and seconded by Grueneich, 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 March, 2014, KWH usage and revenue, a review of the February, 2014, Form 7 and Financial and Ratio analysis and the March, 2014, Form 7 and Financial and Ratio analysis, as well as the RUS statistical profile.
 - b. Reported that the 2013 external audit should be available next month.
 - c. Discussed the Cooperative's opportunity to refinance the Cooperative RUS 2% funds. A motion was made by Jennings and seconded by Presser for

management to pursue a possible refinance with either Co-Bank or CFC. The motion carried.

- d. Reported that the 2013 capital credit allocation statements have been sent to the Cooperative's patrons.
- e. Discussed 401k Plan Testing Compliance issues. A motion was made by Jennings and seconded by Bloom that in lieu of a 7% profit share contribution, that management be provided with a monthly deferred bonus in the amount equal to the 7% annual Cooperative contribution. The motion carried.
- f. Discussed the Director AD&D Insurance. He reported that the business department spends more money splitting out the billing for the Director portion of the AD&D Insurance premium than the actual cost of the premium. A motion was made by Ravnaas and seconded by Bloom for the Cooperative to pay the full Director portion of the AD&D Insurance premium. The motion carried.

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

- a) Provided AMR update.
- b) Reported that the Cooperative has applied for a REAP (USDA Rural Energy for America Program) Renewable Energy Systems and Energy Efficiency Improvement Grant.
- c) Provided an Annual Meeting update.
- d) Discussed the potential for mail and electronic voting.

3. Operations Department - Wayne Skarda. Items discussed and actions taken during the operations department report were as follows:

- a) Provided an April workload and workplan update.
- b) An AT&S Safety Meeting was held on March 25, 2014.
- c) The Board acknowledged the minutes of the Safety Committee meeting on March 28, 2014.
- d) The RESAP Audit was held April 9, 2014.

- e) Discussed the Snake Creek to Parshall 115 Kv line reimbursement.
 - f) Manager Dahl reported that Keith Thelen was hired as replacement for Wayne after his retirement in June, 2014.
4. Manager's Report - Martin D. Dahl. Items discussed and actions taken during the Manager's Report were as follows:
- a) Provided a REDL&G update.
 - b) Reported that the outstanding Air Force bill has been paid up.
 - c) Provided an office construction update.
 - d) Reported on his attendance at the Statewide MAC Meeting.
 - e) Reported on his attendance at the Basin MAC Meeting.
 - f) Reported on his attendance at the Co-Bank Meeting.
 - g) The Board gave the go ahead to look further into a working line superintendent.

Reports on meeting attended:

- 1. Statewide - Stockdill
- 2.. Central Power - Presser

Other business:

- 1. 2014 Annual Meeting By-Law Amendment Discussion.
 - a) A motion was made by Presser and seconded by Stockdill to have the Membership Advisory Committee discuss electronic or mail voting possibilities.
 - b) Director Qualification Amendment. A motion was made by Ravnaas and seconded by Presser to change the language approved during the March 27, 2014, Board meeting to state as follows:

Article IV
Directors.
Section 3.
Qualifications

- c) Is not an employee of McLean Electric Cooperative and has not been an employee for a period of three (3) years prior to the date of the Annual Meeting.

The motion carried.

- c) Arbitration By-Law. A motion was made by Ravnaas and seconded by Presser to approve and submit to the membership a new By-Law as follows:

Article II
Rights and Liabilities of Members
Section 3.
Dispute Resolution

Any and all disputes, claims or controversies arising from or related in any way to the Cooperative's provision of electric or other services, or its furnishing of any goods or its conduct of its operations, other than disputes or claims related to the payment for electric energy provided by the Cooperative, that are not resolved by agreement of the parties, shall, at the request of any party, be resolved by binding arbitration by an impartial arbitrator or panel of arbitrators, pursuant to written procedures to be established from time to time by the board of directors. Arbitration of disputes and claims shall follow standard rules of arbitration as allowed by law and cooperative policy. This agreement to arbitrate disputes is binding and shall survive any withdrawal from or termination of a member's membership in the Cooperative.

The motion carried.

Upcoming Meetings:

1. The next Board Meeting is scheduled for Thursday, May 22, 2014, at 8:30 a.m.
2. The 2014 Annual Meeting is scheduled for Tuesday, June 17, 2014, in Garrison.
3. The June Board Meeting is scheduled for Thursday, June 26, 2014, at 8:30 a.m.

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

Secretary