

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

**Minutes of the Regular Meeting of the Board of Directors
May 10-11, 2011**

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**Basin Electric Power Cooperative
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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 Bismarck, North Dakota on May 10-11, 2011 starting at 1:00 p.m. CDT.

1. Call to Order

The meeting was called to order by President Clifford Gjellstad, who presided, and Secretary-Treasurer Kermit Pearson kept the minutes thereof.

2. Roll Call

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

Donald E. Applegate	Gary Drost
Charles Gilbert	Clifford Gjellstad
Roy Ireland	Dean McCabe
Kermit Pearson	Wayne Peltier
Reuben Ritthaler	Roberta Rohrer

said persons being all of the Directors of the Cooperative, except Wayne L. Child, who was absent. Also present were CEO and General Manager Ronald R. Harper and Assistant Secretary Claire M. Olson and Basin Electric staff members Wayne Backman, Chris Baumartner, Shawn Deisz, Mike Eggl, Mike Fluharty, Daryl Hill, John Jacobs, Becky Kern, Rod Kuhn, Les Larson, Deborah Levchak, Sheryl Massey, Gavin McCollam, Dale Niezwaag, Mike Paul, Curt Pearson, Ron Rebenitsch, Mike Risan, Dave Sauer, Myron Steckler, Paul Sukut, Linda Thomas, Steve Tomac, Kevin Tschosik, Amanda Wangler, Michelle Wiedrich and Lyle Witham. Also present was Mor-Gran-Sou Electric Cooperative (Mor-Gran-Sou) director Bob 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 Pearson seconded by Director Ireland and carried that the agenda be approved as presented.

4. Approval of the Minutes

The minutes of the April 13-14, 2011 Regular Board Meeting were presented. After an opportunity for corrections, it was moved by Director Rohrer, seconded by Director McCabe and carried that the minutes be approved as presented.

5. General Manager's Report

Mr. Harper reported that Dry Fork Station (**DFS**) was synched to the grid this morning and that they would call the DFS control room for a status report at 1:30 today. He noted that Lynn Helms would visit on Wednesday to speak about oil development in the Bakken Formation. The subsidiary meetings will take place at the Synfuels Plant on Thursday.

Employee communication sessions are next week. The quarterly MBPP Management Committee meeting will be held at Laramie River Station (**LRS**) on May 17. He then discussed his letter to the editor of the *Bismarck Tribune* regarding mine land reclamation. He noted that Basin Electric's 50th anniversary occurred on May 5, 2011.

6. **Dry Fork Station Project Update**

Wayne Backman, Senior Vice President-Generation, paid tribute to Clyde Bush, who will be retiring at the end of May and thanked him for his leadership in the construction of the DFS.

Mike Paul, Vice President of Construction, reported that DFS project engineering is 98.4% complete, procurement is 99.9% complete, construction is 98.7% complete and, overall, the project is 99.1% complete. Approximately \$1,207,802,325 has been expended on the DFS project through April, 2011. He reviewed the commissioning schedule and project milestone dates. Commercial operation is scheduled for August 1, 2011.

7. **Dry Fork Station Operations Report**

Mr. Paul reported there were no incidents in April. Staff worked 242,728 man-hours and 1290 days without a Days Away Restricted or Transferred (**DART**) case. There have been no DART cases since the first operations employee was hired in August of 2008. Since that time, there have been four first aid cases, one workers compensation case and one vehicle accident.

The ammonia Regional Monitoring Program was submitted to EPA on April 27, 2011. Staff is working with Campbell County Emergency Management to utilize the City Watch System.

First coal (2,000 tons) was shipped from the Dry Fork Mine on April 30.

The group then called the DFS control room and spoke with Mike Massey and Clyde Bush, who reviewed the start-up activities.

Tom Stalcup, DFS Plant Manager, reported that staff had worked through the weekend testing and making a few corrections. The turbine was rolled all weekend. The first steam to the turbine was on Friday, May 6. He thanked the DFS employees for their hard work and for working on days off in preparation for this day.

On behalf of the Board of Directors and membership, President Gjellstad offered congratulations and expressed appreciation for the work of the DFS employees and Sargent & Lundy staff.

