

CLOVERLAND ELECTRIC COOPERATIVE  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
SAULT STE MARIE, MI | ADMINISTRATION BUILDING  
MAY 22, 2018

Call to Order

A regular session of the board of directors of Cloverland Electric Cooperative was held on Tuesday, May 22, at 9:30 am, at Cloverland's administration building, Sault Ste Marie, Michigan.

Chairperson Monroe called the meeting to order and led the board in the Pledge of Allegiance.

The board recited the Mission Statement.

Roll Call

The following directors were present: Chairperson Monroe, Vice Chairperson Ron Provo, Secretary/Treasurer Charles Litzner, Directors Newland, Legault, LaLonde, Bonacci, St. Onge, and Sawruk. President and CEO Dan Dasho and Cooperative Attorney Chuck Palmer were also present. Directors of Generation Phil Schmitigal and Roger Line also joined the meeting.

Agenda

President Dasho requested to discuss the most recent version of the Power Canal Trail Easement during old business.

A motion was made by Director Provo, supported by Director Legault to approve the agenda. All directors voted in favor and the motion passed unanimously.

Review and Approval of Minutes

Director Provo asked that during the President and CEO report, the sentence be changed from "Director Provo", to "Director Monroe requested Attorney Palmer start drafting a policy for this request."

A motion was made by Director Sawruk, supported by Director Litzner to approve the minutes as amended. All directors voted in favor and the motion passed unanimously.

Public Comment

There was no public comment.

Board Concerns

Director Provo requested a name change to the Public Comment section of the January 2018 minutes from Dan Gordon to Dan Dalgord.

A motion was made by Director Provo, supported by Director Litzner to correct the January minutes to reflect the name change from Dan Gordon to Dan Dalgord. All directors voted in favor and the motion passed unanimously.

Director Sawruk discussed a call received by a local business owner. Director Bonacci asked about the status of the parking garage permits. Director St. Onge discussed the great job that Division Manager Postula and the St. Ignace crew did on the job completed on Mackinac Island. The board discussed additional possibilities for onsite maintenance and new employees. President Dasho introduced both Phil Schmitigal and Roger Line into the discussion.

#### President and CEO Report

President Dasho reviewed his report as previously present to the board of directors.

President Dasho discussed topics from last month's Strategic Planning session. The board is looking at waiting until Cloverland reaches a 20 percent equity ratio before returning capital credits.

President Dasho discussed reviews from the Governance report, supporting the topic of open public board meetings. Attorney Palmer distributed a Draft Policy 111 with regards to Visitors to Board Meetings. The board discussed options on conducting an open meeting. Director St. Onge asked that President Dasho review other cooperative policies regarding open meetings.

The Cloverland Electric Annual Meeting of the Members will be on Thursday, June 7, 2018 at 7pm in the Dafter Town Hall.

The next Regular Meeting of the Board of Directors will be on Tuesday, June 19, 2018 at the Administration building.

The UP Energy Summit will be tomorrow in Marquette, MI. The MEPC conference will be in Traverse City, MI on July 25-27.

#### Financials, Power Marketing and PSCR

CFO Aaron Wallin discussed the April Financial Summary, Financials, Power Supply and PSCR as previously presented to the board of directors. The SSR cost has been added to the PSCR table as previously requested by the board. CFO Wallin discussed these details with the board of directors. CFO asked for questions regarding the April check register.

CFO Wallin discussed the proposed revisions to board policies 200 and 201 regarding general retirement of capital credits and equity management plan.

A motion was made by Director Provo, supported by Director Legault to accept the revision of board policy 200 as provided. After continued board discussion, Director Provo rescinded his motion.

CFO Wallin discussed the RUS loan with regards to the Construction Work Plan.

A motion was made by Director Newland, supported by Director Provo to accept the Resolution to extend the RUS loan. A roll call vote was taken as follows: Director Newland-yes, Sawruk-yes, Bonacci-no, St. Onge-yes, Legault-yes, Provo-yes, LaLonde-yes, Monroe-yes and Litzner-yes. The motion passed.

CFO Wallin discussed the change from Robert Malaski to Aaron Wallin as Chief Financial Officer and the details surrounding that change.

A motion was made by Director St. Onge, supported by Director LaLonde to add Chief Financial Officer, Aaron Wallin, as secretary to the RUS/USDA eAuthentication system. A roll call vote was taken, all directors voted in favor and the motion passed unanimously.

#### Consent Agendas

President Dasho discussed and reviewed the consent agendas as previously presented to the board of directors. The consent agendas include engineering, safety, operations, IT, communications.

Director of Communication Todd Chapman asked that each board member recommend one member from their division to be included on the Operation Round Up board. Director LaLonde requested that a list be compounded by the Director of Communication of the total amount of donations made by Cloverland Electric in 2017.

Director of Generation Roger Line presented the Generation report as previously presented to the board of directors.

President and CEO Dasho reviewed the Member Services and Key Accounts Report. Director St. Onge discussed a Facebook post regarding CEC Member Services. Director Provo requested to see a detail of the monthly write-offs.

A motion was made by Director St. Onge, supported by Director LaLonde to accept the consent agendas as presented. All directors voted in favor and the motion passed unanimously.

#### Chairperson of the Board Report

The election process will end on May 31.

#### Attorney's Report

Attorney Palmer has addressed a few questions regarding the 2018 election process. Attorney Palmer has been working on the Annual Meeting of the Member updates and preparations.

### Old Business

The 2016 CEO evaluation of President Dasho was discussed.

A motion was made by Director Provo, supported by Director Newland to increase President Dasho's salary by 1 percent, backdating to January 2016, based upon his 2016 evaluation according to the point system. A roll call vote was taken, Director Provo-yes, LaLonde-no, Monroe-yes, Litzner-yes, Newland-yes, Sawruk-no, Bonacci-no, St Onge-no, Legault-yes. The motion passed.

A motion was made by Director LaLonde, supported by Director Provo to enter into Executive Session at 1:25pm.

The board entered into regular session.

A motion was made by Director St. Onge, supported by Director LaLonde that the 2017 Evaluation of President Dasho be filed in his employee folder. All directors voted in favor and the motion passed unanimously.

### New Business

President Dasho presented a proposed Easement for the City Power Canal Trail to the board of directors.

A motion was made by Director St. Onge, supported by Director Litzner to accept the proposed Easement for the City Power Canal Trail. A roll call vote was taken and the motion passed unanimously.

### Vision Statement

The board recited the Vision Statement.

### Adjournment

A motion was made by Director Litzner, supported by Director LaLonde to adjourn the meeting. All directors voted in favor and the motion passed unanimously.

A handwritten signature in black ink, appearing to read 'Carmine Bonacci', written over a horizontal line.

Secretary/Treasurer Carmine Bonacci