

MORGAN COUNTY RURAL ELECTRIC ASSOCIATION

Minutes of Regular Board Meeting

Headquarters Building – Fort Morgan, Colorado

October 17, 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, Timothy A. Peggram, Brian D. Schlagel, Cary Wickstrom and G. Allyn Wind. Also present were David Frick, 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 September 26, 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 numbered 23279 through 23297 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CANCELLED MEMBERSHIPS: The Directors reviewed the monthly list of members who have withdrawn from the cooperative since the last meeting of the Board of Directors.

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 reviewed the personnel moves that were made in September, then reported that six performance appraisals were performed during the month; reviewed the education and training conferences and sessions attended by named employees during the month; and called attention to a calendar of events for the remainder of 2011.

STAFF REPORT – ENGINEERING: Stephan Sundet presented and reviewed a preliminary draft of a revised Extension Policy which was considered, discussed and debated at some length. The policy will be revised in keeping with suggestions and comments for further consideration at a future date.

Sundet, then, in a brief report, brought the Directors up to date with respect to requests for bids addressed to electrical Engineering firms to design the six-mile transmission line and system to serve the Buckingham Station to be constructed by Overland Pass Pipeline, as well as changes in plans as to the location of the Plant.

STAFF REPORT – OPERATIONS: David Frick reported the latest developments in working up the ONEOK testing plan, including a motor startup protocol, and with the exchange of communications between MCREA and the operators of the plant.

Frick reported that the annual warehouse inventory has recently been completed and reconciled, by physical count. He, then, distributed copies and explained and commented upon the inventory report.

STAFF REPORT – MEMBER SERVICES: David Henderson provided information on the Compass Wind project north of Fleming that was brought to the Board's attention at its September

meeting. Henderson explained that the projected cost of the wind-generated energy is 2.9 cents per KWh with a two percent escalator or a flat contract rate of 3.8 cents for thirty years. Henderson noted that, at the present time, it seems that Tri-State, rather than the individual distribution cooperatives, is the logical purchaser of the energy.

Henderson reported that a check for \$4214 will be mailed to the Long Meadow Game Resort as that organization's LED lighting rebate.

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

Debby then called attention to the monthly current Delinquent Accounts Report.

CAPITAL BUDGET, OPERATING FORECAST: Debby Gachne called attention to a revised version of the "2012 Capital Budget" first introduced at last month's meeting. The changes made to complete the latest version were reviewed by David Henderson.

A first draft of a "2012 Preliminary Operating Forecast" was presented and reviewed and explained by Debby Gachne.

FINANCIAL REPORT: The customary monthly financial reports were not available for consideration due to the change date of this month's meeting.

SALE TO MORGAN QUALITY WATER DISTRICT: The President called attention to the Resolution and Agreement for the Purchase and Sale of Property which have been prepared to document the terms the previously approved sale of the 120 foot by 485 foot parcel of lands of the cooperative to Morgan Quality Water District. Following explanation, consideration and discussion, by motion made, seconded and carried, the following Resolution was passed, approved and adopted:

RESOLUTION

WHEREAS, the following described real estate adjacent to the headquarters and office property of the Corporation was purchased by the Corporation in 1972 as a small part of a larger tract of 31.7 acres to protect the integrity of its previously purchased lands and buildings and for possible use for the expansion of its headquarters, warehouse and storage facilities. Sellers, at the time, required the Corporation to purchase the entire 31.7 acres, not all of which was or is useful for future plant expansion, and part of the lands so purchased is currently considered to be surplus lands and property.

