

**Basin Electric Power Cooperative
Bismarck, North Dakota**

**Minutes of the Regular Meeting of the Board of Directors
April 14-15, 2015**

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The Regular Meeting of the Board of Directors of Basin Electric Power Cooperative (the Cooperative or Basin Electric) was held at the Headquarters Building, Bismarck, North Dakota, beginning on April 14, 2015 starting at 2:00 p.m. CDT.

1. Call to Order

The meeting was called to order by President Wayne Peltier, who presided, and Secretary-Treasurer Gary C. Drost kept the minutes thereof.

2. Roll Call

After calling the roll, the Secretary reported the following Directors present:

Donald E. Applegate	Paul Baker
Leo Brekel	Gary C. Drost
Arden Fuher	Charles H. Gilbert
Mike McQuiston	Kermit Pearson
Wayne Peltier	Roberta Rohrer
Allen Thiessen	

Said persons being all of the Directors of the Cooperative. Also present were CEO & General Manager Paul M. Sukut, Assistant Secretary Claire M. Olson and Basin Electric staff members Tracie Bettenhausen, Shawn Deisz, Tammy DeWitt, Chad Edwards, Mike Eggl, Pius Fischer, Mark D. Foss, Matt Greek, John Jacobs, Steve Johnson, Becky Kern, Janet Kubisiak, Rod Kuhn, Tom Leingang, Sharon Lipetzky, Tracy McBride, Kimberly Miller, Deb Olafson, Curt Pearson, Dave Raatz, Mike Risan, Ken Rutter, Tom Stalcup, Myron Steckler, Dennis Thorfinnson, Steve Tomac, Kevin Tschosik, Valerie Weigel, Michelle Wiedrich and Lyle Witham.

Also present were Dakota Gasification Company (DGC) Vice President Dave Sauer, East River Electric Power Cooperative (East River) director Duane Wolbrink and Mor-Gran-Sou Electric Cooperative (Mor-Gran-Sou) director Robert Leingang.

3. Approval of the Agenda

The Directors considered the agenda for the conduct of the business of the meeting. After an opportunity for addition and deletion of items, it was moved by Director McQuiston, seconded by Director Drost and carried that the agenda be approved as presented.

4. Approval of the Minutes

The minutes of the March 9-10, 2015 Regular Meeting of the Board of Directors were presented and after an opportunity for corrections, it was moved by Director Drost, seconded by Director Applegate and carried that the minutes be approved as presented.

5. General Manager's Report

General Manager Sukut reported that the Western Fuels board did not meet in the last month. Two consultants have been retained by Western Fuels in order to get our arms around what the Western Fuels CEO job should entail. He noted that Brad Hanson, second in command at Western Fuels, is not retiring as was previously thought. Duane Richards is retiring on July 30, 2015. The next Western Fuels board meeting is scheduled for April 29-30, 2015.

6. Office of General Counsel Report

Mr. Olson reviewed current litigation and matters of interest to the Cooperative. He noted that updates on the BNSF Railway Co. (BNSF) case and Laramie River Station (LRS) Best Available Retrofit Technology (BART) litigation would be given during executive session.

A. Appointment of Non-Director Assistant Secretary

Mark Foss, Assistant General Counsel, reported that, due to the pending retirement of Claire Olson in May, it is necessary to appoint a Non-Director Assistant Secretary of the Cooperative. After discussion, it was moved by Director Rohrer, seconded by Director Thiessen and carried that the following Resolution be adopted:

R01.04-14-15 RESOLVED, that Mark D. Foss is hereby appointed Non-Director Assistant Secretary of Basin Electric Power Cooperative.

B. Appointment of Contract Review Committee Members

Mr. Foss reported that at the August 1999 meeting, the Board approved a number of programs relating to Basin Electric business practices. One of these involved the establishment of a Contract Review Committee (CRC).

The CRC is to be staffed by representatives of the Office of General Counsel, Office of the Controller, Power Marketing, Procurement, Finance and Generation. The Office of the Controller and Finance were combined into the Financial Services Department. Power Marketing is now called Cooperative Planning. The CRC members are to be appointed by the General Manager and confirmed by the Board of Directors.

Presently, the following employees serve on the CRC: Shawn Deisz from the Accounting Division of Financial Services; Dave Raatz from Power Marketing; Steve Johnson, Senior Vice President and Chief Financial Officer; Joe Leingang from Generation; Jim Huncovsky (who has retired) from Procurement; and Claire Olson (who is retiring next month) from the Office of General Counsel.

After discussion, it was moved by Director Gilbert, seconded by Director Pearson and carried that the following Resolution be adopted:

R02.04-14-15 BE IT RESOLVED, that Shawn Deisz from the Accounting Division; Steve Johnson from the Financial Services Department; Joe Leingang from the Generation Department; Mark D. Foss from the Office of General Counsel; Dave Raatz from Cooperative Planning; and Jon Klein from the Procurement Division are hereby confirmed as members of the Contract Review Committee.

7. Operations Report

John Jacobs, Vice President of Operations, reported there were no Days Away, Restricted or Transferred (DART) incidents and one Office of Safety and Health Administration (OSHA) recordable incident in March. He provided bus-bar costs for the coal-fired fleet and reviewed the equivalent forced-outage rate trends for the past 24-month period on the solid fuel units. He reviewed March generation totals. The Leland Olds Station (LOS) stockpile contains 591,558 tons or 47.2 days burn at cruise rating. The LRS stockpile contains over one million tons. He said he hopes to build the inventory a bit more before Unit No. 1 comes back on line.

Antelope Valley Station (AVS) International Brotherhood of Electrical Workers (IBEW) Local #1593, has adopted a program "Code of excellence" in an effort to improve productivity and labor/management relations. He also noted that IBEW Local #612 at LRS voted to approve the labor contract.

He reported that generation for the owned and operated Basin Electric fleet came in 10.5 percent below budget for March. Year-to-date fleet generation is 3.1 percent below budget. Individual availability and capacity factors for the coal-based generation stations were as follows:

Unit	Availability	Capacity Factor	Unit Rating	Comments
AVS #1	100%	94.1%	450 MW	
AVS #2	91.66%	90.7%	450 MW	Scheduled boiler tube leak repair. Contractor cut live cable outside management control (OMC)
DFS	94%	101.53%	386 MW	Scheduled bottom ash throat tube leak repair
LRS #1	42%	84.34%	570 MW	Scheduled tri-annual outage
LRS #2	74%	88.10%	570 MW	Forced outage continuation generator circuit breaker failure; forced outage to repair economizer leak
LRS #3	100%	94.42%	570 MW	
LOS #1	86%	84.16%	221 MW	Scheduled outage to remove turbine start-up screens
LOS #2	94%	87.22%	448 MW	Forced outage to repair wall tube leak

A. Distributed Generation Update

Kevin Tschosik, Distributed Generation Manager, reported on natural gas prices at Groton, Deer Creek Station (DCS), Lonesome Creek Station (LCS), Pioneer Generation Station (PGS) and Wyoming Distributed Generation (WDG) and noted

that there were no recordable safety incidents in March. He noted that the liner of the combustors at PGS has come off, enough so as to bend the thermocoupler.

