

MCLEAN ELECTRIC COOPERATIVE, INC.
December 3, 2018

The November meeting of the Board of Directors of McLean Electric Cooperative, Inc., was held at the Company's headquarters, in Garrison, North Dakota, on the 3rd day of December, 2018. The meeting was called to order by President Larry Gessele, at 9:00 o'clock a.m.

Directors present:

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

Also present were Finance Manager Wendy Kinn, Staff Engineer Lucas Schaaf, Operations Manager Keith Thelen, General Manager/CEO Martin D. Dahl, and Attorney David A. Lindell.

A motion was made by Stockdill, seconded by Klain, to approve the Consent Agenda which consisted of the minutes of the October 22, 2018, board meeting, additional agenda items, review of director's checks, and approval of the membership and service applications/transfers. The motion carried.

The estates of Leroy Parks, Shirley Zook, and Floyd White were presented for capital credit retirement. A motion was made by Behles, seconded by Odermann, to retire the capital credits for each of the estates. The motion carried.

STAFF REPORTS:

1. Finance Department - Wendy Kinn. Items discussed and actions taken during the Finance Department report were as follows:
 - a) Provided the Financial Report for the Cooperative which included the October KWH sales use and revenue, financial ratios, preliminary October, Form 7, and year-to-date statistics. The revenue is ahead of budget and the ratios are within lender requirements.
 - b) Reported that capital credit retirement checks in the amount of \$497,040.70 will be sent out to the Cooperative's patrons in December.

- c) 2019 Budget review. After discussion, a motion was made by Presser, seconded by Sheldon, to approve the budget as presented by management and staff. The motion carried.
 - d) After budget review, a motion was made by Klain, seconded by Stockdill, to pay mileage to the Member Advisory Committee and Operation Round-Up Committee members who attend meetings of each of the committees. The motion carried.
2. Engineering Department - Lucas Schaaf, Staff Engineer. Items discussed and actions taken during the Engineering Department report were as follows:
- a) Provided the monthly work load and IT report.
 - b) Reviewed the current Capital Work Plan for the Cooperative.
3. Operations Department - Keith Thelen. Items discussed and actions taken during the Operations Report were as follows:
- a) Provided the current work load/work plan and contract labor reports.
 - b) The board acknowledged the minutes of the October 23, 2018, Safety Committee meeting.
4. General Manager's/CEO Report - Martin D. Dahl. Items discussed and actions taken during the Manager's/CEO Report were as follows:
- a) NRECA Annual Meeting delegate will be Klain, with Odermann or Sheldon as an alternate depending on which board member is able to attend.
 - b) NDAREC voting delegate appointments are Gessele, Stockdill, and Klain, with Sheldon, Odermann, and Behles as alternates.
 - c) 2019 NDAREC Director appointment - A motion was made by Odermann, seconded by Presser, to appoint Stockdill as the delegate with Klain as the alternate. The motion carried.
 - d) The following Operation Round-Up grants were awarded:
 - \$2,500.00 to Tiny Turtles Daycare of Turtle Lake, ND.
 - \$2,500.00 to the Turtle Lake Hospital Association
 - \$1,000.00 to NDAD
 - e) Reported that the CoBank North Dakota Annual Meeting is scheduled for March 28-29th in Fargo.

- f) Presented a donation request from the Anne Carlsen Center. The board will decide on an amount in December or January.
- g) Provided a Revolving Loan Fund update. Garrison Rural Fire Department and Underwood Ambulance may be making future requests to the fund.
- h) Discussed the Marathon water heaters warranties.
- i) Reported his attendance at the RESCO Board Meeting.
- j) Provided a report on his attendance at the Dakotas America Board Meeting.
- k) Discussed the potential of the City of Garrison annexing a property into the City of Garrison.
- l) Discussed an employee benefits pre-payment. If the Cooperative made a pre-payment of \$500,000.00 spread over 5 years would result in a savings of \$88,120.00 over that time. A motion was made by Presser, seconded by Stockdill, to approve the \$500,000.00 pre-payment. The motion carried.
- m) Presented the following work plan closeouts. Construction projects in the amount of \$2,792,796.20 and the building addition upgrade of \$580,074.11. A motion was made by Behles, seconded by Presser, to approve the construction closeouts. The motion carried.

POLICY REVIEW:

The following policies were reviewed:

- 1. Policy No. 102.0 - Organizational Plan
- 2. Policy No. 103.0 - Management Committees
- 3. Policy No. 106.0 - Records Management

A motion was made by Behles, seconded by Klain to approve the above policies. The motion carried.

- 4. Policy No. 107.0 - Identity Theft Prevention Program - Action will be taken during the December board meeting.
- 5. Policy No. 201.0 - Functions of the Board of Directors
- 6. Policy No. 203.0 - Director Fees and Expenses
- 7. Policy No. 204.0 - Board of Directors/General Manager's Relationships
- 8. Policy No. 205.0 - Services of Consultants
- 9. Policy No. 206.0 - Membership in Organizations

10. Policy No. 208.0 - Activities and Conduct of Individual Board Members
11. Policy No. 209.0 - Manager/CEO Allowance

A motion was made by Klain, seconded by Odermann, to approve the policies in the 200's.
The motion carried.

12. Policy No. 301.0 - Financial Practices
13. Policy No. 302.0 - Approved Depositories for Cooperative Funds
14. Policy No. 303.0 - Authorized Check Signatures
15. Policy No. 304.0 - Retail Rates
16. Policy No. 305.0 - Consumer Accounting Practices
17. Policy No. 306.0 - Special Consumer Charges
18. Policy No. 307.0 - Disconnection and Reconnection Non-Payment
19. Policy No. 308.0 - Collection of Unpaid Accounts and Bad Debt Reserve
20. Policy No. 310.0 - Purchase of Vehicles and Special Equipment
21. Policy No. 311.0 - Financial Forecasting Plan
22. Policy No. 312.0 - Purchasing Practices and Procedures
23. Policy No. 313.0 - Retirement of Capital Credits - General, Joint, Membership and Estate
24. Policy No. 313.0 - Appendix
25. Policy No. 314.0 - Budget Billing
26. Policy No. 315.0 - RUS Economic Development Loan and Grant Program
27. Policy No. 317.0 - Fiscal Oversight and Review
28. Policy No. 318.0 - Credit Card Acceptance
29. Policy No. 319.0 - Prepaid Electric Service

A motion was made by Behles, seconded by Sheldon, to approve Policies 301.0 to 319.0 as presented and as amended for Policy No. 307.0. The motion carried.

REPORTS ON MEETINGS ATTENDED:

- a) Statewide - Stockdill
- b) Central Power - Presser
- c) Basin Electric - Presser

UPCOMING MEETINGS:

1. Midwest Electric Consumers Conference to be held on December 11, 12 and 13th in Denver.
2. The next monthly board meeting will be held on Thursday, December 27, 2018, at 9:00 o'clock a.m. at the Cooperative's Headquarters.

The board held an Executive Session with Manager Dahl present. The Board then went into Executive Session without Manager Dahl.

After the Executive Session, there being no further business, upon a motion made and carried, the meeting was adjourned.

Secretary