

MORGAN COUNTY RURAL ELECTRIC ASSOCIATION

Minutes of Regular Board Meeting

Headquarters Building – Fort Morgan, Colorado

July 25, 2011 The regular monthly meeting of the Board of Directors of Morgan County Rural Electric Association was called to order at 9:00 a.m. on the above date. Directors present were: David Arndt, Wm. Grant Midcap, Randolph D. Graff, Casper Hergenreter, Jr., Larry Hoozee, Timothy A. Peggram, Brian D. Schlagel, Cary Wickstrom and G. Allyn Wind. Also present were David Frick, Interim General Manager, David L. Roberts, Corporate Counsel and, initially, those members of staff who personally provide monthly staff reports to the Board of Directors.

APPROVAL OF MINUTES:

- ◆ **By motion made, seconded and carried the minutes of the regular meeting of the Board of Directors of June 27, 2011 were approved.**

APPLICATIONS FOR MEMBERSHIP: After reviewing the applications for Membership in the cooperative presented at today's meeting for consideration by the Board of Directors;

- ◆ **by motion made, seconded and carried applications for membership numbers 23201 through 23222 were approved.**

CANCELLED MEMBERSHIPS: The Directors reviewed the monthly list of members who have withdrawn from the cooperative since the last meeting of the Board of Directors.

MEMBER INPUT: Several items of member interest were brought to the attention of those present.

COMMUNITY DEVELOPMENT CONSIDERATIONS: April Dahlinger of RUS and Cheryl Schofield of the U.S. Department of Agriculture, Kari Linker, Morgan County Economic Development Director and Jon Becker of Viaero Telecommunications, attended the meeting to review and discuss the government loan and grant programs for community and economic development. A presentation was made by Ms. Dahlinger with comments from Ms. Schofield. The presentation prompted a number of questions which were considered and answered in turn. Following discussion;

- ◆ **by motion made, seconded and carried it was decided that the cooperative should proceed, positively, with utilizing the USDA grant/loan programs, from time to time, for projects considered appropriate and approved by the Board of Directors.**

SAFETY & HEALTH REPORT: The monthly Safety and Health Report was presented and summarized by Gayle Volz. The President directed that the report be accepted and filed.

STAFF REPORT – HUMAN RESOURCES: Gayle Volz reported that two performance appraisals have been completed since the last meeting of the Board and that Alan Mason and Justin Stair were hired as Apprentice Linemen as of June 1st, and that Mark Taylor has been promoted to "SCADA/AMI Lead". The promotion of Taylor has opened up a position designated "SCADA/AMI Technician". Gayle then reviewed the education or job-training sessions which had been attended by employees since her last report.

STAFF REPORT – ENGINEERING: Steve Sundet's report demonstrated that, as time goes by, the Association may be called upon to serve a number of new oil and gas wells and natural gas

production loads for seven new producers of oil and gas in the New Raymer service area of the cooperative.

STAFF REPORT – OPERATIONS: David Frick reported that he attended a meeting on July 14th with Williams Pipeline, ONEOK and Stanley Consultants at the ONEOK station site. He noted that the consultants for the parties will prepare protocols for the purpose of “smoke testing” the large compressor equipment at the ONEOK site. He also announced that he and Brenton attended a CREA Loss Control Seminar at CREA in Denver on July 19th and 20th, and noted that the cooperative was one of the few that received this year’s annual Safety Award recognizing the fact that that MCREA experienced no lost time accidents in 2010.

STAFF REPORT – MEMBER SERVICES: David Henderson reported the plans and preparations for the MCREA Invitational Golf Tournament August 6th and 7th. He also reported the highlights of a meeting with CRC which provides the trouble-call center services for the cooperative. There have been recent complaints by members about the service provided by CRC, including long waits for answering and long waits on hold, telephone number recognition, etc. David added that the CRC is looking into the matter.

Henderson reported that he was involved in a meeting with the City of Fort Morgan anticipating the installation of a 300 kw generator powered by a turbine on the city’s water pipeline from the Big Thompson, Carter Lake project to the City. The location of the generator is near County Road 1 south of Wiggins.

David then brought the Directors up to date with this year’s Dutch Oven Cook-off and the LED lighting projects by Empire Dairy and the Shell Service Station west of Fort Morgan.

STAFF REPORT – OFFICE SERVICES: Debby Gachne first reported June and July interest rates charged by lenders to the rural electric industry.

Debby, next, called attention to and summarized the CFC 2010 Key Ratio Trend Analysis that had been distributed to the Directors prior to the meeting. Debby’s analysis of several of the more significant comparisons was demonstrated by graphs she derived from the statistics contained in the CFC report.

Debby then called attention to the current Delinquent Accounts Report.

FINANCIAL REPORT: Debby Gachne then reviewed the monthly financial statements and reports. After questions and answers and discussion, President Hoozee directed that the monthly financial reports be filed.

TREASURER’S REPORT: The monthly Treasurer’s report was presented by G. Allyn Wind. The attention of the Directors was called to the monthly accounts payable check register. The Directors reviewed the monthly register of accounts payable, reflecting checks issued during the previous month, and after questions and answers, the President ordered that the check register be filed.

MANAGER’S REPORT: Acting General Manager, David Frick reported that there are two present employees who have submitted applications as candidate for the new position in the SCADA Department. They will be interviewed for the position on July 27th.

Frick then reviewed the status of the cooperative with respect to Tri-State’s BP 109 and the effect, or lack of effect on MCREA, of a 95% power factor penalty by WAPA and Tri-State.

MCREA REAL ESTATE: David Henderson reviewed the methodology of the appraisal of the MCREA headquarters property by Michael Sampson, and then, for discussion, called attention to the details of the appraisal, copies of which had been previously provided to the Directors. Following consideration and discussion, the Acting General Manager was instructed with respect to a reply to Morgan Quality Water District’s purchase offer.

TRI-STATE G & T BOARD REPORT: Brian Schlagel reviewed and discussed the contents of the monthly written report he prepared and presented as the cooperative's delegate Director to the Board of Directors of Tri-State G&T. After questions and answers and relevant discussion President Hoozee directed the filing of a copy of Schlagel's written report, as well as the annexed report of Ken Anderson, Tri-State's General Manager.

WESTERN UNITED BOARD REPORT: Tim Peggram announced that he had no report this month.

COLORADO RURAL ELECTRIC ASSOCIATION BOARD REPORT: Wm. Midcap reviewed and discussed the contents of the monthly written report he prepared and presented as the cooperative's delegate Director to the Board of Directors of CREA. After questions and answers and relevant discussion President Hoozee directed the filing of a copy of Midcap's written report.

AUGUST MEETING OF THE BOARD: In keeping with a request to change the August meeting of the Board of Directors to the last Monday of the month,

- ◆ **RESOLVED that the regular meeting of the Board of Directors for the month of August be convened on August 29, 2011 at the hour of 9:00 a.m.**

There being no further business to consider, the meeting was adjourned at 2:20 p.m.

Respectfully submitted:

Casper Hergenreter, Jr., Secretary