

**BASIN ELECTRIC POWER COOPERATIVE
BISMARCK, NORTH DAKOTA**

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
April 9, 2019**

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

**Minutes of the Regular Meeting of the Board of Directors
April 9, 2019**

The regular meeting of the Board of Directors of Basin Electric Power Cooperative (the **Cooperative** or **Basin Electric**) was held at the headquarters building, 1717 East Interstate Avenue, Bismarck, North Dakota, beginning at 8:00 a.m. CDT.

1. Call to Order.

The meeting was called to order by Chairman Wayne Peltier, who presided, and Secretary-Treasurer Charles H. Gilbert, kept the minutes thereof.

2. Roll Call.

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

Paul Baker	Leo Brekel
Charles H. Gilbert	Daniel Gliko, Jr.
Mike McQuiston	David Meschke
Kermit Pearson	Wayne Peltier
Troy Presser	Allen Thiessen
Thomas Wagner	

Said persons being all of the Directors of the Cooperative. Also present were CEO & General Manager Paul M. Sukut, Assistant Secretary Mark D. Foss; Basin Electric staff members Chris Baumgartner, Tracie Bettenhausen, Eric Carufel, Tammy DeWitt, John Jacobs, Dave Raatz, and Sheila Wald; Dakota Gasification Company (**DGC**) directors Jim Geringer and Alan Klein, and DGC Vice President Dave Sauer. Also in attendance were East River Electric Power Cooperative, Inc. (**East River**) director John Ostraat, and Upper Missouri Electric Cooperative (**Upper Missouri**) manager Claire Vigesaa.

3. Approval of the Agenda.

The Directors considered the agenda for the conduct of the meeting. Chairman Peltier noted that the meeting would break for the Board Committee meetings, reconvene for the Board Committee meeting reports, and there would be a presentation on the S&P Global Platts oil and natural gas price forecasts at 11:00 a.m. CDT. He noted that the Board of Directors had two items they would discuss in executive session at the end of the meeting. There was a motion that was seconded and carried to approve the agenda as presented.

4. Approval of the Minutes.

The minutes of the March 13-14, 2019, Regular Meeting of the Board of Directors were presented. After an opportunity for corrections, a motion was made, seconded, and carried to approve the minutes as presented.

5. Recess and Reconvention.

At 8:05 a.m. CDT, Chairman Peltier recessed the meeting for the Board Committee meetings. The meeting reconvened at 10:20 a.m. CDT with Chariman Peltier continuing to preside and Secretary/Treasurer Gilbert continuing to keep the minutes. The following Directors were present:

Paul Baker	Leo Brekel
Charles H. Gilbert	Daniel Gliko, Jr.
Mike McQuistion	David Meschke
Kermit Pearson	Wayne Peltier
Troy Presser	Allen Thiessen
Thomas Wagner	

Said persons being all of the Directors of the Cooperative. Also present were CEO & General Manager Paul M. Sukut, Assistant Secretary Mark D. Foss; Basin Electric staff members Chris Baumgartner, Tracie Bettenhausen, Dean Bray, Eric Carufel, Shawn Deisz, Tammy DeWitt, Joan Dietz, Jacob Dow, Dan Gallagher, Melissa Hatzenbuhler, Debra Honeyman, Landon Fuhrman, John Jacobs, Jolene Johnson, Steve Johnson, Kerry Kaseman, Becky Kern, Jon Klein, Robert Kremers, Nicole Lautenschlager, Joe Leingang, Gavin McCollum, Diane Paul, Darla Miller, Dale Niezwaag, Marci Schorsch, Jean Shafer, Susan Sorenson, Troy Tweeten, Katrina Wald, Sheila Wald, Val Weigel, Melinda Weninger, and Tiffany Zabloutney; DGC Directors Jim Geringer and Alan Klein; DGC Vice President Dave Sauer and DGC staff member Dale Johnson. Also in attendance were East River director John Ostraat, Mor-Gran-Sou Electric Cooperative director Bob Leingang, Upper Missouri manager Claire Vigesaa, and S&P Global Platts (**Platts**) representatives Rick Allen and Nicole Leonard.

