

MCLEAN ELECTRIC COOPERATIVE, INC.

June 24, 2021

The June meeting of the board directors of McLean Electric Cooperative Inc. was held at the Cooperative's headquarters in Garrison, North Dakota, on the 24th day of June, 2021. The meeting was called to order by President Larry Gessele at 8:30 o'clock a.m.

Directors present were:

Clarence Behles
Larry Gessele
Karen Hanson
Darcy Klain
Troy Presser
James Odermann
Rod Stockdill

Also in attendance were Finance Director, Wendy Kinn, Staff Engineer, Lucas Schaaf, Operations Manager, Keith Thelen, General Manager/CEO, Mark Doyle, and Attorney David A. Lindell.

A motion was made and seconded to approve the Consent Agenda which consisted of additional agenda items, review of directors checks, approval of the membership and service applications/transfers, and the minutes of the May 28, 2021, board meeting. The motion carried.

There were no estates presented for capital credit retirement.

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 review of the May 2021 KW and KWH sales and revenue, financial ratios, and the preliminary May 2021, Form 7. May revenue is below budget by \$12,578.24, with year-to-date revenue below budget \$365,362.70. Year-to-Date KWH sales are below budget 4,882,040 with demand sales ahead budget 1,045 YTD. The margin for May was \$229,423.00.

2. Engineering Department - Lucas Schaaf. Items discussed and actions taken during the Engineering Department report were as follows:
 - a) Provided the work load update which included an update of the White Shield projects.
 - b) Discussed coincidental demand and its implications.
3. Operations Department - Keith Thelen. Items discussed and actions taken during the Operations Department Report were as follows:
 - a) Provided the June work load and contract labor update.
 - b) Reported that the Turtle Lake bucket truck and the Garrison pole trailer have been delivered.
 - c) The board acknowledged the minutes of the Safety Committee meeting held June 4, 2021.
4. General Manager's/CEO Report - Mark Doyle. Items discussed and actions taken during the General Manager/CEO Report were as follows:
 - a) Provided a Covid-19 update.
 - b) Continued the discussion regarding the White Shield upcoming projects.
 - c) Reviewed the 2021 Annual Meeting.
 - d) Reviewed the MEC Essay Contest winners essay submitted by Ben Scheresky.
 - e) RESCO Director election. A motion was made and seconded to cast a vote for Don Franklund for a Manager/Director position. The motion carried.

COMMITTEE REPORTS:

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

OTHER BUSINESS:

1. Employee Benefits - It was determined by NRECA 401(k) Trustee that the Cooperative was contributing to two employees that are considered Highly Compensated Employees (HCE) who received a 401(k) contribution. This contribution has been determined to be unallowed and the cooperative were informed by NRECA that the 2020 contributions must be removed from the HCE's accounts. Discussion was had and a motion was made and seconded for the June and subsequent payrolls that HCE's be provided with a 4% bonus in lieu of the 7% MEC 401(k) contribution given to Highly Compensated Employees. The motion carried with Odermann voting no.
A motion was made and seconded for the NRECA money that was reversed from the HCE's 401(k) accounts to be contributed to a 457(b) Plan for the benefit of the HCE's. An amendment to the motion was made and seconded to amend the motion to give the funds as a bonus rather than a retirement contribution. The amendment carried. The motion as amended carried.

The Board then discussed the situation regarding HCE bonuses provided as a fringe benefit in lieu of participating in the Cooperative's 401(k) plan with NRECA when an otherwise HCE was not employed for the full calendar year. NRECA would not consider the employee a HCE in such instance and therefore should receive a 401(k) contribution rather than a bonus which creates the appearance of double compensation. This occurred in 2020. A motion was made and seconded that starting with June 2021, said employee will no longer receive a bonus in lieu of a 401(k) contribution, but rather an actual 401(k) contribution until the end of 2021. Beginning in 2022, this employee shall receive the HCE bonus in lieu of a 401(k) contribution but forego such bonus payment until the balance is paid. The motion carried.

Said carried motion was discussed with the employee who accepted the repayment provisions.

The board went into Executive Session. After the Executive Session, there being no further business, upon a motion made and seconded, the meeting was adjourned.


Secretary