

MORGAN COUNTY RURAL ELECTRIC ASSOCIATION

Minutes of Regular Board Meeting
Headquarters Building – Fort Morgan, Colorado

September 26, 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, 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 August 29, 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 21242 and 23244 through 23278 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CANCELLED MEMBERSHIPS: The Directors reviewed the monthly list of members who have withdrawn from the cooperative since the last meeting of the Board of Directors.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: Nothing presented.

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 she reported in August, then reported that four performance appraisals were performed during the past month; reviewed the education and training conferences and sessions attended by named employees during the month; and called attention to her updated calendar of events for the remainder of 2011.

STAFF REPORT – ENGINEERING: Steve Sundet reported that he is in the process of reviewing the line extension policies of other cooperatives in Colorado and several outside the state, anticipating the drafting of a revised extension policy for MCREA.

Steve explained that he has sent out requests for proposals 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.

STAFF REPORT – OPERATIONS: David Frick reported progress on working up the ONEOK testing plan, including a motor startup protocol. However, Williams Co., in the meantime, for some reason, and contrary to instructions, started the big motors at the ONEOK station, which caused brown-out problems and user complaints along the feeder line. The company has been informed not to do that again.

STAFF REPORT – MEMBER SERVICES: David Henderson announced that the CARE/ACRE campaign is underway as of September 1st in the office as well as with the Directors. He then

reported that Viaero has backed out of the RUS “REDLG” loan program for the reason that it would likely not qualify and it has arranged for a bank loan.

Henderson reported that Empire Dairy has ordered 97 retro kits to light the dairy with induction lighting, to reduce each unit from 465 watts to 200 watts to save \$1,047 per month on the electric bill. Empire’s investment will total \$9,700 and ICAST will pay \$10,400 for the conversion.

The matter of providing the traditional Thanksgiving turkeys and Christmas gifts to employees, was brought to the attention of the Directors, and following brief discussion,

- ◆ **By motion made, seconded and carried it was decided to provide the employees of the cooperative with the traditional Thanksgiving turkey and \$300 cash Christmas gift.**

STAFF REPORT – OFFICE SERVICES: Debby Gachne first reported July interest rates charged by lenders to the rural electric industry noting that the rates have dropped, noting that CFC’s rate dropped, in particular, from 4.95% in August to 3.2% in September.

Debby, next, reported that CFC retired \$11,364.52 of capital credits the check for which was received last month.

Debby then called attention to the current Delinquent Accounts Report.

CAPITAL BUDGET: Copies of a “2012 Capital Budget” were distributed and reviewed in detail by members of the staff.

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 a visit with the Manager of the Quality Water District to communicate a response to the District’s request to purchase land of MCREA adjacent to the offices of the District.

Frick then called attention to anticipated rate increases in the Tri State wholesale rate which will present the question to the cooperative as to what adjustment, if any, needs to be made in MCREA’s retail rate in response to Tri State increase.

OCTOBER BOARD MEETING: At the request of Randy Graff the matter of changing the date of the October Board Meeting to October 17th at the hour of 9:00 o’clock a.m. was considered, and,

- ◆ **By motion made, seconded and carried it was RESOLVED that the regular monthly meeting of the Board of Directors for the month of October convene on October 17th, 2011 at the hour of 9:00 a.m.**

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.

WESTERN UNITED BOARD REPORT: Tim Peggram reported that the Western United Board had not met since his last report.

COLORADO RURAL ELECTRIC ASSOCIATION BOARD REPORT:

Wm. Midcap, also, reported that the CREA Board had not met since his last report.

BOARD POLICY 9-6: The President called attention to the fact that Board Policy 9-6 had been previously scheduled today for review and amendment. Following review and discussion of Board Policy 9-6, as amended according to previously stated Board intent,

- ◆ **By motion made, seconded and carried Board Policy No. 9-6 was amended, approved and adopted, as amended this day, September 26, 2011.**

GENERAL MANAGER: The President announced that it was now time to choose a General Manager of the cooperative. He reminded those present that the open position was advertised, and applications invited for a period in excess of two months; that forty-eight applications had been received, and from those applicants, four were selected for personal interview. Following brief discussion,

- ◆ **By motion made, seconded and carried the decision was made to offer the office and position of General Manager of the cooperative to David Frick.**

David Frick was, then, summoned to the meeting and informed of the decision of the Board of Directors.

There being no further business to consider, the meeting was adjourned at approximately 2:50 p.m.

Respectfully submitted:

Casper Hergenreter, Jr., Secretary