WHEREAS, the Corporation, previously, on October 11, 1978, sold an unimproved 120 foot by 485 tract of that surplus lands and property to Morgan County Quality Water District ("the District") for an office and building facilities; and

WHEREAS, the District has demonstrated a need for the an additional 120 foot by 485 tract of the Corporation's surplus unimproved real property, adjacent to its previously purchased tract, for the expansion of its office and building facilities; and has requested that Corporation sell and convey the following described tract of land to the District at its recently appraised present fair market value of \$72,750; and the Board of Directors of the Corporation, seeing no need to retain the parcel for present or future needs, has agreed to sell and convey said land to the District;

The lands which are the subject of this Resolution to be sold and conveyed to the District, as buyer, are:

A tract of land in the SW1/4 NW1/4 of Section 4, Township 3 North, Range 57 West of the 6th P.M., described as commencing at a point on the west side of said SW1/4 NW1/4 of Section 4 at the northwest corner of that tract described and

conveyed by Warranty Deed to Morgan County Quality Water District by that Warranty Deed from Morgan County Rural Electric Association which was recorded on October 11, 1978 in Book 785 at page 610 of the records of the Clerk and Recorder of Morgan County, Colorado, (which point lies 470 feet north of the west quarter-corner of said Section 4); running thence easterly and parallel with the south side of said SW1/4 NW1/4, along the north line of the tract previously deeded to Morgan County Quality Water District, a distance of 485 feet; thence northerly, parallel to the west side of said SW1/4 NW1/4 a distance of 120 feet; thence westerly and parallel to the south side of said SW1/4 NW1/4, 485 feet; thence southerly along the west side of the SW1/4 NW1/4, 120 feet to the point of beginning; SUBJECT TO an easement for road and utility purposes 50 feet in width along the west side of the parcel described herein.

NOW, THEREFORE, BE IT RESOLVED that the sale of the above described real property to Morgan County Quality District for a cash payment of \$72,750 is approved, and the General Manager and the officers of the Corporation are hereby authorized to enter into such agreements as may be necessary for that purpose, and to sign and deliver such documents, deeds and other papers and to do all such other things as may be required or considered by them to be necessary to accomplish the sale of the above-described lands and property.

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: General Manager, David Frick reported and commented upon the sale of property to Quality Water District and the 2012 Tri State G&T rate study, and explained that a large part of his time this past month has been spent with budgets and other routine matters.

SPECIAL COMPENSATION: In absence of the General Manager, who was temporarily excused from the meeting, the Directors discussed the matter of providing some special compensation to the five executive employees who directed the course of the cooperative through the months when it was without a General Manager. Following consideration, discussion and debate,

- ◆ **By motion made, seconded and carried the payment of \$1,000 to David Frick, Stephen Sundet, David Henderson, Debby Gachne and Gayle Volz.**

In addition, since it has not been previously documented, the Secretary was directed by the Board members to document in these minutes the fact that the General Manager is to be furnished an approved motor vehicle for business use.

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. Brian, particularly, noted that the November 7th meeting is the last of the series of seven such meetings scheduled for various central places in Tri-State's four-state region, and expressed his opinion that it will be an informative meeting.

WESTERN UNITED BOARD REPORT: Tim Peggram reported that the Western United Board will meet on October 27th. He explained that a new Director from another cooperative has suggested that the Board of directors should be changed with the result that MCREA or some other of the member cooperatives might have no representative Director. It was the consensus opinion of those present that no change should be made.

COLORADO RURAL ELECTRIC ASSOCIATION BOARD REPORT: Wm. Midcap reported that the CREA Board had not yet met this month. . Wm. Midcap summarized items considered at a meeting of the CREA Managers at the time of the Regional Meeting to consider safety compliance matters.

OTHER MEETINGS: Those attending the recent NRECA Regional Meeting in Denver expressed their impressions of the meeting. Generally, from the comments, it was evident that those who attended were of the opinion that the Regional Meeting was not as good this year as in previous years.

Randy Graff reported that he attended NRECA's 945 class for Director. He, then, related and discussed, at some length, one point made that he considered particularly significant.

OLD BUSINESS: The purchase and use of computers by Directors was briefly discussed.

NEW BUSINESS: The matter of the replacing the office building was presented for discussion and considered, particularly, the option to further consider the purchase of the Heartland building next door.

There being no further business to consider, the meeting was declared adjourned at approximately 3:17 p.m.

Respectfully submitted:

Casper Hergenreter, Jr., Secretary