8. **Dry Fork Station Construction Update**

Mr. Paul reported that to date, construction staff has worked over 6,625,000 total man-hours with only three lost-time accidents, 39 recordable accidents and 181 project first aid incidents. In April, there were no lost-time or recordable accidents and two first aid incidents. There were 331 construction personnel on site in April. He reviewed April activities, presented photographs of the monthly activities and reviewed the three-month look-ahead. He then reviewed the commissioning schedule and project milestone dates.

9. **Western Fuels Report**

Director Ritthaler reported that WF Illinois has started to reclaim the Brushey Creek Mine. The Mine Safety and Health Administration (**MSHA**) has ruled that contractors are to be treated like employees in that if a contractor receives a citation, the facility at which it's working also receives a citation. In addition, MSHA doesn't have to be physically on site to issue a citation.

10. **Office of General Counsel Report**

Mr. Olson reviewed the status of the appeal of the STB ruling, the current status of the North Dakota SIP Call by EPA, a DFS construction claim, the DFS Maximum Achievable Control Technology (**MACT**) Permit and the Berkshire/Hathaway Premium issue. He also discussed other litigation matters of interest to the Cooperative.

11. **Transmission Report**

Midwest Independent System Operator (MISO). Mike Risan, Senior Vice President – Transmission, reported that MISO made two filings with FERC: a compliance filing regarding the treatment of the North Dakota Export (NDEX) constrained interface and a proposal to revise the seams language under its tariff. Basin Electric is in the process of filing protests regarding both, as are intervenors with similar concerns.

He noted that the staffs of Basin Electric, Heartland and WAPA participated in the interviews with consulting firms responding to the proposal to study IS market participation options.

He reviewed the Oil Load Study which covers the expansion of the transmission system in western North Dakota.

Mr. Risan also reviewed the outage in northwestern North Dakota from April 30 to May 3 caused by a blizzard.

The MBPP E&O Committee has approved the upgrade to add optical wire between LRS and Dave Johnston, as well as a spare transformer to be located on the west at LRS.

12. **Board Policy #04, Delivery Point Discount Policy**

Mr. Risan noted that the Delivery Point Discount Policy was phased out at the end of 2010. As such, he recommended Board Policy #04, Delivery Point Policy, be retired.

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

R01.05-10-11 BE IT RESOLVED, that Board Policy No. 04, Delivery Point Discount Policy, be retired.

13. **Board Policy #05, Transmission Policy**

Mr. Risan noted that Board Policy #05, Transmission, has been extensively revised and with member input. He reviewed the revisions, which were approved by the Manager's Advisory Committee, and recommended the policy be approved as revised.

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

R02.05-10-11 BE IT RESOLVED, that effective June 1, 2011, Board Policy No. 05, Transmission, be revised as presented to this meeting of the Board of Directors.

14. Generation Monthly Report

Wayne Backman, Senior Vice President – Generation, reported that generation department funding requests totaling \$778,000 would be presented this month.

15. Day County II Wind Project

Mr. Backman reviewed a proposal from NextEra for a Day County II wind project. After reviewing the timing of the project, transmission issues, the need for and economics of the project, it was staff's recommendation not to proceed.

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

R03.05-10-11 BE IT RESOLVED, that the directors supports staff's recommendation not to proceed with the Day County II wind project.

16. New Load/Annexation Replacement Concept

Mr. Backman noted that last month the Board had discussed a load/annexation concept where if a member lost a load due to annexation, the member would have the opportunity to add outside their historically defined service territory. This could be done under the following conditions: (1) the new load is not more than the annexation loss; (2) the new load retail meters become cooperative members through 2050; (3) the new load will be charged the Class A rate plus equity adders where applicable; (4) the new load will receive all other benefits associated with membership; and (5) Basin Electric retains any lost opportunity settlement. Any changes needed to the wholesale power contracts will be determined on a case by case assessment.

