

## **MORGAN COUNTY RURAL ELECTRIC ASSOCIATION**

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

**September 17, 2018:** 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: Dave Arndt, Randolph D. Graff, Larry D. Hoozee, Terry Linker, Brian Pabst, Timothy Pegram, Brian D. Schlagel, Terry Tormohlen, and Cary Wickstrom. Absent: None.

Also present were David Frick, General Manager, Matthew Richardson, General 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 27, 2018 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 25121 through 25193 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**CANCELLED MEMBERSHIPS:** The Directors reviewed the monthly list of members who have withdrawn from the cooperative since the last meeting of the Board.

**MEMBER INPUT:** None.

**SAFETY & HEALTH REPORT:** Manager Frick presented and summarized the monthly Safety and Health Report. MCREA staff continues its review and discussion of the cooperative's Safety Manual and procedures. Manager Frick reported on the crew observations and safety meetings conducted thus far in 2018. Manager Frick advised the Board regarding instances of damage to cooperative property during the preceding month. The Joint Safety & Health Committee met on September 11 and staff continues preparation for the coop's RESAP certification.

**STAFF REPORT – HUMAN RESOURCES:** Kristie Binder reported on the education and training seminars attended by MCREA staff during the preceding month and advised the Board of upcoming conferences, meetings, and events. Ms. Binder informed the Board that, due to a clerical error, the Board had not yet formally approved membership number 25218.

- ◆ **By motion made, seconded, and carried, the Board approved application for membership number 25218, effective as of August 27, 2018.**

Ms. Binder next requested that the Board adopt a resolution authorizing the necessary amendment to the coop's NRECA-administered 401(k) pension plan to effect changes in union staff's recently negotiated collective bargaining agreement.

- ◆ **By motion made, seconded, and carried, the Board adopted the following resolution:**

**RESOLUTION  
AUTHORIZING THE AMENDMENT OF THE  
NRECA 401(k) PENSION PLAN  
Adoption Agreement "A"  
RUS#: 06015-002**

**WHEREAS**, Morgan County REA is participating in the NRECA sponsored defined contribution plan, the 401(k) Pension Plan (the "401(k) Plan"), and;

**WHEREAS**, The Board of Directors of Morgan County REA ("the Board") now desires to amend this plan pursuant to Section 18.2 of the 401(k) Pension plan document and does hereby authorize the amendment effective January 1, 2019, by executing the appropriate Adoption Agreement;

**BE IT RESOLVED**, that the amendment to the 401(k) Plan is as follows:

The maximum Employer Matching Contribution shall increase from up to 8% to up to 9% of the Participant's Employee Elective Contributions base on the Participant's Base Compensation. All other Plan provisions shall remain unchanged.

**BE IT FURTHER RESOLVED**, that the Board does hereby authorize and direct David Frick, the General Manager, to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in this resolution.

**CERTIFICATE OF SECRETARY**

I, Larry Hoozee, certify that I am Secretary of the Morgan County REA Board of Directors and that the above is a true excerpt from the minutes of a regular board meeting of the Board of Directors of Morgan County REA , held on the 17<sup>th</sup> day of September, 2018, at which a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

**IN WITNESS WHEREOF**, I have set my hand and affixed the seal of Morgan County REA this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

(Seal)

\_\_\_\_\_  
(Signature of Secretary)

**STAFF REPORT – ENGINEERING:** None.

**STAFF REPORT – OPERATIONS:** Bobby Brenton presented the monthly operations report to the Board. MCREA crews built new residential locations, retired out of service locations, and changed out poles during the preceding month. Contractor Altitude continues to focus efforts on line rebuild, underground replacement, and work plan projects.

**STAFF REPORT – MEMBER SERVICES:** Dave Henderson presented the monthly Member Services Department report. MCREA hosted informational booths at the Pedal the Plains Bicycle Tour and at the Drover’s Restaurant 50<sup>th</sup> anniversary celebration in Brush. Mr. Henderson reported that MCREA will conduct drawings and giveaways for membership during the month of October, which is National Cooperative Month. The Member Services Department has scheduled a luncheon with counselors from area schools on October 10 in order to provide information on the Youth Camp and Youth Tour programs. Lastly, Mr. Henderson provided the Board with information and literature regarding the prepaid metering program, which MCREA is currently testing with a selection of membership accounts.

**STAFF REPORT – OFFICE SERVICES:** Robb Shaver presented data from CFC’s most recent Key Ratio Trend Analysis, which is reflective of the coop’s financial trends relative to other electric cooperative’s state and nation-wide. MCREA experienced the third most growth among Colorado electric cooperatives in 2017. Mr. Shaver next presented detailed analysis regarding the costs and saving associated with refinancing MCREA’s RUS FFB loan. The Board directed Mr. Shaver to move forward with pursuing the refinance of that loan obligation. Next, Mr. Shaver requested that the Board adopt the necessary resolution authorizing the execution of the RUS FFB AM8 loan.