6. Board Committee Reports.

Director Gilbert reported on the Finance Committee meeting. The first topic of discussion was liquidity exposure and how we calculate it. Darla Miller presented on the forecasting process pointing out that the process has become more organic and now involves employees throughout the organization. There was also a short discussion with respect to the planned refinancing of the \$150 million of Campbell County Wyoming tax exempt solid waste bonds. Mr. Gilbert reported Basin Electric has hired a new firm to assist in projecting fertilizer prices. Finally, there was a presentation on the history and purpose of the Member Investment Program. That program set a record on March 28, 2019, reaching \$291 million.

Director Gliko provided the Operations Committee meeting report. Dave Sauer and Dale Johnson discussed the 2019 DGC turnaround schedule. They talked about the capacity factors for the ammonia and urea production units during the first quarter of 2019. Tom Stalcup walked the committee through the platen super heater wrap tubes replacement project at the Dry Fork Station (**DFS**). Most of the cost of this project will be capitalized and thus, staff will be requesting Board of Director approval. The committee recommended full Board of Director approval. Stephen Farnsworth updated the committee on the Cooperative's efforts, as allowed by the Occupational Safety and Health Administration (**OSHA**), to establish our own minimum distance safety standards with respect to working on "hot" high voltage transmission lines.

Director Wagner gave the Marketing Committee report. Val Weigel, Andrew Lilja, and Nicole Braunberger walked the Committee through the various functions performed at the real time desk which operates on a 24/7 basis. There is a 12 week training period for people coming to work on this desk. Luckily, there are a number of people within this group that at one time or another worked on the real time desk and that has allowed for a good deal of collaboration within the group. Ms. Weigel also provided the Marketing Committee with an overview of the Genscape software program which enables the traders to trade and optimize the Cooperative's generation within the market.

7. S&P Global Platts.

Senior Vice President & CFO Steve Johnson introduced Rick Allen, Director Customer Analytics and Consulting Services, and Nicole Leonard, Senior Project Director, of Platts.

Mr. Allen noted Platts oil price predictions for 2018 did not foresee the run up in prices to \$80/barrel caused by speculation in the financial markets. As there were no fundamentals to support these high prices, prices then collapsed. He expects a tight market over the summer given the production cut backs and embargoes on Iran, Libya, and Venezuela coupled with strong summer demand. He noted that with the expanded pipeline infrastructure, the price differential between Brent and West Texas Intermediate should soon only reflect the cost of transportation. He said the Permian Basin will supply 75% of the growth of the U.S. oil supply and will also drive prices for both natural gas and liquids. While the rig count has been down the past few months, given the improvements in technology, the industry does not need as many rigs in order to maintain production. He also noted the very high number of "drilled, but uncompleted" (DUC) wells. He said these DUC wells currently total 10% of current supply. He talked about the International Maritime Organization (IMO) 0.5 percent sulfur content cap that will go into effect in 2020. Currently, the high sulfur oil (HSFO) market amounts to 3 million barrels per day (MB/D). To meet the new IMO standards, the refinery industry will need to make major changes to their facilities in order to meet what is initially expected to be a 2 million MB/D demand for low sulfur fuel oil.

Ms. Leonard then talked about the markets for natural gas. With the completion of the pipelines in the northeast, we have seen a big increase in production from that part of the country. The problem the natural gas industry faces is that unless and until additional demand develops, the industry will not have a market for the increased production. She reviewed the very healthy oil play rate of returns in the Permian and Bakken basins and pointed out the large amount of associated gas related to these oil plays. She expects 13.5 BCF growth in the natural gas export market and only 5 BCF growth in the domestic market. Platts projects flat U.S. residential, commercial, power generation, and industrial demand. While they foresee residential growth in the northeast, the big growth in the United States will be for industrial uses in Texas and the Southwest.

This then points to the need to export liquefied natural gas (LNG). Mexico and South Korea are currently the two biggest importers of LNG. In terms of U.S. LNG exports, 41% goes to Asia with 30% to the Americas. The exports to Mexico are expected to decline because of LNG production in Argentina and the build out of the pipeline infrastructure in Mexico to handle imported U.S. natural gas.