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

R04.05-10-11 BE IT RESOLVED, that the following annexation policy is hereby approved:

If a member lost a load due to city annexation, the member would have the opportunity to add new load under the following conditions:

(1) the new load is not more than the annexation loss; (2) the new load retail meters become cooperative members through 2050; (3) the new load will be charged the Class A rate plus equity adders where applicable; (4) the new load will receive all other benefits associated with membership; and (5) Basin Electric retains any lost opportunity settlement. Any changes

needed to the wholesale power contracts will be determined on a case by case assessment.

17. Bonneville Environmental Foundation

Mr. Backman noted that Ron Rebenitsch had been approached by the Bonneville Environmental Foundation about the possibility of the foundation purchasing green tags for a three-year period from the Cooperative's Minot and Crow Lake wind farms.

He noted that if the Board elected to allocate the green tags to the members, this possible sale would need to be coordinated with the Class A members.

18. Leland Olds Station (LOS) Scrubbers

Mr. Paul noted that staff continues to work on the issue of the potential for corrosion in the LOS scrubbers. The Electric Power Research Institute will meet in early July to review the initial findings of a nationwide study done on other scrubbers with the 2205 stainless steel.

It was staff's recommendation to delay the Unit #1 tie-in to the spring of 2013 and keep the Unit #2 tie-in date of fall 2012. This time schedule allows for application of a coating if it's determined to be required. He noted that application of a coating during the winter season is not recommended.

19. Deer Creek Station Report

Gavin McCollam, Manager of Mechanical and Performance Engineering, presented photographs and reviewed the monthly activities at the Deer Creek Station. Procurement is 99+% complete, engineering is 93% complete and construction is 40% complete. There currently are 269 personnel on site. There were no recordable incidents, DART or first aid cases during the month.

Through April 30, 2011, approximately \$226 million of the \$405 million project budget has been expended. He reviewed upcoming goals and noted that the mechanical/civil true-up will take place next month.

20. PrairieWinds Construction Report

Ron Rebenitsch, Manager of Alternative Technologies, reported that wind project construction is nearing completion and that rain and snow has kept reclamation work from proceeding as scheduled. He reported on the occasional calls from Minot area landowners.

Amanda Wangler, Electrical Engineer, reported that installation of Condition-Based Monitoring is 95% complete in North Dakota and 50% complete in South Dakota.

She also noted that 34 Hailo service lift units in North Dakota are complete and in South Dakota, nine are complete.

21. Fossil-Fuel Generation Report

Mike Fluharty, Vice President of Plant Operations, reviewed safety statistics, noting that in April, there was one DART case and four OSHA recordable incidents.

He reported that April generation was 4.3% under budget due to evening and night back-downs. Year-to-date, actual generation was 7.82 million MWh compared to budgeted generation of 7.69 million MWh or 1.7%% above budget.

He reviewed bus bar costs and noted that the LRS coal inventory is 1.6 million tons or a 65-day supply.

Individual availability, capacity factors and unit rating for the generation stations were as follows:

Unit	Availability	Capacity Factor	Unit Rating
LRS #1	95.8%	87.5%	570 MW
LRS #2	99.2%	95.8%	570 MW
LRS #3	26.6%	93.9%	570 MW
LOS #1	73.3%	85.6%	221 MW
LOS #2	64.5%	71.3%	448 MW
AVS #1	95.2%	88.2%	450 MW
AVS #2	100%	89%	450 MW

The elevation of Grayrocks Reservoir was 87,207 acre-feet or 84% of capacity. The elevation of Lake Sakakawea was at 1,847.6 feet Mean Sea Level which is 69.1 feet above the intake. He then reviewed forced outage rate trends.

He then distributed a warning and emergency plan for the Grayrocks reservoir.

22. Authorization to Purchase a 2011 D8T Dozer for AVS

Mr. Jacobs presented a proposal for the purchase of a new CAT D8T Dozer at AVS for daily operation and to comply with North Dakota Health Department regulations for covering solid waste. Repair of the current dozer would cost \$470,700; a new dozer would cost \$778,000 and would include a three-year power train warranty and enhanced cab.