This is a warranted item and both will be shipped to General Electric in Houston for repair, taking the facility out of service for approximately 30 days.

The March generation at the distributed facilities was as follows:

Unit	Monthly Availability (%)	Monthly Generation (MW)	Unit Rating (MW)	Comments
Groton Unit #1	99.88	15 MW	100 MW	Ran mainly For ACC and SPP testing
Groton Unit #2	96.46	46 MW	100 MW	
Culbertson CT	96.48	1,451 MW	100 MW	For load demand
WY Dist. Gen.	99.99	0 MW	54 MW	Did not run
SMS Unit #1	100	0 MW	60 MW	Did not run
SMS Unit #2	100	0 MW	60 MW	Did not run
Deer Creek	93.98	6,447 MW	300 MW	3% capacity factor. Crack in ACC header.
PGS Unit #1	98.37	1,986 MW	45 MW	#1 ran in synch condensing and for load demand. #2: GE on site today. Sat a.m. the engine will be removed and shipped to Houston. No engines are available to lease through GE's lease program. Will work w/Matt Stoltz's group to determine if needed for reliability.
PGS Unit #2	97.84	3,428 MW	45 MW	
PGS Unit #3	97.93	4,123 MW	45 MW	
LCS Unit #1	98.13	3,134 MW	45 MW	Ran for load demand and synch condensing.
LCS Unit #2	99.32	21,414 MW	45 MW	
LCS Unit #3	99.37	12,380 MW	45 MW	

During March, the PGS ran in synchronous condensing mode 1,456.07 hours and the LCS for 2.1 hours. There were 14 west-side spinning reserve events at WDG during the month.

PrairieWinds ND 1. PWND had a 54% capacity factor for the month.

PrairieWinds SD 1. PWSD also had a 54% capacity factor for the month. While two whooping cranes are in the area, they are currently far enough away to cause no problems.

The east-side peak occurred on March 5, 2015 at 8:00 a.m. At that time, wind generation was as follows:

Wind Project	Load Factor during the Peak	Capacity Factor		Project Total
		Month	YTD	
Baldwin	58 MW	53%	49%	99 MW
Day County	72 MW	56%	53%	99 MW
Edgeley	31 MW	44%	42%	40 MW
Highmore	11 MW	38%	38%	40 MW
Iowa Wind	0 MW	49%	47%	45.1 MW
Other Projects (Chamberlain & Pipestone)	0 MW	54%	38%	3.4 MW
PrairieWinds ND	93 MW	54 %	51%	123 MW
PrairieWinds SD	45 MW	54%	54%	162 MW
Wilton	51 MW	49%	43%	99 MW
Total Monthly Wind Generation	361 MW	52%	n/a	712 MW
Average Capacity Factor	n/a	52%	49%	n/a

B. Dry Fork Station Update

Tom Stalcup, Dry Fork Station (DFS) Plant Manager, reported on safety, Our Power/My Safety, Plant Performance, Environmental, 2015 Outages and the air-cooled condenser (ACC) direct drive motors.

There were no DART or OSHA Recordable cases in March. Year-to-date, five "near misses" were reported compared to 12 at this time last year.

Continuous Improvement (CI) Team #1 was on-site January 6 to complete its 12-week review with DFS employees. Since the kickoff of the CI Team #1 inspection initiative on September 16, 2014, there have been 441 CI work requests written and 63% have been completed. Year-to-date, 211 CI work requests have been written and 161 have been finished. Year-to-date, 76% of the CI work requests have been finished.

Generation in March was 271,703 MWh, availability was 94%, running plant capacity factor was 101.39%, the forced outage rate was zero and station service was 8.76%. On March 20, 2015, the unit was taken offline for a planned tube leak

outage. There were no derates in March. DFS was called upon once to provide spinning reserve and was dispatched from Marketing 12 times to cover system needs.

DFS was in environmental compliance 100% of March 2015. Final preparation was completed for the new Mercury and Air Toxic Standards rule effective April 16, 2015. The annual Hazardous Air Pollutant, Relative Accuracy Test Audits and mercury recertification is planned for April 22-27, 2015. Staff continues feeding amended silicates and activated carbon for mercury removal. The New Source Review was submitted to the Wyoming Department of Environmental Quality (WYDEQ) and we have received a notice indicating the application is complete for adding an amended silicates skid and silo. The Title V Operating Permit is currently being reviewed by the WYDEQ.

Mr. Stalcup next presented photographs and discussed outages at the plant this year.

He noted that the use of ACC direct drive and variable-frequency drive (VFD) motors would eliminate the need for gear boxes. The main advantage of eliminating gearboxes is to prevent oil leaks in the heaters which warm the oil, thereby eliminating another point of failure. The first Baldor ACC Direct Drive Motor and VFD was installed the week of April 6 and the second will be installed the week of April 27. It will then take 18 months to evaluate the performance and maintenance of the drives. If the decision is made to keep these ACC Direct Drives and VFDs, DFS will be charged half price. The full price is \$160,000. The price to replace the existing motor, VFD and gearbox is \$150,000. If DFS chooses not to keep the drives, they will be returned to Baldor. Mr. Stalcup then presented photographs of the Baldor Direct Drive Motor and VFD.

If this works, staff would like to replace all the gearboxes with a Baldor Direct Drive Motor and VFD as the gearboxes fail.

C. Dry Fork Station Platen & Secondary Superheater Access Platform

Dennis Thorfinnson, DFS Plant Engineer, reported that staff cannot safely conduct maintenance work on the burners or boiler throat at the same time as work is performed on the pendants unless you place scaffolding around the entire boiler. Providing a Platen and Secondary Superheater Access Platform will provide safe conditions to work on the pendants and the boiler simultaneously and will eliminate the need to place scaffolding around the boiler thereby saving six days of planned outage. It will also enable more timely repairs of both the Platen and secondary superheater; and will reduce forced outage time for Platen superheater leaks.

The Platen and Secondary Superheater Access Platform project was included in the 2015 budget. The total project cost is \$1.22 million and the Internal Rate of Return (IRR) exceeds the hurdle rate. This project was approved by the Project Review Committee.

