

REGULAR MEETING OF THE
BOARD OF DIRECTORS
February 15, 2017

The regular meeting of the Board of Directors of Alger Delta Cooperative Electric Association was held on February 15, 2017 at the Cooperative Headquarters, 426 N. 9th Street, Gladstone, MI. The meeting was called to order at 1:04 p.m. by Board President Dave Anthony.

Directors Present: D-1 Darryl Small, D-2 Karen Alholm, D-3 Mike Lawless, D-4 Dave Prestin, D-5 Dave Anthony, D-6 Paul Sederquist, D-7 Sue Alexander (via telephone), D-8 Ray Young, D-9 Doug Bovin. Others in attendance CEO Tom Harrell, CFO Amada Seger, Operations Manager Troy Tiernan, Engineer Tech Jeff Diebolt, Administrative Assistant Margo Gobert-Vargo.

Directors Absent: None

Director Prestin made an addition to the Agenda regarding the Energy Optimization Rate. This has been added to Old Business.

Approve the Agenda: Motion to approve the agenda made by Director Sederquist and seconded by Director Bovin – Motion carried.

Approve the Minutes of January 18, 2017: Motion to approve the minutes made by Director Alholm and seconded by Director Alexander – Motion carried.

Approve the Minutes of January 30, 2017 Special Meeting: Director Alholm wants the exact motion and language used for the Resolution that was passed to reflect in the minutes. Motion to approve the minutes as stated made by Director Prestin and seconded by Director Young – Motion carried.

Consent Items for Approval: Director Small made a correction regarding his Directors Expense.

Approve Membership Applications: Approve Check Register: Approve Director Expenses: Approve CEO Expenses: Motion to approve all items made by Director Prestin and seconded by Director Small– Motion carried.

Engineer Technician Report: Diebolt reported no major changes from last month's report to this month's report. He said that this has been a great winter for working on tree clearing.

MapWise conversion is currently set for August 2017.

Part of Diebolt's Vegetation Management Plan is to do herbicide spraying this year.

Operations Manager Report: Tiernan reported that ATC had a brief outage scheduled for February 13th at the Hiawatha Substation.

Crews have been working on miscellaneous projects using Ontonagon's Flex Track.

Both new trucks have arrived.

CFO Report: The TIER for December is 3.444 with an operating TIER of 2.019 and an equity ratio of 36.30. December has a high TIER because of a CoBank allocation. Seger reported that this has been a very good year and very comparable to 2015.

During 2016 we unsuccessfully attempted to collect \$11,685.86 from inactive members. Motion to approve the write-off of \$11,685.86 for the 2016 year made by Director Sederquist and seconded by Director Prestin – Motion carried.

The audit will be during the Board Meeting next month so the meeting will be off site. The location of the next meeting will be sent out shortly.

CEO Report: A Memo of Understanding is finished with the Union regarding the Meter Technician position.

Harrell spoke about Rural Broadband and the 4 Michigan cooperatives that continue to evaluate establishing this service on their systems.

The KBIC Casino in Harvey is moving rapidly. Alger Delta has submitted a proposal requesting a contribution in aid of construction. There will be 5-6 miles of line to rebuild to serve the facility after expansion.

Harrell spoke on Alger Delta 2017 plan for charitable giving.

Michigan State Representative Beau LaFave (108th House District) will be at Alger Delta Cooperative on March 3rd.

Old Business: Energy Optimization Rate: Motion to approve in principle an increase in the EO charges as presented and to direct staff to begin the process necessary for public notification with the intent of voting on adjustments to the EO charge at the 2017 Annual Meeting made by Director Prestin and seconded by Director Alholm – Motion carried 8-1.

Director Prestin made a motion to withdraw from the Energy Optimization Program as soon as possible seconded by Director Alholm – Motion carried.

New Business: Motion by Director Prestin seconded by Director Bovin to accept the Engagement Letter from auditor Eide Bailly, LLC to conduct the Alger Delta Cooperative Electric Association's audit for 2016 Fiscal Year – Motion carried.

Director Small spoke regarding the ACRE Campaign.

Director Alholm spoke on Policy 218.

Executive Session: Board went into Executive Session regarding CEO Compensation at 3:21 p.m.

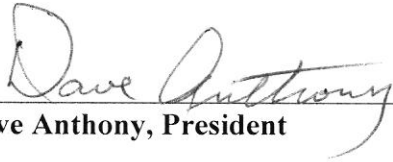
Board came out of Executive Session 5:32 p.m.

Director Alholm submitted the following motion: It is moved that the Board's resolution of January 30, 2017 relative to the General Manager's compensation be modified to establish the General Manager's salary at \$140,000 per year retroactive to January 1, 2017 and that the General Manager be paid a one-time lump sum payment of \$10,000.00. Furthermore, the compensation modification is dependent upon: 1) The revision of the General Manager's Employment Agreement, dated February 22, 2011, to provide for its cessation and termination on December 31, 2020; and 2) the revision of Paragraph 8, Termination Without Just Cause, subparagraph (a), by decreasing the monthly payments of liquidated damages payable to the General Manager by six (6) months effective January 1, 2017, an additional six (6) months on January 1, 2018 an additional six (6) months on January 1, 2018, and by seven (7) months on January 1, 2019 (for a total of twenty-five (25) months). Furthermore, that the Employment Agreement be modified to require that the General Manager

provide a minimum of sixty (60) days written notice to the Board of Directors of his intent to terminate employment with the Co-op prior to the cessation of the Employment Agreement.

President Anthony called for a roll call vote. The motion passed 9 to 0.

Adjourn: President Anthony adjourned the meeting at 5:42 p.m.



Dave Anthony, President



Darryl Small, Secretary/Treasurer