He noted that this item was included in the 2011 Capital Budget (CPR 100109) and he recommended approval of the purchase. After discussion, it was moved by Director Pearson, seconded by Director McCabe and carried that the following Resolution was adopted:

R05.05-10-11 BE IT RESOLVED, that AVS Capital Project Request #100109 to Purchase a new CAT D8T dozer in the estimated amount of \$778,000 is hereby approved; and

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

23. Recess and Reconvention

At 5:00 p.m., the Board recessed until 8:00 a.m., at which time the Board reconvened, President Gjellstad continuing to preside and Secretary Pearson continuing to keep the minutes.

24. Roll Call

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

Donald E. Applegate	Gary Drost
Charles Gilbert	Clifford Gjellstad
Roy Ireland	Dean McCabe
Kermit Pearson	Wayne Peltier
Reuben Ritthaler	Roberta Rohrer

said persons being all of the Directors of the Cooperative except Wayne L. Child, who was absent. Also present were CEO & General Manager Ronald R. Harper, Assistant Secretary Claire M. Olson and Basin Electric staff members Wayne Backman, David Bangen, Chris Baumgartner, Shawn Deisz, Mike Fluharty, Daryl Hill, Steve Johnson, Rod Kuhn, Deborah Levchak, Mike Paul, Ron Rebenitsch, Mike Risan, Dave Sauer, Paul Sukut, Steve Tomac, Kevin Tschosik, Amanda Wangler, Michelle Wiedrich and Lyle Witham. Also present was Mor-Gran-Sou director Bob Leingang.

25. Update on Dry Fork Station

Mr. Harper reported that DFS was taken off-line last night due to water in the economizer hopper. Staff is determining whether these leaks should be repaired and proceed with first coal-fire or whether all should be checked first.

26. Distributed Generation Report

Kevin Tschosik, Distributed Generation Manager, reviewed natural gas prices and reported that distributed generation for the month was as follows:

Unit	Monthly Generation
Groton Unit No. 1	895 MWh
Groton Unit No. 2	1,761 MWh
Culbertson Combustion Turbine	2,911 MWh
Wyoming Distributed Generation	340 MWh
Spirit Mound Unit No. 1	Did Not Run
Spirit Mound Unit No. 2	Did Not Run
Wisdom Unit No. 2 Combustion Turbine	Did Not Run

Break-in maintenance at Crow Lake is complete. There were a couple of feeder line outages due to pad-mount transformer problems. The failure of the Tower #5 elbow appears to be a component issue. The repair is complete and the Tower is back in service.

Mr. Tschosik presented photographs and reported on the blade failure at PWND WTG #26 which occurred on April 30 during the power outages in western North Dakota. There are no indications of ice or lightning. Staff and GE are investigating the failure. Replacement of the blade will take about 10 days as the new blade must be weighted to match the other two blades.

The east-side peak occurred between 7:00 and 8:00 a.m. on April 4.

Project	Capacity Factor	Load Factor at the time of the east-side peak	Project Total (MW)
PrairieWinds ND1	39%	84 MW	123 MW
PrairieWinds SD1 (Crow Lake)	48%	126 MW	162 MW
Wilton Project	40%	71 MW	99 MW
Baldwin Project	42%	80 MW	99 MW
Edgeley Project	42%	35 MW	40 MW
Highmore Project	46%	32 MW	40 MW
Day County Project	56%	92 MW	99 MW
Iowa Wind Projects	48%	42 MW	45.1 MW
Other Wind Projects: Chamberlain Rosebud Pipestone	30%	3 MW	4.1 MW
Total March Wind Generation	45%	564 MW	712 M

27. Financial Report

Paul Sukut, Senior Vice President and Chief Financial Officer, reported that he and Steve Johnson attended CFC's capital markets seminar and the S&P utility conference. He then reviewed economic statistics and interest rates.

End-of-Year Margin Estimate. Mr. Sukut reported that the end-of-year margin is now estimated to be approximately \$12 to \$12.5 million due to a combination of increased non-member sales and decreased operating and maintenance expenses.

Mr. Sukut then discussed preliminary plans for the October meeting with the rating agencies, in which Directors Gjellstad and McCabe will participate. He noted that staff may visit the rating agencies again in January or February of 2012.