He reviewed the project scope of engineering, purchase and installation. The equipment specifications have been prepared. Engineering was completed with the original construction. Installation would begin in February of 2016, with completion scheduled for March of 2016. He recommended approval of the project.

After discussion, it was moved by Director Baker, seconded by Director Drost and carried that the following Resolution be adopted:

R03.04-14-15 RESOLVED, that the Dry Fork Station Platen and Secondary Superheater Access Platform project with an overall project cost not to exceed \$1.22 million is hereby approved; and
BE IT FURTHER RESOLVED, that the CEO and General Manager, or his designee, be authorized to execute the required documents.

D. Dry Fork Station Catalyst Replacement

Mr. Thorfinnson reported that catalyst is required to remove NO_x from the flue gas. DFS cannot operate on a 36-month planned outage cycle under the original catalyst management plan because the catalyst does not have the capacity to last three years.

Replacement of the catalyst will enable DFS to maintain 36-month planned outage cycles, allow DFS and LRS #2 and #3 to conduct planned outages without interfering with one another (on the western grid) and allows DFS to conduct fall planned outages. Fall outages are beneficial due to the lack of competition for workers in the area at that time of year.

The \$4.68 million project cost was included in the 2016 budget. The IRR exceeds the hurdle rate. Project Review Committee approval is not required for catalyst.

The project scope involves removing the existing catalyst modules in Selective Catalytic Reduction (SCR) layers 1, 2 and 3 and the purchase and installation of new catalyst modules in SCR layers 3 and 4.

Mr. Thorfinnson reviewed the original and modified catalyst plans. The final plan is to remove the first three layers of catalyst with two new layers in service (layers 3 and 4) and to add air cannons to prevent ash buildup along the boiler wall. This replacement plan is expected to provide 25,500 hours of life or 3.1 years at 95% capacity factor compared to 17,500 hours with the plate-style catalyst.

The catalyst specification is complete. If the project is approved, the catalyst will be ordered in June 2015 as eight months of lead time is required. The project is scheduled for completion in April of 2016. He recommended approval of the project.

After discussion, it was moved by Director Pearson, seconded by Director Gilbert and carried that the following Resolution be adopted:

R04.04-14-15 RESOLVED, that the Dry Fork Station Catalyst Replacement Project with an overall project cost not to exceed \$4.68 million is hereby approved; and
BE IT FURTHER RESOLVED, that the CEO and General Manager, or his designee, be authorized to execute the required contract documents.

E. Antelope Valley Station - Purchase of New 777G Ash Truck

Chad Edwards, AVS Plant Manager, reported that the current 1997 Caterpillar Model 777G Ash Truck has 40,000 hours and has been utilized in the ash system

for 18 years. The truck is used for the daily operation of the plant to maintain fly ash and bottom ash silo levels. The truck needs an estimated \$833,428 in repairs, not including required modifications. The cost of a new 2015 Cat 777 Ash Truck is \$1,840,400 and would include a one-year total warranty and a two-year power train warranty. Butler's quote for trading this truck in was \$105,000. The Asset Recovery Coordinator has estimated the resale value of the old truck at \$200,000, so it will be sold at auction with the proceeds going to the general fund. This project was reviewed and approved by the Project Review Team on March 31, 2015. He then presented photographs of the current and proposed Caterpillar Model 777 Ash Trucks and recommended authorization for the purchase of the new truck.

After discussion, it was moved by Director Fuher, seconded by Director McQuiston and carried that the following Resolution be adopted:

R05.04-14-15 RESOLVED, that the purchase of a new Caterpillar Model 777 Ash Truck presented to this meeting of the Board of Directors at a budgeted cost of \$1,840,400 is hereby approved; and

BE IT FURTHER RESOLVED, that the CEO and General Manager, or his designee, be authorized to execute the required documents.

F. Antelope Valley Station Ash Landfill Cell 4 Development

Mr. Edwards noted that this is an unbudgeted project that is required in order to comply with regulations for the proper disposal of ash. The project includes stockpiling of excess material, grading and construction of a clay liner, storm water control and access road development. Work for this project will be done by The Coteau Properties Company (Coteau). Some of the material from Cell 4 will be hauled for fill for the DGC Urea Project. This landfill project was reviewed and approved by the Project Review Team on March 31, 2015. He then presented a diagram of the location of the Cell 4 Ash Landfill and recommended the project be approved. He estimated this cell would last approximately 10 years. When Cell 4 is full, the next cell will be located directly to the north.

After discussion, it was moved by Director Thiessen, seconded by Director Gilbert and carried that the following Resolution be adopted:

R06.04-14-15 RESOLVED, that the Ash Landfill Cell 4 Development presented to this meeting of the Board of Directors at a not to exceed project cost of \$2,525,449 is hereby approved; and

BE IT FURTHER RESOLVED, that the CEO and General Manager, or his designee, be authorized to execute the required documents.

8. Marketing & Asset Management Report

A. Purchased Power & Non-Member Sales Report

Ken Rutter, Vice President-Marketing & Asset Management, reported that power prices are similar to last month. Natural gas prices continued to decline. The variable cost of running DCS is approaching the variable cost of running LOS. Prices in the Southwest Power Pool (SPP) and the West were very soft in March and this continues into April. March member energy loads were lower than the

forecast. Basin Electric hedges continue to be positive versus the budget, but out-of-the-money versus the market. The April 13, 2015 deadline for submittal of the SPP project plan was successfully completed. Natural gas storage cost was negotiated at a rate approximately \$0.20/mmbtu below last winter's cost. Hedging in accordance with the approved hedging plan continues.

Mr. Rutter noted that some of the Class A Members have asked to receive the Weekly Operation Report that is prepared by his department. The directors agreed that this report should be distributed to all of the Class A managers.

IS&T has put in a lot of overtime in preparation for SPP market trials. The trading desk will go live in October, but the trials start in May. Additional work needs to be done with Energy Market System (EMS) and the plants. Market trial submissions begin on May 11, 2015. Deployment tests are also done at this time, which requires coordination with the Western Area Power Administration (WAPA). SPP is running the trials for 60 days; the Midwest Independent System Operator (MISO) does only five days of market trials. If we're prepared, we can do a great deal of testing of different scenarios. To date, 150 different scenarios have been identified for testing.

Market trials end on July 17 and the first go/no go is on July 31. If either Basin Electric or WAPA isn't ready to go forward at that time, we will not go live. The real go/no go date is October 1. We are coordinating with WAPA and have a meeting with SPP concerning the market trials on April 17.

9. Recess and Reconvention

At 4:40 p.m., President Peltier recessed the meeting until 8:00 a.m. on April 15, 2015, at which time the meeting reconvened with President Peltier continuing to preside and Secretary Gary C. Drost continuing to keep the minutes.