In Asia, the Japanese market is contracting as Japan restarts their nuclear generating units. Meanwhile, the China market is expected to rapidly expand as the Chinese government promotes the use of LNG for home heating and commercial use to displace coal so as to improve air quality.

The U.S. is poised to become the world's largest LNG exporter by 2020. In response to a question, Ms. Leonard said that Platts does not see fracking playing a role elsewhere in the world during the next five years.

8. Recess and Reconvention.

At noon, Chairman Peltier recessed the meeting and called it back to order at 12:32 p.m. CDT with Chairman Peltier continuing to preside and Secretary/Treasurer Gilbert continuing to take the minutes.

9. Office of General Counsel.

A. Legal Report

Senior Vice President and General Counsel Mark Foss reported that to date, only 12% of the consents have been received to survey for the replacement transmission line easements on the Lake Traverse and Crow Creek Indian Reservations. The Bureau of Indian Affairs can grant these consents upon an applicant's showing of a good faith effort. The Cooperative's comments on the Environmental Protection Agency's proposed Section 111 (b) regulations were filed on March 18, 2019. Mr. Foss updated the Board on the Fair Labor Standards Act, asbestos, and Prelude litigation.

B. Government Relations

Vice President Government Relations Dale Niezwaag mentioned that most of the legislative sessions would be over by the May Board of Directors meeting and he would do a wrap up at that time. In North Dakota, two pieces of legislation concerning environmental mitigation for a siting permit passed in both the House and the Senate. As modified, these bills would make mitigation optional and the decision as to who would perform the mitigation to meet the conditions of a siting permit would be up to the applicant, not the Public Service Commission.

In Minnesota, our hope that Governor Walz would stake out a less aggressive climate position than former Governor Dayton is not panning out. The Minnesota House Energy and Climate Finance Committee held a hearing on the omnibus energy bill which includes Governor Walz's 100% renewable energy by 2050 mandate. A meeting has been scheduled on May 8 with the Governor, Basin Electric, Great River Energy, Minnkota Power Cooperative (**Minnkota**), Dairyland Power Cooperative, and East River to talk about the 100% mandate. Unlike former Governor Dayton, at least Governor Walz is willing to meet with the electric cooperatives.

10. Operations Report.

A. Operations

Senior Vice President Operations John Jacobs reported that Operations had one Day Away Restricted or Transferred (**DART**) case during the month when an employee lifted a bag of Sakrete at the Transmission System Maintenance (**TSM**) shop in Menoken, North Dakota and strained his back. He reviewed running plant capacity factors, availability, forced outage rate, and generation numbers for the month for the coal-fired facilities. He pointed out that under the rules, that Laramie River Station (**LRS**) Unit No. 1 is treated as if it was available because we are performing work on it for an

environmental fix. He went on to discuss the Integrated Test Center (ITC) at the DFS. The latest development concerns a company by the name of Membrane Technology and Research (MTR). MTR is a privately held company in the San Francisco Bay Area that has developed a membrane process that removes carbon dioxide from a flue using electricity and generating water as a byproduct. The MTR membranes are packaged in modules and can recover CO₂ at an estimated cost of \$40/ton. There is no chemical handling with the process and the process is not affected by oxygen, SO₂ or NO_x. This process can remove between 40%-60% of the CO₂ in flue gas, getting the CO₂ concentration to what a natural gas-fired turbine would release.

He reviewed MTR's pilot programs. MTR would bring their skid loaded units to the ITC and take 16 MW of the 18 MW of the flue and remove approximately 200 tons per day of CO₂. The Department of Energy (DOE) is now offering up to \$15 million to MTR for a feed study. MTR is not requesting that the Cooperative financially participate in the feed study but instead is requesting that Basin Electric provide up to \$15 million of in kind participation. The Board of Directors gave Mr. Jacobs the thumbs up in terms of both MTR's participation at the ITC as well as to use Basin Electric's name in the application to the DOE.