Liquidity. Steve Johnson, Treasury Services Manager, reported that the Cooperative's liquidity is stabilizing and he reviewed its expected liquidity position through January 2012.

RUS funds in the amount of \$144.4 million for the PrairieWinds ND and Minot Wind 2 projects were received during the month.

As of April 30, the Member Investment Program was at \$97,345,175.20 and 43 of the 134 eligible members were participating. He also reviewed the account balance in the RUS Cushion of Credit account and how that account would be managed.

28. Investment Account with Goldman Sachs

Mr. Johnson reported that Basin Electric has investment and management accounts with JPMorgan and similar entities and has talked for some time about setting up a similar account with Goldman Sachs, which would broaden the Cooperative's investment opportunities. He presented a proposed resolution from Goldman Sachs and noted that while the resolution provides broad authority, Basin Electric's Investment Policy limits those authorities. He recommended approval of the resolution. After discussion, it was moved by Director Pearson, seconded by Director Peltier and carried that the following Resolution be adopted:

RESOLVED:

First: That the following officers, directors, employees and agents of the Cooperative and their successors in office: Clifford Gjellstad, President; Roy Ireland, Vice President; Kermit Pearson, Secretary-Treasurer; Ronald R. Harper, Chief Executive Officer and General Manager; and Paul M. Sukut, Senior Vice President and Chief Financial Officer and each of them, are hereby authorized and empowered for and on behalf of the Cooperative to establish and maintain one or more accounts ("Accounts") with Goldman, Sachs & Co., as well as with any of its present and future affiliates, wheresoever in the world located (individually and collectively, "GS&Co.") for the purpose of purchasing, investing in, or otherwise acquiring, exchanging, transferring, borrowing, lender, selling or otherwise disposing of and generally dealing in and with, any and all forms of securities, security futures, swap agreements and/or security-based swap agreements and foreign currency, including, but not limited to, shares, stocks, listed or over-the-counter options and/or futures or options on futures, security futures contracts or options on security futures contracts, forwards, swaps, contracts for differences and any other listed or over-the-counter derivative contract, bonds, debentures, notes, scrip, evidences of indebtedness, participation certificates, mortgages, mortgage-backed and asset-backed securities, contracts, certificates of deposit, commercial paper, "when-issued" securities, subscription rights, warrants, other derivative transactions and securities, and certificates of interest of any and every kind and nature whatsoever as well as any other instrument or interest generally regarded as an investment, secured or unsecured, whether represented by certificate or otherwise and, entering into repurchase and reverse repurchase agreements and securities lending transactions, and secured loans (including entering into margin transactions and short sales, if a margin account for the Cooperative has been applied for and approved by GS&Co.).

Second: Each of these persons is hereby granted the fullest authority to act in the name and on behalf of the Cooperative with respect to each of these Accounts, including authority (without limiting the generality of the foregoing): (1) To give instructions (whether in oral, written, electronic or other form) to GS&Co. with respect to the matters referred to above; (2) To bond the Cooperative to any contract, arrangement or transaction entered into with or through GS&Co.; (3) To pay to GS&Co. such sums as may be necessary in connection with each Account; (4) To order the transfer or delivery of any securities, funds or other property of the Cooperative to any person (including any of the above persons) and to order the transfer or record ownership of any securities or other property to any person (including any of the above persons) and in any name whatsoever; (5) To endorse any securities, stock powers or other instruments in order to pass title to securities or other property and to direct the sale, transfer, exchange or exercise of any rights with respect to any such securities or other property of the Cooperative; (6) To agree to any

terms or conditions regarding each Account, to execute on behalf of the Cooperative (whether in paper, electronic or other form) any agreement, release, power of attorney, assignment or other document in connection with such account and the property therein; (7) To direct GS&Co. to surrender securities to any party for the purpose of effecting any exchange or conversion or for any other purpose; (8) To withdraw and accept delivery of securities, funds and other property of the Cooperative; (9) To receive (whether in oral, written, electronic or other form) confirmations, statements of account, notices, demands and other documents relating to each Account on behalf of the Cooperative; (10) To appoint any other person to do any and all things which any of the above persons is hereby empowered to do; and (11) Generally to do and take all action in connection with each Account which is deemed necessary or desirable by any of the above persons with respect thereto and GS&Co. may deal with each of the above persons as though they were dealing with the Cooperative directly.