10. Roll Call

After calling the roll, the Secretary reported the following Directors present:

Don Applegate	Paul Baker
Leo Brekel	Gary C. Drost
Arden Fuher	Charlie Gilbert
Mike McQuiston	Kermit Pearson
Wayne Peltier	Roberta Rohrer
Allen Thiessen	

Said persons being all of the directors of the Cooperative. Also present were CEO and General Manager Paul M. Sukut and Assistant Secretary Mark D. Foss and staff members Tracie Bettenhausen, Andy Buntrock, Eric Carufel, Shawn Deisz, Tammy DeWitt, Mike Eggl, Pius Fischer, Gene Giesen, Matt Greek, Ellen Holt, Steve Johnson, Becky Kern, Keith Ketcherside, Mark Kinzler, Janet Kubisiak, Rod Kuhn, Deborah Levchak, Sharon Lipetzky, Tracy McBride, Dale Niezwaag, Deb Olafson, Curt Pearson, Dave Raatz, Mike Risan, Josh Rossow, Justin Sipma, Susan Sorensen, Myron Steckler, Kevin Tschosik, Amanda Wangler, Michelle Wiedrich and Lyle Witham. Also present were DGC Vice President David J. Sauer, East River director Duane Wolbrink and Mor-Gran-Sou director Robert Leingang.

11. Cooperative Planning Update

Mr. Raatz reported on the status of amendments to the wholesale power contracts with the Class A Members, as well as the power services agreement, which sets out how some Basin Electric and WAPA assessments are shared. He noted that there are approximately 80 contracts to be updated before October and said at present, the process is going well.

Mr. Raatz noted that staff wants to implement a new Transmission Service Policy effective January 1, 2016. Discussions with the members regarding member facility inclusion and transmission service providers outside of SPP are going well. Staff is trying to provide all of the contract amendments to the members for execution this summer.

The members have asked Basin Electric to compute an updated estimate of the cost of the Class A members joining SPP. Since we don't know which members will join SPP and which facilities they plan to put into SPP, and the members declined providing that level of detail, the estimate was prepared based on all of the members joining as transmission-owning members. A white paper has been developed that goes through all of the calculations and will be soon distributed to the Manager's Advisory Committee (MAC). He reported that, to date, contract amendments have been sent to 14 of the 19 Class A Members, with three more scheduled to go out this month and discussions scheduled with Tri-State. He noted that Basin Electric needs to add language for the indenture and to focus on power service agreements, which we don't think will be controversial.

Mr. Raatz reported receiving many questions from members, so a memo was sent to the Class A Members outlining the logic on the Transmission Service Policy, changing the points of delivery, contract modification and 2075 contract term so if Basin Electric buys out of the Rural Utilities Service (RUS), it can do the depreciation extension. He reviewed the consequences of a member not signing the contract amendment and noted that if there is something the directors would like to have explained further, they should contact him. These matters will also be discussed at the MAC meeting next week.

Mr. Raatz stated it was the Cooperative's position that it has all requirements contracts with its members and that it would be difficult and expensive to agree to a carve-out for renewables. Mr. Johnson noted that Basin Electric staff has always told the rating agencies that there aren't any out clauses in the Basin Electric all-requirements contracts.

When Basin Electric decided to go into SPP, we said it wouldn't have to change our rate structure. Members have asked about reconstituting the historical load management rate. He noted this matter would be addressed at the April MAC meeting.

Approximately 1350 MW of proposals were received in response to the request for proposal (RFP) that was released March 2, 2015 for power in three areas: Montana, SPP and MISO. Staff is now determining how to incorporate the responses to the RFP into our power supply plans. At this time, Basin Electric can purchase power in the market for less than the cost of self-building. Mr. Raatz reported that in December of 2013, FERC issued Order No. 91 which approved the Version 5 reliability standards. Staff would like to have security at all Cooperative substations. While there are no requirements for security at low-level substations at this time, it is anticipated there will be in the future. He then presented a photograph showing where the copper wiring had been cut and stolen from the Wheelock Substation. The fence was cut to gain access to the substation.

Mr. Raatz then reviewed the MAC agenda.

then presented the listing of major projects including the approved budget amounts, total amounts committed and completion dates.

B. 345 kV Projects Update

Amanda Wangler, Project Manager, reported there were no OSHA Recordable or DART incidents at the project during the month. Staff received and addressed concerns related to right-of-way access, gates and damage from muddy conditions. Staff is working to maintain compliance with cultural resource restrictions.

Project work is approximately two weeks behind schedule on the Judson Substation and five weeks behind on the AVS-to-Judson portion of the transmission line; however, completion dates have not changed. The AVS-to-Judson segment of the transmission line is 40.3% complete. Due to ground conditions, only 65 structures were set in March compared to the projected 126. Stringing operations have begun and are ahead of schedule. The target completion date for the AVS-to-Charlie Creek line is July 31, 2015. Ms. Wangler then provided the construction update and reviewed project costs for the AVS-to-Neset line and North Killdeer Loop. She presented a video of a helicopter setting two H-frame structures near the Little Missouri River where heavy equipment couldn't be used because of the very rugged terrain.

At the AVS Switchyard, the new stage 1 bay was finished and the LOS #1 line was energized on March 13. Stage 2 work to alter the bay on the LOS #2 line began and demolition is ongoing. Stage 2 work is estimated for completion in July of 2015.

Work continues on wiring and the building entrance at the Charlie Creek Substation. Construction is on schedule. The completion date for the Stage 1 work is July of 2015.

Foundation work at the Judson Substation is basically complete, switches are 50% complete and work continues on steel. Construction is two weeks behind schedule. The targeted completion date is October 12, 2015.

She reported that more of the contingency was used due to engineering and permitting efforts in the field. The contractor required more support regarding environmental compliance than planned. The increases in the North Killdeer Loop expenses were contract commitments for materials and longer lead times when ordering substation supplies.

C. Charlie Creek Bus Reactor Scope Addition

Ms. Wangler reported that a bus reactor is needed for voltage support at the Charlie Creek Substation when the 345 kV system is lightly loaded. The bus reactors lower the voltage on long, lightly loaded lines and are able to stay in service if the line is out of service. Basin Transmission's study determined this reactor is needed after approval of the substation project. The estimate for the bus reactor project is \$5 million, increasing the overall project budget from \$347.2 million to \$352.2 million. The scheduled completion date is December 31, 2016. The lead time for this equipment is approximately one year. She recommended approval of the bus reactor scope addition at Charlie Creek Substation.