B. Laramie River Station

LRS Plant Manager Troy Tweeten updated Board of Directors on operations at LRS. LRS had five DART's in 2018 and has had one so far in 2019. On the environmental front, LRS, so far this year, has exceeded its 99% compliance goal. He walked through the work schedule to address the bottom ash ponds in order to assure compliance with the Coal Combustion Rule. He reviewed the operating statistics for the three units concluding that year-to-date, the performance has been on target. He described and showed pictures of several projects at LRS including the Unit No. 1 ID fan upgrade, the change-out of 1,152 air baskets at Unit 1, electro-hydraulic control system skid change out as well as the Unit 1 stack relining project. As to this later project, asbestos was discovered under the gunnite liner and abatement of the asbestos will cause delays and cost an additional \$1.6 million.

As of March 31, 2019, the coal stockpile contained 1.525 million tons or 59 days' worth at full load. Also as of that date, Grayrocks was 90.4% full (and 91.4% full as of April 9, 2019). They are expecting from 6" to 12" of snow in the Wheatland area and there remains about two feet of snow pack in the mountains.

C. Replacement of the Platen Superheater Wrap Tubes at Dry Fork Station

Mr. Jacobs reported that DFS has experienced eight tube leaks over the past four years in the platen superheater due to erosion caused by the wrap tubes being exposed to flue gas flow. The repairs average around 70 hour's downtime per incident. Including the lost revenues, the annual cost of these repairs averaged \$1,302,630.

As part of the 2019 budget, the Board approved replacing these wrap tubes as a 2019 O&M expense during the 2019 DFS outage. It was subsequently learned that much of this work (other than the removal costs) would be a capitalized so a capital project request was submitted to and approved by the Project Review Committee.

He reviewed the work that would be performed, the costs, and the economic benefits of the project and mentioned that the Operations Committee had recommended approval. There was a motion that was seconded and carried to approve the following resolution:

R01.04-09-19 **RESOLVED**, that the Dry Fork Station Replacement of Platen Superheater Wrap Tubes Project presented to this meeting of the Board of Directors with an estimated cost of \$2,044,786 is hereby approved; and

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

11. Asset Management, Resource Planning & Rates Report.

A. General Report

Senior Vice President Asset Management, Resource Planning & Rates Dave Raatz updated the Board of Directors on the TransCanada Keystone XL Pipeline project. The Southwest Power Pool (SPP) has completed its transmission study work finding that only very minor transmission work will need to be performed to accommodate service to this pipeline project. On March 29, 2019, President Trump signed an Executive Order to expedite construction of the pipeline. It appears to have the same conditions necessary for the State Department to issue its approval. A cost sharing agreement still needs to be negotiated with TransCanada, transmission service agreements need to be executed, and member coordination activities continue, given all of the work that remains. We continue to believe that it is doubtful that construction will begin in June of 2019.

He then outlined the various topics to be discussed at the April 24 Class A managers meeting.

B. RFP Update

Director Long-Term Utility Planning Becky Kern updated the Board on the responses received in response to the Request for Proposals (RFP) issued by the Cooperative. She reviewed the timeline, the initial responses, and the proposals that have been short listed (roughly about 1/3 of what was received). She broke down the short listed capacity and energy offers received in Midwest Independent System Operator (MISO), the short listed capacity and energy proposals received in SPP, the short listed wind proposals (two in MISO and three in SPP), proposed wind energy pricing, the short listed solar projects (one in MISO, five in SPP), and the proposed solar energy pricing.

She then provided an analysis comparing the proposed prices for the wind projects with those of the solar projects. You get more energy from solar projects in the summer, solar energy is generated closer to the on peak hours and as a result, you receive greater capacity accreditation for solar compared to wind. Ms. Kern stated that given this high level analysis, solar is probably to the point where we should be giving it some serious analysis which staff will do as we investigate the short listed projects.

Ms. Kern also quickly reviewed the RFPs that staff plans to send out for firm power and energy in northwest North Dakota and southeastern South Dakota. Staff hopes to issue these RFP's yet this month or in early May and will ask for responses by mid-summer.

