

MORGAN COUNTY RURAL ELECTRIC ASSOCIATION

Minutes of Regular Board Meeting

Headquarters Building – Fort Morgan, Colorado

March 28, 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, Randolph D. Graff, Casper Hergenreter, Jr., Larry Hoozee, Wm. Grant Midcap, Cary Wickstrom and Timothy A. Peggram. Also present were Fred R. Grantham, General Manager, David L. Roberts, Corporate Counsel and, initially, those members of staff who personally provide monthly staff reports to the Board of Directors. Absent were: Brian D. Schlagel, and G. Allyn Wind.

EXECUTIVE SESSION: Following a motion to do so, the members of the staff were asked to leave the room to permit the Directors, Manager and Attorney to discuss the handling of sensitive and confidential information, records and documents and communications as well as personnel matters in an executive session. The regular meeting was resumed at 9:20, without the staff present to take care of the next five items of business.

APPROVAL OF MINUTES:

- ◆ **By motion made, seconded and carried the minutes of the regular meeting of the Board of Directors of February 21, 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 23119 through 23133 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CANCELLED MEMBERSHIPS: The Directors reviewed the monthly list of members who have withdrawn from the cooperative since the last meeting of the Board of Directors.

AUTOMATIC SHUT-OFF FOR TIME OF USE RATES: Following discussion,

- ◆ **By motion made, seconded and carried, the General Manager was directed to explore the feasibility of using the technical capabilities of the cooperative's distribution system to automatically shut off, on some fixed schedule, participating irrigation wells billed on the time-of-use rate.**

ELECTION OF OFFICERS: The President declared that the next order of business to be taken up is the annual election of officers of the cooperative and the election of representatives to Tri-State G&T, CREA and Western United. Thereupon, following brief discussion;

- ◆ **By motion duly made, seconded and carried the present officers of the cooperative and the representatives to the three affiliated cooperative organizations were elected to serve another year.**

By virtue of the foregoing action, Larry Hoozee was elected President, Tim Peggram was elected Vice President, Casper Hergenreter, Jr. was elected Secretary and Allyn Wind was elected

Treasurer of the cooperative. Likewise, Bryan Schlagel was designated as MCREA's delegate Director to Tri-State G&T; Wm. Midcap was designated as MCREA's delegate Director to CREA and Tim Peggram was designated as MCREA's delegate Director to Western United Electric Supply Corporation.

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 there has been no change in the cooperative's work-force since the last meeting of the Board, but detailed three transfers of personnel within the organization. She added that three performance appraisals had been completed during the month. She then called attention to a report of education and training sessions attended by the employees during the month, and her calendar of future events. Gayle announced that the wellness program begins on April 1st and that the 2011 Health Fair will be held in the MCREA Civic Room on Friday, April 15th.

STAFF REPORT – ENGINEERING: Steve Sundet presented a spreadsheet demonstrating, by county, the new services in each of the six counties served by the cooperative for the years 2001 through 2010. Steve, next, explained a new effort to retire idle services, by first, mailing a letter to owner/consumers at idle service locations, and then, documenting a work order for those locations that are to be retired. He explained that there are, presently, 333 services that have been determined to be inactive. The matter of the rules and policy pertaining to idle services was extensively discussed.

Sundet then made a detailed review of the progress of the work completed and that scheduled toward completing the 2009 – 2012 three-year Construction Work Plan.

STAFF REPORT – OPERATIONS: Frick requested that he be permitted to award two Lineman Scholarships this year, should there be two applicants found to be worthy and qualified. He explained that he is also looking at hiring two apprentice linemen who have completed their education at Lineman's colleges.

- ◆ **Frick's request to award two scholarships should there be two applicants found to be worthy and qualified was granted by motion made, duly seconded and carried.**

STAFF REPORT – MEMBER SERVICES: David Henderson reported that 190 registered members at the Annual Meeting and the noon meal was fed to 395 members and guests.

Henderson then, with the assistance of some photographs, provided an update report on the Wiggins street lighting project.

STAFF REPORT – OFFICE SERVICES: Debby Gachne first reported current interest rates charged by lenders to the rural electric industry, which, she explained, varied slightly from the previous month. She then noted the fact that the annual Independent Auditor's Report and Financial Statement by Schmidt and Co. had been distributed to those present for their review and formal action at a later date. Debby then reviewed a 2010 RUS Borrower Statistical Profile for the last three years. She then called attention to the monthly Delinquent Accounts Report.

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

TREASURER'S REPORT: In absence of the corporate Treasurer, the monthly Treasurer's report was presented the Secretary, Casper Hergenreter, Jr. 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: Manager Grantham, first, called attention to the fact that Schmidt & Co., Inc. has requested that the Association consider and approve an engagement letter engaging Schmidt & Co. to perform the 2011 and the 2012 independent audit of the Association. The stated contract fee for Schmidt & Co.'s service is \$11,200 each year plus travel and out-of-pocket expense.

- ◆ **The Schmidt & Co. engagement Agreement for the years 2011 and 2012 was approved as submitted by motion made, seconded and carried.**

The Manager then presented his monthly report detailing the current business of the cooperative of special significance and his activities as manager since his last board report, and discussed items of current interest to the Directors. After questions and answers and a full discussion, President Hoozee directed that the Manager's report be filed.

PRESIDENT'S REPORT: President Hoozee thanked the Directors, Manager and Staff for all the time put in on the Association's business this month.

TRI-STATE G & T BOARD REPORT: Brian Schlagel was not present at the meeting to make his monthly report as the cooperative's delegate Director to Tri-State.

WESTERN UNITED BOARD REPORT: Tim Peggram reported that he had no report this month, as the Western United Board hasn't met since his last report.

COLORADO RURAL ELECTRIC ASSOCIATION BOARD REPORT: Wm. Midcap, first, requested comments on the recent Semi-Annual Meeting and Legislative Conference of CREA in Denver. Wm. Midcap then reviewed and discussed the contents of the monthly written summary report which he prepared and presented today as the cooperative's delegate Director to the Board of Directors of CREA, which held its last meeting on March 24th and 25th, 2011.

OTHER MEETINGS: Wm. Midcap reported that he attended the Midwest Consumer's Electric Association quarterly Board Meeting, but that, unfortunately, the Congress was in recess at the time. Tim Peggram reported that he, Brian, Randy and Fred Grantham attended the NRECA Annual Meeting last month and each of those present commented on the event and its training sessions, speakers and activities.

There being no further business to discuss, the meeting was adjourned at 2:15 p.m.

Respectfully submitted:

Casper Hergenreter, Jr., Secretary