After discussion, it was moved by Director Fuher, seconded by Director Thiessen and carried that the following Resolution be adopted:

R08.04-14-15

RESOLVED, that the AVS-to-Neset transmission project budget be amended from \$347.2 million to \$352.2 million, an increase of \$5 million for the addition of a bus reactor at the Charlie Creek Substation; and

BE IT FURTHER RESOLVED, that the CEO and General Manager, or his designee, be authorized to execute the required documents.

D. Great Southwestern Contract Increase

Ms. Wangler reported that the Great Southwestern Construction, Inc. (GSW) contract value was based on conservative unit estimates because staff knew there would be some changes, such as moved structures, and it was difficult to set a hard price for 140 miles of transmission line when the ground conditions were unknown. Authorization for \$35 million was requested and approved. Staff thought that the contract would be delayed and the estimates were probably low. The estimate did not cover trees to be removed. Soil borings were done at each location, sometimes hitting rocks and sometimes not. The construction start was delayed due to permitting and \$2.2 million of the float in unit prices was used for the construction start delay. An additional \$2 million was provided for additional units--mats, right-of-way clearing and rock/slurry foundations. Some work has been completed from AVS to Charlie Creek, and those amounts are being used to compute the estimate for the Charlie Creek to Judson segment. The largest expense is matting. It was estimated that approximately 400 mats would be used based upon previous contracts. After the contract was signed, the GSW plan called for 2,000 mats. In this \$4 million is the ability for this project to use 2,500 mats, 200 purchased and repurposing some. The matting cost is broken down in the contract and we have a price for labor to install and remove the mats. At the end of the project, we anticipate that 70% of the mats will be salvageable or can be resold. Most of the mats are laminate, but there are a few timber mats as well.

She noted that, due to NERC rules, a transmission line cannot be double-circuited for more than one mile. To comply with this rule, staff developed a plan to cross the lines (the "Crossover Area") west of AVS. As the Crossover Area corridor is small, some of this work was recently bid out to make sure the cost that GSW proposed was reasonable. The bids came in and GSW held their unit prices. These two additions will be rolled into the authorization for \$6 million.

After discussion, it was moved by Director Gilbert, seconded by Director Pearson and carried that the following Resolution be adopted:

R09.04-14-15

RESOLVED, that the original approved contract amount for the Great Southwestern Construction, Inc. be amended from \$35 million to \$41 million; and

BE IT FURTHER RESOLVED, that the CEO and General Manager, or his designee, be authorized to execute the required documents.

E. Pioneer Generation Station Phase III-Pre-Engineered Metal Building

Josh Rossow, Project Manager, reported that the permitting timeline supports a May 1 construction start. The North Dakota Public Service Commission (NDPSC)

siting permit is expected April 29. The 30-day public comment period on the air permit ended on April 6, and the permit has been received. Procurement is 60% complete. There are 36 contract packages, 11 of which are out for bid or in review and 15 have been awarded. He reviewed PGS Phase III project costs. Last month, the Board approved an amount not-to-exceed \$6.1 million to the lowest evaluated bidder for the pre-engineered metal building contract. Mr. Rossow reviewed the bids and noted that one bidder did not demonstrate a clear understanding of the project when interviewed and one bid was technically unacceptable. The contract was awarded to the next low bidder, Hansen Rice (which performed well on the PGS and LCS Phase I operations and maintenance buildings), for \$6,035,695.

F. PGC Site Preparation Contract

Mr. Rossow reported that last month, the Board authorized award of the PGS site preparation contract to the low evaluated bidder in an amount not-to-exceed \$5.6 million. He reviewed the bids and noted that the contract had been awarded to the low evaluated bidder, Rachel Contracting, for \$4,517,897. Rachel Contracting plans to mobilize the week of April 27 and start work on May 4.

G. Foundations & Underground Utilities Contract Award

Mr. Rossow reported that the scope of this contract includes concrete foundations, underground duct banks, underground piping and the ground grid. The budget is \$8.1 million. He reviewed the evaluated bids and recommended that the contract be awarded to Marcy Construction for \$7.2 million.

After discussion, it was moved by Director Brekel, seconded by Director Rohrer and carried that the following Resolution be adopted:

R10.04-14-15 RESOLVED, that the Foundations and Underground Utilities contract for Pioneer Generation Station Phase III be awarded to Marcy Construction Company in an amount not to exceed \$7.2 million; and

BE IT FURTHER RESOLVED, that the CEO and General Manager, or his designee, be authorized to execute the contract.

H. Lonesome Creek Station Phase III Update

Mr. Rossow reported that the permitting timeline supports a May 1, 2015 construction start. The NDPSC siting permit is expected April 29. The 30-day public comment period on the air permit started on April 8 and the permit is expected in mid- to late-May. The McKenzie County Planning and Zoning Commission hearing was held on April 13 and the commission approved the project. This matter will be considered at the April 21 county commission meeting. The conditional use permit is expected in April. He reviewed the LCS Phase III project costs.

I. Lonesome Creek Station Phase III Construction Contract

Mr. Rossow reported that last month, the Board authorized award of the LCS Phase III Construction Contract to the low evaluated bidder in an amount not-to-exceed \$27.0 million. He reviewed the bids and noted that clarification of the AZCO, Inc. proposal identified several miscellaneous items that added \$194,062 to

the base bid. He reported that the contract had been awarded to the low evaluated bidder, AZCO Inc., for \$21,622,272.

J. Substation Site Physical Security

Gene Giesen, SRS Physical Security & Compliance Supervisor, reported that in December 2013, FERC issued Order No. 791 which approved the Version 5 Reliability Standards. Energy providers with medium and high-security facilities must have additional security in place by April 1, 2016, and daily fines can be imposed for noncompliance.

Basin Electric has four different substations that meet the medium-security criteria: AVS 345 kV; Charlie Creek 345 kV; LOS 230 kV; and LOS 345 kV. The Missouri Basin Power Project (MBPP) has four substations that meet the criteria: LRS 230 kV; LRS 345 kV; Stegall 345 kV and Sidney 345 kV.

These Critical Infrastructure Protection (CIP) Standards address outside security at transmission substations. Controls required are to be preventative, detective, corrective, management, technical and operational. He reviewed the requirements and equipment to be installed.

There are no current NERC requirements for low-level substations, although staff anticipates inclusion in future CIP standards. Basin Electric has a five-year plan to have physical security at every Basin Electric substation. The Cooperative has 35 low-level substations located in Montana, Wyoming, North Dakota, South Dakota, Nebraska, Minnesota and Iowa.

The low-level security substations protection will be similar to medium-level substations, although the physical attributes and layout of the substation will dictate the actual security measures to be installed.

He noted there was vandalism at the Judson site, so cameras were installed and there have been no problems since then. A roll of wire and fiber cable was recently stolen from Dry Creek Substation where there is no security currently in place.