C. Utility Market Update

Director Short-Term Trading & Financial Analysis Val Weigel gave the utility market update. The monthly average day ahead load zone price in SPP for March 2019 was \$29.51 compared to \$20.05 in March 2018. This was likely the result of an average daily Ventura gas price of \$3.31 for March 2019 compared to \$2.41 for March 2018.

Temperatures were exceptionally cold during the beginning of March and exceeded expectations by a large margin. SPP demand peaked at 40.9 GW on March 4 and set a new March peak record. Heating demand levels were much more benign after the first week of the month in response to much milder temperatures and were closer in line with expectations.

In terms of our economic position within SPP for March, our on -peak open position was (3.8%) compared to our annual target of (10%) and our off-peak open position was (15%) compared to our annual target of (20%). In March, our market cost to serve load was (\$29.53) which was offset by a generation impact of \$11.97 leaving a net cost to serve load of (\$17.56). For March, the monthly average power price at the North Hub of SPP was \$31.56, at Mid-C it was \$77.01 and at Palo Verde it was \$26.98.

In MISO, the monthly average day ahead load zone price in March as \$25.77 compared to \$22.17 in March of 2018.

Ms. Weigel provided some background on the Rocky Mountain Reserve Group (**RMRG**) which is the reserve sharing group in the west where there is no regional transmission organization. RMRG calculates a reserve obligation for each participant based upon: a) the largest contingency (unit) in the group, each participant's demand over the past 12 months and each participant's largest hazard over the past 12 months. Basin Electric's reserve obligation in RMRG is typically approximately 50 MW. On average, there are probably about 10 reserve calls during a month, but typically not for the full 50 MW amount.

The latest development in this area is RMRG's plans to join the Northwest Power Pool. Growth in renewables could drive the reserve requirements up and therefore the costs to belong to RMRG. The current timeline calls for this to happen on August 1, 2019.

Genscape's price predictions for the month of May reflect multiple factors, including lower gas prices and most notably, increased wind capacity year-over-year, as well as a return to average May temperatures (as compared with a very hot May in 2018). South Hub's congestion costs are forecasted to be negative, reflecting increased west to east flows toward MISO.

12. Transmission, Engineering & Construction Report.

A. Engineering & Construction

Vice President Engineering & Construction Gavin McCollum reviewed the large capital projects noting that the LRS selective noncatalytic reduction and Menoken TSM Shop projects would be completed shortly and would be coming off the list. He also noted that the Triple H Wind Interconnect Project approved by the Board of Directors in February had been renamed to the Chapelle Creek Switchyard Project. He also showed the list of the current medium sized capital projects (\$1 million to \$10 million).

He then discussed the Long Range Engineering Plan (LREP), which will list the significant capital projects required over the next decade. As opposed to an independent effort, the LREP is now integrated into both the Financial Forecast and Capital Budget. He reviewed the scheduling noting that staff expects to bring the LREP to the Board of Directors in August.

He said that the Aging Infrastructure Initiative had previously been discussed with the Board and the next step for this undertaking is the Transmission Risk Assessment Project. The plan is to create a model that can both evaluate priorities for this Aging Infrastructure Initiative as well as similar future projects. The criteria for the risk ranking will take into consideration marketing, transmission planning, and transmission system maintenance concerns. The hope is to provide an overview to the Board of Directors at the May meeting.

B. Transmission

Manager NERC Compliance Dave Rudolph provided the Board of Directors background information on the Cooperative's Internal Compliance Program (ICP) for North American Energy Reliability Corporation (NERC) Reliability Standards. NERC, which is headquartered in Atlanta, is an electric reliability organization. NERC has the authority to impose penalties for non-compliance and can assess fines as high as \$1.25 million per day. He reviewed the history of NERC which was formed in the wake of the 1965 blackout in the Northeast. He provided a map illustrating the current seven NERC regional entities. Basin Electric has transmission facilities in both the Midwest Reliability Organization (MRO) which is headquartered in St. Paul, Minnesota and the Western Electricity Coordinating Council (WECC) which is headquartered in Salt Lake City. Basin Electric registered with both organizations in 2007. He reviewed the internal compliance activities including the initial registration with MRO and WECC, the audits that have been conducted to date, the self-reporting the Cooperative has done, and a mitigation project that was recently completed. He reviewed the Basin Electric members that have registered with either MRO or WECC as well as those members who will be registering with MRO. He then broke down the principles of MRO's self-logging program and identified the members of the Cooperative's NERC compliance staff.