Third: That the authority of each of these persons, their delegates, and their successors in office shall continue until a managing director of GS&Co. shall receive from the Cooperative, and have a reasonable time to act on, a written notice of the revocation thereof.

Fourth: That the Secretary-Treasurer or any Assistant Secretary of the Cooperative is hereby authorized and directed to certify to GS&Co. (in writing or otherwise): A true copy of these resolutions; (2) Specimen signatures of the persons specifically listed above; (3) A certificate that the Cooperative is duly organized and existing, that these resolutions are in conformity with the provisions of the charter and bylaws or, if applicable, the memoranda and articles of association or other constituent documents of the Cooperative and within its lawful powers and that no limitation has been imposed on such powers by the constituent documents of the Cooperative, by applicable law or otherwise; and (4) Any changes in the office or powers or persons hereby empowered, which notification, when received with reasonable time to act on it, shall be adequate both to terminate the powers of the persons theretofore authorized, and to empower the persons thereby substituted.

29. Accounting Report

Shawn Deisz, Manager of Accounting, reported that the April 2011 statement of operations reflected an estimated net deficit of \$3.9 million compared to the forecasted net deficit of \$11.8 million for a favorable variance of \$7.9 million. The net deficit for the same period last year was \$12.3 million.

The year-to-date net margin is estimated to be \$9.8 million compared to a year-to-date forecasted net deficit of (\$7.7) million for a favorable variance of \$17.5 million. The year-to-date net margin last year was \$9.1 million.

She also reviewed changes to the balance sheet and month-end cash. Basin Electric's equity-to-asset ratio in April was 18.4%; the equity-to-capitalization ratio, using Moody's Rating Service's rating methodology was 21.1%, both without the Coteau consolidation entry; and the equity to capitalization ratio based on indenture requirements for patronage distribution was 19.2%.

30. External Relations and Communications Report

Mike Eggl, Senior Vice President—External Relations and Communications, reported that topics of discussion at the NRECA Legislative Rally were RUS funding levels for fiscal year 2012, railroad competition and antitrust reform, coal ash regulation and clean renewable energy bonds. The Cooperative will now focus on the Berkshire Hathaway premium issue.

Mary Klecker-Green, Supervisor of Public and Member Communications, reviewed awards won by staff in NRECA's Spotlight on Excellence awards competition. The 2011 awards were presented during NRECA's annual CONNECT conference, held this year in Denver. All entries are judged by faculty from nationally known and recognized universities based on absolute standards rather than a comparison of entries.

Steve Tomac, Legislative Representative, then discussed matters of interest in state legislatures in Basin Electric's service territory.

31. Board Policies

Dave Sauer, Senior Vice President-Administration, presented Board Policy #25, Seeking Reimbursement for Damage to Basin Electric Property, reported there were no revisions to the policy and recommended it be approved. After discussion, it was moved by Director Drost, seconded by Director Pearson and carried that the following Resolution be adopted:

R07.05-10-11 BE IT RESOLVED, that Board Policy No. 25, Seeking Reimbursement for Damage to Basin Electric Property, is hereby reaffirmed.

Mr. Sauer presented Board Policy #27, Employment of Relatives/Nepotism, reviewed the revisions to the policy and recommended it be approved as revised. After discussion, it was moved by Director Ireland, seconded by Director McCabe and carried that the following Resolution be adopted:

R08.05-10-11 BE IT RESOLVED, that Board Policy No. 27, Employment of Relatives/Nepotism, is hereby reaffirmed.

Mr. Sauer presented Board Policy #28, Proprietary/Confidential Information, reported there were no revisions to the policy and he recommended it be reaffirmed. After discussion, it was moved by Director Ritthaler, seconded by Director Gilbert and carried that the following Resolution be adopted:

R09.05-10-11 BE IT RESOLVED, that Board Policy No. 28, Proprietary/Confidential Information, is hereby reaffirmed.

