

ALGER DELTA COOPERATIVE ELECTRIC ASSOCIATION

Minutes of the Regular Meeting of the Board of Directors

July 19, 2017

A regular meeting of the Board of Directors of Alger Delta Cooperative Electric Association was held on July 19, 2017 at the Cooperative Headquarters – 426 N 9th St. – Gladstone, MI 49837.

President Dave Anthony presided and called the meeting to order at 1:00 p.m.

Directors Present: D-1 Darryl Small, D-2 Karen Alholm, D-3 Mike Lawless, D-4 Dave Prestin, D-6 Paul Sederquist, D-7 Kirk Bruno, D-8 Ray Young, D-9 Doug Bovin. Also in attendance were: CEO Tom Harrell, CFO Amanda Seger, Operations Manager Troy Tiernan, Engineering Technician Jeff Diebolt, and; Member Ron Sanville.

There were no comments by members.

Items added to the agenda included the following:

- Old Business – Audit of Internal Controls (Bruno)
- Old Business – Nahma Veteran's Memorial (Young)
- New Business – Communication with WPS (Prestin)

Motion to approve the agenda as amended made by Director Lawless, supported by Director Prestin. Motion carried.

Carrie Rossow of Eide Bailly was scheduled to join the meeting via teleconference at this time, however; phone communications could not be established due to a power outage in her locale.

Motion to approve the Minutes of the May 17, 2017 Regular Board Meeting; and the June 10, 2017 Board Reorganization Meeting (as amended) made by Director Prestin, supported by Director Lawless. Motion carried.

Motion to approve the Membership Applications, Check Register, Director Expenses and CEO Expenses made by Director Sederquist, supported by Director Alholm. Motion carried.

Staff Reports: Operations Manager Troy Tiernan discussed his written report.

Carrie Rossow of Eide Bailly joined the meeting via telephone. Ms. Rossow reviewed Alger Delta's 2016 Return of Organization Exempt from Income Tax (IRS Form 990) and answered questions from directors.

Motion to approve the 2016 Form 990 made by Director Prestin, supported by Director Lawless. Motion carried.

Staff Reports (cont.): Diebolt, Seger and Harrell discussed their written reports.

Motion to authorize the early retirement of capital credits to the estate of Theresa DeGrave was made by Director Young, supported by Director Prestin. Motion carried.

Motion by Director Bovin, supported by Director Alholm relative to send a communication to the manager of Aquila Mines about utility services. Voice vote was inconclusive. Call for a roll call vote. No – 5. Yes – 4. Motion failed.

Old Business:

- Board and staff discussed the 2017 annual meeting.
- Harrell referenced informational documents about the Pension fund and the 401k plan that were included in the board packet.
- Harrell reported on a letter expected from the Rural Utility Services (RUS).
- Board and staff discussion regarding the Strategic Plan.
- Discussion regarding an audit of internal controls.
- Discussion regarding a donation to the Nahma Veteran's memorial.

Motion by Director Young, supported by Director Alholm to donate \$1,000 to the Nahma Veteran's Memorial. Motion carried.

New Business:

Motion to adopt the Resolution to Retire Capital Credits made by Director Alholm, supported by Director Young. Motion carried.

Motion to designate CEO Harrell as the NRECA voting delegate made by Director Sederquist, supported by Director Prestin. Motion carried.

Discussion regarding the schedule of Meetings and Events and the Three Year Event Schedule included in the board packet.

Discussion about obtaining membership in the National Cooperative Services Corporation (NCSC).

Motion to approve the Board Resolution Authorizing NCSC Membership made by Director Lawless, supported by Director Alholm. Motion carried.

Discussion regarding after hours outage reporting led by Director Alholm.

Discussion regarding Policy 104 and committee appointments.

Motion made by Director Prestin, supported by Director Alholm to amend Policy 104 as per the revisions distributed by Director Bruno. Motion passed.

President Anthony made the following committee appointments:

- Finance and Rates
 - Dave Prestin – Chair

- Doug Bovin
- Mike Lawless
- Kirk Bruno
- Employee Relations
 - Mike Lawless
 - Darryl Small
 - Paul Sederquist
- Policy
 - Ray Young - Chair
 - Karen Alholm
 - Paul Sederquist

Board and staff discussed a strategic exercise recommended by Director Bruno.

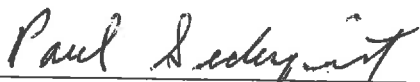
Motion to perform a member cost reduction exercise made by Director Bruno, supported by Director Prestin. Motion carried.

Board and staff discussed concerns with UMERC's (formerly WPS and We Energies) response to outages at the Palestine delivery point on June 12.

At 4:38 p.m., the board went into executive session to discuss a personnel matter.

Motion to return to open session and adjourn was made by Director Sederquist, supported by Director Prestin. Motion carried.

Meeting adjournment at 4:50 p.m.


~~Dave Anthony - President~~
PAUL SEDERQUIST - V.P.


~~Darryl Small - Secretary/Treasurer~~