13. Executive Session.

At 3:30 p.m. CDT there was a motion that was seconded and carried for the Board of Directors to retire into executive session to discuss the Cooperative's nepotism policy with Sr. Vice President of Human Resources Diane Paul. At 3:45 p.m. CDT, the Board of Directors arose from the executive session.

There was a motion that was seconded and carried that any exception to the Cooperative's nepotism policy be approved by the Board of Directors.

14. Member Services & Administration.

Senior Vice President Member Services & Administration Chris Baumgartner informed the Board of Directors that the 2018 Annual Report had gone to the printer. We will first receive a set of 200 copies that the Finance Department can mail out to investors. He noted that Paul Sukut, Mike McInnes, Mike Easley, Lyle Korver, and Timothy Lindahl were among a group of 20 managers in an article in the National Rural Electric Cooperative Association's Co-op News answering the question: "What do you see as

your biggest challenge in the next 5 years?" The member services group provided support for a number of member annual meetings over the past month.

Supervisor SRS Dispatch Jolene Johnson provided an overview of the Cooperative's Security & Response Services (**SRS**). She showed a map identifying both the member and non-member cooperatives that subscribe to the Cooperative's SRS, specifically identifying new members that have recently joined. She described SRS's core services and shared a graph that illustrated the growth of both meters served and call volume. Going forward, SRS hopes to see slow and steady growth and has identified potential new members. Mr. Baumgartner noted that the Basin Electric SRS program is unique in that its focus is on lineman safety.

15. Human Resources.

Senior Vice President Human Resources Diane Paul reviewed the employee counts and retirements. She then presented an amendment to the Cooperative's 401 (k) plan which included the definition of compensation for the purposes of discrimination testing. She added this was to ensure the plan does not favor highly compensated employees. She said the changes would provide for flexibility while still maintaining compliance. A motion was made, seconded, and carried to adopt the following resolution:

R02.04-16-19 **WHEREAS**, Basin Electric Power Cooperative ("BEPC") maintains the Basin Electric Power Cooperative 401 (k) Plan, Basin Electric Power Cooperative ND/SD Union 401 (k) Plan and the Basin Electric Power Cooperative WY/NE Union 401 (k) Plan (collectively, the "Plans");

WHEREAS, Employee Retirement Income Security Act of 1974 requires the Plans to pass an annual discrimination test to ensure that the Plans aren't "discriminating" in favor of highly compensated employees; and

WHEREAS, BEPC wishes to amend the Plans to change the definition of compensation for nondiscrimination testing purposes.

THEREFORE, BE IT FURTHER RESOLVED, that the Board of Directors of the Cooperative authorizes the CEO & General Manager to take all action necessary to carry out the purposes of the foregoing resolution including execution of Amendments #6 and #7 to the Plans.

16. Financial Services.

A. CFO Report

Senior Vice President & CFO Steve Johnson gave an economic update. The Gross Domestic Product (**GNP**) for the United States grew at a 2.9% rate in 2018. U.S. GDP growth in 2019 is projected at 2.5% compared to an average world growth of 3.3% largely lifted by China and India. The U.S. economy grew 196,000 jobs in March, rebounding from February which was impacted by weather. President Trump has announced he will nominate Herman Cain and Stephen Moore to the Federal Reserve Board. Efforts remain on track to successfully refinance \$150 million of Campbell

County, Wyoming tax-exempt solid waste bonds. The preliminary offering statement has been forwarded to the rating agencies.