32. Directors' Reports

Director Ritthaler reported on the NRECA Legislative Rally.

Director Rohrer reported on the NRECA Legislative Rally.

Director Gilbert reported that Corn Belt's nuclear decommissioning fund is now fully funded.

Director Pearson reported that East River's loads are up slightly.

Director Pearson reported on attending the South Dakota State University donor's banquet where the speaker was Jerry Lore, a former South Dakotan who owns a San Francisco Winery (J. Lore). Mr. Lore's father was one of the original incorporators. He noted that Mr. Lore would be a good speaker for one of Basin Electric's events.

Director McCabe reported on the NRECA Legislative Rally and that Upper Missouri's loads are up and growing. Mountrail-Williams lost 1,500 power poles in northwestern North Dakota during the April 30 storm. As of Friday, there were 200 poles still to be replaced. It was fortunate that Mountrail-Williams had 200 contractors constructing new lines that could be redirected to repairing downed power lines.

Mor-Gran-Sou Director Bob Leingang noted that Mor-Gran-Sou's transmission line crews helped restore power following the April 30 storm and that Mor-Gran-Sou had increased its rates.

Director Gjellstad reported on the NRECA Legislative Rally and that Verendrye Electric had sent two transmission crews to assist with power restoration in northwest North Dakota.

33. Executive Session

At 11:30 a.m., it was moved by Director Drost, seconded by Director Ireland and carried that the Board retire into executive session to discuss the manager search.

34. Recess and Reconvention

At 12:00 noon, the meeting recessed until 12:50 a.m., at which time the meeting reconvened, President Gjellstad continuing to preside and Secretary Pearson continuing to keep the minutes thereof.

35. Roll Call

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

Donald E. Applegate	Gary Drost
Charles Gilbert	Clifford Gjellstad
Roy Ireland	Dean McCabe
Kermit Pearson	Wayne Peltier
Reuben Ritthaler	Roberta Rohrer

said persons being all of the Directors of the Cooperative except Wayne L. Child who was absent. Also present were CEO & General Manager Ronald R. Harper, Assistant Secretary Claire M. Olson and Basin Electric staff members Wayne Backman, David Bangen, Gary Christenson, Bill Cudworth, Shawn Deisz, Erin Fox Dukart, Mike Eggl, Mike

Fluharty, Daryl Hill, Becky Kern, Rod Kuhn, Deborah Levchak, Jay Lundstrom, Cris Miller, Deb Olafson, Diane Paul, Mike Paul, Curt Pearson, Ron Rebenitsch, Floyd Robb, Dave Sauer, Myron Steckler, Paul Sukut, Linda Thomas, Steve Tomac, Kevin Tschosik, Michelle Wiedrich, Lyle Witham and Zane Zuther.

Also present were Dakota Gasification Company directors Heidi Heitkamp and Tom Owens and Mor-Gran-Sou Electric Cooperative director Bob Leingang.

36. Executive Session, continued

At 12:50 p.m., the Board continued its executive session regarding environmental matters. At 1:00 p.m., the Board arose from executive session.

37. Report on the Bakken/Three Forks Formation

Lynn Helms, Director of the Department of Mineral Resources of the North Dakota Industrial Commission, provided an update on the status of the 15,000 square mile Bakken Oil Field.

38. Environmental SWOT Update

Erin Fox Dukart, Environmental Analyst, Deborah Levchak, staff counsel, Lyle Witham, Manager of Environmental Services, and Mike Eggl presented a report reviewing the possible impacts to the Cooperative of the various new environmental regulations proposed by EPA. Mr. Harper thanked the Environmental SWOT group for their work on this project.

39. Date and Place of Next Board Meeting

The next meeting of the Board of Directors will take place June 14-16, 2011 at Basin Electric's headquarters building in Bismarck, North Dakota.

40. Adjournment

At 3:20 p.m., it was moved by Director Pearson, seconded by Director Drost and carried that the meeting be adjourned.



Kermit Pearson
Secretary-Treasurer