

MCLEAN ELECTRIC COOPERATIVE, INC.

July 26, 2018

The July meeting of the Board of Directors of McLean Electric Cooperative, Inc., was held at the Company's headquarters, in Garrison, North Dakota, on the 26th day of July, 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 Behles, seconded by Odermann, to approve the Consent Agenda which consisted of the minutes of the June 26, 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 Randy Sawicki, John B. Iglehart, Neil Kelstrom, and Lorraine Billadeau were presented for capital credit retirement. A motion was made by Stockdill, seconded by Klain, to approve the estate retirements. 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 June KWH sales use and revenue, financial ratios, preliminary June Form 7, and year-to-date usage and revenue, as well as the quarterly Variance From Budget Report.
2. Engineering Department - Lucas Schaaf, Staff Engineer. Items discussed and actions taken during the Engineering Department report were as follows:
 - a) He introduced himself to the Board.

- b) Provided a staking/engineering work plan update.
 - c) Provided an IT report.
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 update. Many outages occurred in June due to a high number of storms during the month.
 - b) Safety Report - The board acknowledged the minutes of the June 11, 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) Provided a report on his attendance at the June RDFC Meeting.
 - b) Discussed member applications.
 - c) Discussed the Painted Woods Golf Course billing error.
 - d) Discussed Russell Makeeff's wind project. Basin Electric's contract with Mr. Makeeff has expired. A motion was made by Klain, seconded by Presser, for the new rate to be the same as the wholesale rate the Cooperative is paying Central Power. MEC will be reimbursed the MISO PURPA rate of 1.7¢ from Central Power. The motion carried.
 - e) Reported that the Cooperative has received an application for revolving loan funds for a daycare in Garrison, North Dakota. The application is more than the current funds available and line of credit requirements have not been discussed with the applicant. More information should be available for the next meeting.
 - f) Buildings Maintenance Discussion. There is a crack in the foundation and water seepage is an issue in the older part of the building. A contractor has been contacted but an estimate has not been received.
 - g) Reported that Brady Martz conducted a Benefit's Audit.
 - h) CoBank Director Election. A vote will be cast for Kevin Still.

- i) Basin Electric Annual Meeting. The Cooperative's Designated Representative will be Stockdill and alternate will be Behles. District 3 Caucus Representative will be Gessele with Presser as alternate.
- j) Reported that RESCO provided a capital credit distribution in the amount of \$3,490.00 in June.
- k) RUS Draw Down. The request for draw down of \$3,000,000.00 will be made. That will cause equity to drop by approximately 2 points. A motion was made by Presser, seconded by Odermann to approve a \$3,000,000.00 draw down with \$1,000,000.00 to be designated for quarterly payments. The motion carried.
- l) Smart Grid Conference. Manager Dahl will attend the conference.

Reports on meetings attended:

- a) NRECA Legal Seminar 58 - Lindell
- b) Statewide - Stockdill
- c) Central Power - Presser
- d) Basin Electric - Presser

UPCOMING MEETINGS:

1. The August monthly board meeting will be held on Thursday, August 23, 2018, at 8:00 o'clock a.m. at the Cooperative's Headquarters.

The board held an Executive Session.

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

Secretary