Pius Fischer, Manager of Electrical Engineering, introduced Justin Sipma, Electrical Engineer. Mr. Sipma presented a map showing the locations of substations that meet NERC's definition of a medium-level security substation. After reviewing different technologies and equipment, the group selected Systems With Intelligence to provide the security equipment due to their ability to supply substation-hardened equipment, advanced video analytics, real-time video, unattended video surveillance, event notification (alarm or email sent to pre-established distribution list) and ability to integrate with Basin Electric's existing software.

He then presented photographs and discussed copper theft at the Wheelock Substation, the security layout of the LOS 230 kV Switchyard and Control Building and project schedule for engineering, procurement, installation and commissioning. He reviewed the Class 3 cost summary which totaled \$2,162,000 for Basin Electric, \$1,583,000 for MBPP and totaled \$3,745,000 and recommended approval for physical security for four Basin Electric medium-level substations at a budgeted cost of \$2,162,000. Basin Electric's substations are larger than the MBPP substations, which accounts for the cost difference.

After discussion, it was moved by Director Baker, seconded by Director Drost and carried that the following Resolution be adopted:

R11.04-14-15

RESOLVED, that the Physical Security Project for four Basin Electric medium-level substations presented to this meeting of the Board of Directors at a budgeted cost of \$2,162,000 is hereby approved; and

BE IT FURTHER RESOLVED, that the CEO and General Manager, or his designee, be authorized to execute the contract.

Mr. Sipma then recommended approval for physical security for four MBPP medium-level substations at a budgeted cost of \$1,583,000. After discussion, it was moved by Director Pearson, seconded by Director Applegate and carried that the following Resolution be adopted:

R12.04-14-15

RESOLVED, that the Physical Security Project for four Missouri Basin Power Project medium-level substations presented to this meeting of the Board of Directors at a budgeted cost of \$1,583,000, of which Basin Electric is responsible for \$670,000, is hereby approved; and

BE IT FURTHER RESOLVED, that the CEO and General Manager, or his designee, be authorized to execute the contract.

13. Recess and Reconvention

At 12:00 noon, the meeting recessed until 1:00 p.m., at which time the meeting reconvened, President Peltier continuing to preside and Secretary-Treasurer Gary C. Drost keeping the minutes thereof.

14. Roll Call

After calling the roll, the Secretary reported the following Directors present:

Don Applegate	Paul Baker
Leo Brekel	Gary C. Drost
Arden Fuher	Charles H. Gilbert
Mike McQuiston	Kermit Pearson
Wayne Peltier	Roberta Rohrer
Allen Thiessen	

Said persons being all of the directors of the Cooperative. Also present were CEO and General Manager Paul M. Sukut, Assistant Secretary Mark D. Foss and staff members Tracie Bettenhausen, Don Boehm, Eric Carufel, Shawn Deisz, Tammy DeWitt, Mike Eggl, Matt Greek, Ellen Holt, Steve Johnson, Becky Kern, Mark Kinzler, Rod Kuhn, Tracy McBride, Sally Meier, Darla Miller, Dale Niezwaag, Claire M. Olson, Shawna Platz, Dave Raatz, Mike Risan, Jean Schafer, Justin Sipma, Susan Sorensen, Steve Tomac and Michelle Wiedrich. Also present was DGC Vice President David J. Sauer, East River director Duane Wolbrink and Mor-Gran-Sou director Robert Leingang.

15. Transmission Report

Mike Risan, Senior Vice President - Transmission, provided an update on the SPP integration activities and thanked staff for all their work to get up to this point. He also reported on settlement discussions at FERC regarding the OTPC and MDU system overlap. A new administrative law judge has been assigned to this matter.

Three representatives from SPP will be in Bismarck on May 5 to brief the NDPSC on Basin Electric's integration into SPP and have requested a tour of the Bakken. Basin Electric is coordinating this tour, which will also include NDPSC commissioner Brian Kalk and a counterpart from the Nebraska Power Review Board.

Market activities on the western interconnection are picking up sooner than anticipated. Mr. Risan noted that Black Hills Power is interested in joining SPP, but is just getting started.

Mr. Risan reported on his participation in a WestConnect Steering Committee meeting. This group was formed to respond to FERC Order 1000 for joint planning and cost allocation on the west. He reported on a PacifiCorp press release that it plans to enter into a dialog with the California Independent System Operator (ISO), all the more reason to pay attention to developments in the west as we would prefer an expansion of SPP.

16. Communications and Administration Report

Dale Niezwaag, Senior Legislative Representative, reported that the North Dakota Legislature is trying to save five days in case the price of oil doesn't rebound and they need to come back to address revenue shortfalls. Basin Electric did well during the session. We were seeking state support for further research in North Dakota and should secure \$5 million for the Allam cycle investigation.

The effort to stop EPA's CO₂ rule through the state legislatures was fairly complicated. While we want to help the states resist EPA's proposed rule, the legislation proposed complicated any other efforts we might make. All of these legislative efforts were stopped or modified appropriately with the possible exception of Minnesota.

In the Iowa Legislature, a lineman safety bill passed this morning but caught an amendment so will now go back to the House.

Steve Tomac, Senior Legislative Representative, reported that after a great deal of collaboration with Basin Electric's Multistate Tax Section, Basin Electric was successful in its intervention in the wind developers' efforts for tax reductions in South Dakota. This resulted in \$6.7 million savings. He expressed his gratitude to Don Boehm and his staff for running the numbers on this matter.

The Montana Legislature was successful in passing the fire liability bill, which was vetoed by the governor, who then provided suggested amendatory language he would find acceptable.

The Minnesota Legislature was just gearing up after the Easter recess. He expressed concern with the language in the Omnibus bill, which he felt was a precursor of what the Minnesota clean power plan will probably look like.

Mike Eggl, Senior Vice President -- Communications & Administration, reported that, in general, the state legislative sessions were favorable to Basin Electric. That success was due, in part, to the very reasonable requests we made.

He noted that the NRECA Legislative Rally is scheduled for May 3-6, 2015 in Washington, DC.

The results of the employee survey and the manager/supervisor survey have been received and staff will be working on plans in response to each. The 2015 member survey was sent to all member managers and communications/member services staff

on February 26 and 125 responses were received. Staff will increase efforts in the areas where survey results showed work is needed.

A. 2015 Resolutions Committee Meeting

Mr. Eggl recommended that the 2015 Resolutions Committee be authorized to convene in September and that a director to serve on the Committee be named. After discussion, it was moved by Director Drost, seconded by Director Pearson and carried that the following Resolution be adopted:

R13.04-14-15 RESOLVED, that the 2015 Basin Electric Power Cooperative Member Resolutions Committee be convened in September and that Director Baker represent the Board of Directors on the 2015 Resolutions Committee.