The rating agency visits went well. It appears the rating agencies are all moving towards an approach based on financial analysis and devoid of any "people element". In that regard, Fitch Ratings, Inc. (**Fitch**) has announced that it will be going to a three factor approach: 1) revenue defensibility, 2) operating risk, and 3) financial performance. Currently, S&P Global Ratings (**S&P**) uses primarily the debt service coverage ratio, so it will be interesting to see if S&P follows the lead established by Fitch and Moody's Investor Services (**Moody's**).

Mr. Johnson reported that as a follow-up to Mr. Rudolph's report on the Cooperatives, NERC ICP, the Federal Energy Regulatory Commission (**FERC**) provides a free, collaborative assessment of utility cyber security systems. The Cooperative requested that FERC make an assessment of the Basin Electric cyber security efforts and FERC will be here the next two days.

B. Accounting Report

Accounting Analyst III Melinda Weninger gave the accounting report. For the month, the Cooperative had a net margin of \$19.8 million compared to a budgeted net margin of \$15.8 million. Sales to members were \$139.1 million compared to the \$135.3 million that was budgeted. Surplus sales totaled \$19.3 million, \$7.2 million more than the budget. Operations expenses had a (\$8.8 million) variance totaling \$101.7 million compared to the budget of \$92.9 million. She reviewed the year-to-date average fuel costs at both the coal-fired and natural gas fired generating facilities.

On a consolidated basis, monthly after tax net income was \$21.9 million compared to the budget of \$17.3 million and year-to-date consolidated after tax net income is \$67 million, \$20.4 million over the budget of \$46.6 million.

She reviewed the Cooperative's cash position and noted the Cooperative's equity to asset ratio was 20.6%, the equity to capitalization ratio using the Moody's methodology was 23.7% and the equity to capitalization ratio using the methodology set forth in the Cooperative's indenture to determine whether patronage can be retired was 26.6%.

17. Directors' Reports.

Director Thiessen thanked Mr. Sukut and staff for attending the Upper Missouri Annual Meeting on April 4, 2019. The members of Upper Missouri elected a new board chair, Blaine Jorgenson of Mountrail Williams Electric Cooperative. Director Gilbert thanked staff for attending the Corn Belt Power Cooperative annual meeting on April 3, 2019. Mr. Gilbert noted he would be out of the country, traveling to China for two weeks. Director Brekel reported that Tri-State Generation & Transmission Association, Inc. (**Tri-State**) held its annual meeting, followed by a special meeting on April 3 and 4, 2019, respectively. A bylaw amendment was adopted that would allow, but not require, the Tri-State board of directors to establish another type or types of memberships in addition to the all-requirements membership. The Tri-State board of directors assigned to its contracts committee the task of considering what if any changes might be made to the Tri-State bylaws and to report its recommendation to the full Tri-State board of directors. Director Meschke reported that L&O Power Cooperative held its annual meeting on April 2, 2019. The meeting was well attended and a new Board Chair was elected. Director

Wagner thanked the staff and Mr. Sukut for attending the Northwest Iowa Power Cooperative meeting which was held on April 2, 2019. Director Presser stated that Central Power Electric Cooperative, Inc. (**Central Power**) held its annual meeting on March 27, 2019. The Central Power board of directors did not reorganize following the meeting, but instead agreed to go through strategic planning first. Mr. Presser also attended the CoBank, ACB regional meeting and the Minnkota annual meeting. Wayne Peltier mentioned that Minnesota Valley Cooperative Light & Power Association held its annual meeting on March 30, 2019.

18. Executive Session.

At 5:33 p.m. CDT there was a motion that was seconded and carried to go into executive session with General Counsel Foss to discuss the Joint Defense and Common Interest Agreement and the all requirement contracts the Cooperative has with its members.

At 6:15 p.m. CDT the Board of Directors arose from their executive session.

19. Date and Place of Next Meeting.

Chairman Peltier noted that the next Board of Directors meeting would be held on Tuesday, May 14, 2019, at the Basin Electric headquarters building.

20. Adjournment.

At 6:15 p.m. CDT, there was a motion that was seconded and carried to adjourn the meeting.



Charles H. Gilbert
Secretary-Treasurer