**◆ By motion made, seconded, and carried, the Board adopted the following resolution:**

I, Larry D. Hoozee, do hereby certify that: I am the secretary of Morgan County Rural Electric Association (hereinafter called the "Corporation"), the following are true and correct copies of resolutions duly adopted by the Board of Directors' of the Corporation at the special meeting held September 17, 2018 and entered in the minute book of the Corporation and none of the following resolutions has been rescinded or modified:

**RESOLUTIONS**

1. RESOLVED that the Corporation borrow from the Federal Financing Bank ("FFB") an amount not to exceed \$21,168,000.00, to be guaranteed by the United States of America (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS"); and
2. RESOLVED that the corporation accept the terms and conditions which the Administrator of RUS has established for obtaining its guarantee of the FFB loan, as such terms and conditions are set forth; and
3. RESOLVED that the President is authorized on behalf of the Corporation to execute and deliver under its corporate seal, which the secretary is directed to affix and attest:
  - (a) as many counterparts respectively as shall be deemed advisable of an agreement with the Government, in the form of the RUS Loan Contract submitted to this meeting; and
  - (b) a note payable to FFB and guaranteed by RUS in the principal amount of \$21,168,000.00, substantially in the form of the FFB note submitted to this meeting; and
  - (c) the note payable to the Government, acting through the Administrator of RUS, substantially in the form of the Reimbursement Note submitted to this meeting; and
  - (d) as many counterparts as shall be deemed advisable of a Restated Mortgage and Security Agreement by and among the Borrower, the Government, National Rural Utilities Cooperative

Finance Corporation and CoBank, ACB, which, among other things, pledges all of the Corporation's property to, secure notes payable to the Government in the aggregate principal amount not to exceed \$83,000,000.00 at any one time, and a financing statement, substantially in the form of the security instruments presented to this meeting; and

4. RESOLVED that the officers of the Corporation be, and each of them is authorized in the name and on behalf of the Corporation, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions; and

5. RESOLVED that General Manager David P. Frick and any official(s) authorized to act in such corporate position(s) and to perform the functions of such position(s) [is]/[are] authorized on behalf of the Borrower (a) to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing election notices, in the form of such instruments attached to the note payable to FFB, and (b) to specify information and select options as provided in such instruments.

I FURTHER CERTIFY THAT each member of the Board of Directors of the Corporation was furnished with notice of said meeting in compliance with the bylaws of the Corporation.

I FURTHER CERTIFY THAT the date of actual execution of the documents referred to above is September 17, 2018.

I FURTHER CERTIFY THAT the following are the names and signatures, respectively, of the officers of the Corporation identified below who validly held and occupied their respective positions on said date of actual execution of the documents.

President, Randolph D. Graff  
Vice President, Cary Wickstrom  
Secretary, Larry D Hoozee  
Treasurer, Timothy Peggram

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Corporation this 17<sup>th</sup> day of September 2018.

\_\_\_\_\_  
(Seal)

\_\_\_\_\_  
(Signature of Secretary)

**FINANCIAL REPORT:** Mr. Shaver reviewed the details of his customary monthly financial statements and reports. After questions, answers, and discussion, the President directed that the monthly Financial Reports be filed.

**TREASURER'S REPORT:** Timothy Peggram presented the monthly Treasurer's report, with attention paid to the monthly accounts payable check register reflecting checks issued during the previous month. Following review and consideration of the register of accounts payable, President Graff ordered that the check register be filed.

**MANAGER'S REPORT:** Manager Frick presented his monthly report to the Board. Manager Frick updated the Board on the warehouse project. Water and sewer infrastructure have been installed and work has begun on fiber service installation. Next, Manager Frick reviewed staff recommendations regarding MCREA Policies 9-12 (Sexual Harassment), 10-9 (Sales and Construction of Electric Service Facilities by other Parties), and 10-10 (Upgrading and Downgrading Association Facilities), which were up for review.

- ◆ **By motion made, seconded, and carried, the Board amended and affirmed Policy 9-12 with adoption of the staff recommendations.**
- ◆ **By motion made, seconded, and carried, the Board amended and affirmed Policy 10-9 with adoption of the staff recommendations.**
- ◆ **By motion made, seconded, and carried, the Board amended and affirmed Policy 10-10 with adoption of the staff recommendations.**

**PRESIDENT'S REPORT:** President Graff had no report.

**TRI-STATE G&T BOARD REPORT:** Brian Schlagel reviewed and discussed at length 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. The Tri-State G&T Board approved the 2019 budget with no rate modifications.

**WESTERN UNITED BOARD REPORT:** Dace Arndt reported on his attendance at Western United's most recent meeting, which he attended as MCREA's alternate delegate.

**COLORADO RURAL ELECTRIC ASSOCIATION BOARD REPORT:** Dave Arndt reported on his attendance at CREA's most recent board meeting. The CREA directors toured the Alliance Center the day prior to the CREA meeting.

**OTHER MEETING REPORTS:** None.

**EMERGENCY BUSINESS:** None.

**OLD BUSINESS:** None.

**NEW BUSINESS:** There was some discussion about rescheduling the Board's regular monthly meeting with no action taken.

There being no further business to consider, the meeting was declared adjourned 12:07 p.m.

Respectfully submitted:

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Larry D. Hoozee, Secretary