B. Internal Audit of Board Policies, Administrative Bulletins and Employee Guidelines

Shawna Platz, Senior Auditor, reported that the Internal Audit Division completed its review of Policies, Administrative Bulletins and Employee Guidelines and will give a more detailed report at the next Board Audit Committee. Audit comments with respect to Employee Guidelines were to apply exceptions consistently and to create a fraud investigation policy; with respect to Administrative Bulletins, to review for removal or integration into other guiding documents; and with respect to the Administrative Support and Procedures Committee, to ensure all areas are assigned administrative support and ensure the administrative assistants are gathering feedback and concerns prior to new policy implementation.

Policies are duplicated in a number of publications and some are more detailed than others. She recommended a full review to make sure all documents are up to date, accurate and consistent.

C. Charitable Giving Report

Jen Holen, Event Planner/Charitable Giving Coordinator, reviewed 2014 donations by Basin Electric and its subsidiaries by state and category. Donations totaled \$1,531,135. Thirty-three percent of the donations budget was set aside for member matching donations. In 2014, 21% of the budget was utilized. Year-to-date 2015, we're at 26% for matching donations.

She then reviewed Basin Electric's sponsorships: Bobcat Hockey, Norsk Hostfest and the Burning Hills singers at the Medora Musical. We have two Touchstone Energy nights planned for this summer at Medora. Family night will be held at Sertoma Park this year due to construction.

St. Baldricks/Brave the Shave continues to be an unmitigated success. The event raised over \$425,000 and the relationships formed have been very rewarding. Over the last eight years, Basin Electric, local participants and partners have raised over \$1.9 million for childhood cancer research.

Earned and donated media was \$70,000 for Brave the Shave. She then presented a video recap of all of the Brave the Shave events. Some of these funds are donated to the YMCA's Strong Kids program.

D. WY/NE and ND/SD Union Employees 401K Eligibility

Ellen Holt, Manager of Human Resources, reviewed the changes which came about as a result of labor negotiations with Local #612 in Wheatland. Instead of waiting for one year to begin contributing to a 401(K), union members will be able to start contributing after one month. Basin Electric's match will continue to begin after one year. This change has been included in Amendment No. 3 to the Basin Electric Power Cooperative WY/NE 401(K) Plan (to the 2009 Restatement), as well as to the ND/SD 401(K) Plan (to the 2009 Restatement). She recommended that both amendments be approved.

After discussion, it was moved by Director Drost, seconded by Director Gilbert and carried that the following Resolution be adopted:

R14.04-14-15 RESOLVED, that the Amendment No. 3 to the Basin Electric Power Cooperative WY/NE 401(K) Plan and Amendment No. 3 to the ND/SD 401(K) Plan be approved; and

BE IT FURTHER RESOLVED, that the officers of the Cooperative be authorized to execute the same for and on behalf of the Cooperative.

17. Financial Services Report

Steve Johnson, Senior Vice President & Chief Financial Officer, reported that the Cooperative still has \$105 million of EB-5 funds outstanding. We have prepaid what we could and have reduced the balance to \$70 million. There is a loan contract provision that precludes the Cooperative from prepaying a loan while the individual foreign investor is waiting to get his/her green card. We are nearing the five-year maturity and so the Cooperative will start making repayments in April. By the end of October, the Cooperative will be completely out of the South Dakota EB-5 financing program.

He then discussed the Cooperative's liquidity, current economic statistics, U.S. Treasury yield curve and RUS refinancing. Rating agency visits are scheduled for April 27-28.

A. 2015 Interest Rate Hedging Authorization

Susan Sorensen, Vice President & Treasurer, reported that Basin Electric is exposed to interest rate risk on all future financing needs. The magnitude of this risk is a \$6.5 million present value cost for every 0.01% increase in U.S. Treasury rates. U.S. Treasury Rates are near all-time lows. On February 2, 2015, the 30-year U.S. Treasury Rate reached an all-time historical low of 2.25%. She noted that staff chose not to lock in an interest rate at that time due to the high cost of the premium caused by volatility in the interest rate markets.

We will continue to watch the market and keep an eye on volatility. When the market settles and premiums come back into the five to 15 basis points range, staff will more aggressively look at interest rate hedging strategies and associated options for hedging.

Given the volatility of this market, the fact that the Cooperative is looking to do a great deal of financing in 2015 and the possible need for staff to move very quickly, she recommended staff be authorized to lock interest rates on up to \$500 million of 2015 first mortgage notes.

After discussion, it was moved by Director Baker, seconded by Director Gilbert and carried that the following Resolution be adopted:

R15.04-14-15 RESOLVED, that as an exception to the limitations on the authority granted to the CEO & General Manager pursuant to Board Resolution R01.02-11-14, the Board of Directors of the Cooperative authorizes the CEO & General Manager to negotiate and execute interest rate hedging transactions for up to \$500 million of the Cooperative's 2015 Series First Mortgage Notes.

Staff continues to look at the structure of new debt. Staff is also monitoring future financing plans and is looking to be in the market for a private placement in mid-June. Depending on the success of that offering, the Cooperative will likely be back in the public market in early September.

B. Basin Electric Guarantee--DGC Urea Project Financing Revised Resolution

Mr. Foss reported that he was recommending a revision to last month's resolution approving the Basin Electric unsecured guarantee of DGC's urea project financing because of the addition of an agreement, the Collateral Control Agreement, an increase in the principal amount and a change in the date of the agreements.

After discussion, it was moved by Director Applegate, seconded by Director Pearson and carried that the following Resolution be adopted:

R16.04-14-15 RESOLVED, that the Board of Directors of the Cooperative amends and restates resolution R10.03-10-15 adopted at its March, 2015 meeting in its entirety as follows:

RESOLVED, that the CEO & General Manager or Senior Vice President & CFO of the Cooperative are authorized to negotiate and execute an unsecured guarantee of the payment and performance of the obligations of the Cooperative's wholly owned subsidiary, Dakota Gasification Company, under (a) the Note Purchase Agreement, and (b) any notes evidencing indebtedness of Dakota Gasification Company related thereto, in an aggregate principal amount not to exceed four hundred seventy-five million dollars (\$475 million) (the **Notes**), and (c) any related obligations, each on those terms and conditions such officer finds to be in the best interests of the Cooperative, such finding to be conclusively evidenced by his execution of such guarantee agreements and related documents.

RESOLVED, that the CEO & General Manager or Sr. Vice President & CFO of the Cooperative are authorized to take such further actions and negotiate, execute and deliver such other agreements, documents and instruments as shall be necessary, appropriate or desirable, in the opinion of either such officer, to carry out the purposes and intent of the foregoing resolution and to effectuate the issuance of Notes by Dakota Gasification Company.

C. Amended and Restated Indenture of Trust

Mr. Foss reported that staff has been trying unsuccessfully for a number of years to engage the RUS to review certain changes the Cooperative would like to make to its January 1, 1998 Indenture with U.S. Bank National Association, as trustee (the **Indenture**). As we would like to effectuate as many of these changes as possible before we embark on the RUS buy-out financing, it has been decided to use an alternative means of accomplishing these changes.

Subsection 12.1.L of the Indenture allows the trustee to agree to make changes to the Indenture which in the reasonable judgment of the trustee will not materially and adversely affect the holders of the notes secured by the Indenture. The trustee is allowed to make such a finding based upon its receipt of written evidence from at least two of the three major rating agencies then rating the notes secured by the Indenture that their rating of the secured notes will not be reduced or withdrawn as a result of the proposed changes. Staff has worked with Orrick on proposed changes to the Indenture which were forwarded to the rating agencies and we have received positive written responses from both Fitch and Moody's. We have submitted these positive responses to the trustee, along with the proposed Indenture changes.

The changes requested reflect the evolution of the G&T mortgage indentures since Basin Electric signed its indenture in 1998, as well as changes that have occurred in the industry since the mid-1990's (such as the deletion of the provisions concerning transition charges) when the existing document was negotiated. Basin Electric has also proposed changes that would better facilitate the posting of collateral for commodity and hedging transactions.

As staff expects the trustee will find these changes acceptable, Mr. Foss recommended adoption of a resolution authorizing the execution of the Amended and Restated Indenture dated as of April 1, 2015 between Basin Electric and U.S. Bank National Association, as trustee.

After discussion, it was moved by Director Applegate, seconded by Director Gilbert and carried that the following Resolution be adopted:

R17.04-14-15

RESOLVED, that the CEO & General Manager or Senior Vice President & CFO of the Cooperative are authorized to execute the Amended and Restated Indenture dated as of April 1, 2015 between the Cooperative and U.S. Bank National Association, as trustee (the **Amended and Restated Indenture**) in the form presented to this meeting with such changes as such officer finds to be in the best interests of the Cooperative, such finding to be conclusively evidenced by his execution of the Indenture.

BE IT FURTHER RESOLVED, that the CEO & General Manager or Senior Vice President & CFO of the Cooperative are authorized to take such further actions and negotiate, execute and deliver such other agreements, documents, certificates and instruments as are necessary, appropriate or desirable, in the opinion of either such officer, to carry out the purposes and intent

of the foregoing resolution and to effectuate the execution and delivery of the Amended and Restated Indenture.

D. Termination of PrairieWinds Revolving Credit Agreements

Mr. Foss reported that in the course of reviewing and preparing the offering documents for Basin Electric's 2015 RUS buy-out financing, it was pointed out that Basin Electric has commitments to lend to its subsidiaries (DCC: \$250 million; DGC: \$150 million; PWND: \$240 million; and PWSD: \$350 million) in excess of the liquidity it has available to it under its revolving lines of credit. To remedy this situation, staff is recommending that the revolving credit agreements Basin Electric has with its two wind subsidiaries be terminated as those lines of credit were established for construction financing and are no longer needed. He then recommended terminating the PWND and PWSD Revolving Credit Agreements.

After discussion, it was moved by Director Pearson, seconded by Director Drost and carried that the following Resolution be adopted:

R18.04-14-15

RESOLVED, that the Board of Directors authorizes the President to execute agreements to terminate the Revolving Credit Agreement dated as of February 15, 2008, as amended, by and between the Basin Electric Power Cooperative and PrairieWinds ND 1, Inc. and the Revolving Credit Agreement dated as of February 15, 2008, as amended, by and between Basin Electric Power Cooperative and PrairieWinds SD 1, Inc.

E. Accounting Report

Darla Miller, Senior Accounting Analyst, reported that the March 2015 Statement of Operations reflected an estimated net deficit of \$0.6 million compared to the budgeted net deficit of \$2.5 million for a favorable variance of \$1.9 million. The net margin for the same period last year was \$7.5 million. The Cooperative received patronage of \$2.9 million from CoBank during the month.

She also reviewed member sales, surplus sales, operations expenses, maintenance expenses, year-to-date consolidated net income/loss, changes to the balance sheet and month-end cash.

Basin Electric's equity-to-asset ratio at the end of March was 21.2 percent, the same as at the end of February.

At the end of March, the equity-to-capitalization ratio using Moody's Rating Service's methodology was 25.1% compared to 25.2% at the end of February, both without the Coteau consolidation entry.

The equity-to-capitalization ratio based on indenture requirements for patronage distribution was 22.6% at the end of March compared to 22.5% at the end of February. The Cooperative received \$2.9 million from CoBank during the month.

18. Directors' Reports

Director Drost thanked Paul Sukut, Steve Johnson and Dave Raatz for attending the L&O annual meeting.

Director Applegate thanked Paul Sukut, Steve Johnson and Dave Raatz for attending the NIPCO annual meeting. He noted that there will be three new directors on the NIPCO board and that Kent Pauling has announced he will retire at the end of 2015.

Director Gilbert expressed his gratitude to Dave Raatz, Mike Risan and Ken Rutter for attending the Corn Belt annual meeting.

Director Thiessen invited the directors and staff to Upper Missouri's annual meeting next week. Upper Missouri will have two new directors and a new chairman next month.

Director Fuher thanked staff for attending the Central Power annual meeting. A resolution urging Basin Electric not to buy out of RUS was adopted during the business meeting.

Director McQuiston reported there will be two new directors at the next Rushmore meeting because John Van Beek and Roy Ireland are retiring.

Director Peltier expressed his gratitude to Paul Sukut and Wayne Peltier for attending Missouri Valley Cooperative Light Power's annual meeting.

19. Date and Place of Next Board Meeting

The next regularly scheduled meeting of the Board of Directors will take place May 12-13, 2015, at Basin Electric's headquarters building in Bismarck, North Dakota.

20. Executive Session

At 3:18 p.m., it was moved by Director Rohrer, seconded by Director Baker and carried that the meeting retire into executive session to receive updates on the BNSF transportation agreement settlement negotiations and LRS-BART and to discuss new member opportunities.

At 4:45 p.m., it was moved by Director Drost, seconded by Director McQuiston and carried that the Board arise from executive session.

21. Adjournment

At 4:46 p.m., it was moved by Director Drost, seconded by Director Pearson and carried that the meeting be adjourned.



Gary C. Drost
Secretary-Treasurer