

MORGAN COUNTY RURAL ELECTRIC ASSOCIATION

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

May 21, 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 Peggram, 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 April 23, 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 25122 through 25151 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CANCELLED MEMBERSHIPS: The Directors reviewed the monthly list of members who have withdrawn from the cooperative since the last meeting of the Board.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: Brian Pabst reported that a member had contacted him with questions regarding the call center service that MCREA utilizes during non-business hours.

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, including a microburst storm that damaged 4 poles and caused a fire in the Adena area and a vehicle that ran into and damaged an MCREA pole. The Joint Safety & Health Committee met on May 8 and MCREA has adopted use of Federated's new "S.A.F.E." job-briefing app.

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. The cooperative's annual employee picnic has been scheduled for the evening June 25, 2018.

- ◆ **By motion made, seconded, and carried, the Board rescheduled the start time of its June 25, 2018 regular meeting from 9:00 a.m. to 1:00 p.m. to accommodate the employee picnic.**

STAFF REPORT – ENGINEERING: Steve Sundet submitted the monthly engineering report to the Board. MCREA received eight proposals to accept its transmission line project, which the

engineering department had reviewed. Mr. Sundet recommended that the Board adopt HDR Engineering, Inc.'s proposal for that project.

- ◆ **By motion made, seconded, and carried, the Board approved accepting HDR Engineering, Inc.'s proposal to perform engineering and design for MCREA's new 69kV transmission line project, as more particularly described in MCREA's request for proposals related to the same.**

Lastly, Mr. Sundet informed the Board that MCREA sent bid packets for the cooperative's 2018 distribution contract on May 17, 2018. MCREA will open bids on June 18, 2018 and work pursuant to the contract could commence as soon as July of 2018.

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. Additionally, crews replaced poles damaged by the Adena microburst that occurred on May 10. Contractor Altitude continues to focus efforts on line rebuild projects.

STAFF REPORT – MEMBER SERVICES: Dave Henderson presented to the Board regarding compliance with Renewable Portfolio Standards. Mr. Henderson reported that MCREA had received a new application for a net meter and that an inspection for that service is pending. The Member Services Department presented regarding electrical safety to the students of the Baker Elementary School on May 22. Mr. Henderson closed by reporting that preparation work has begun for the annual MCREA Invitational Golf Tournament, which is scheduled for August 4th and 5th.

STAFF REPORT – OFFICE SERVICES: Robb Shaver presented the cooperative's 2017 Audit Report, prepared by Kevin S. Kelso, CPA, P.C., P.A. ("Kelso"). Kelso returned an unqualified opinion that MCREA's financial statements fairly and accurately reflect the financial standing of the cooperative.

- ◆ **By motion made, seconded and carried, the Board accepted MCREA's 2017 Audit Report as prepared by Kelso.**

Mr. Shaver reported that the cooperative had locked in its interest rate at 4.24% for its \$3,500,000.00 15-year loan from CoBank. Next, Mr. Shaver presented preliminary numbers regarding a new RUS/FFB loan of \$10,600,000.00, which he will ask the Board to approve at an upcoming meeting.

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 warehouse project. Manager Frick reviewed staff recommendations regarding MCREA Policies 1-12, 1-15, and 10-8, which were up for review.

- ◆ **By motion made, seconded, and carried, the Board amended and affirmed Policy 1-12 with adoption of the staff recommendation regarding the scheduling of the Board’s annual review of the cooperative attorney.**

- ◆ **By motion made, seconded, and carried, the Board reaffirmed Policy 1-15 and Policy 10-8.**

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.

WESTERN UNITED BOARD REPORT: Brian Pabst reported his attendance at Western United’s most recent meeting, which he attended as MCREA’s delegate. Mr. Pabst reported that there are a number of new directors on that board.

COLORADO RURAL ELECTRIC ASSOCIATION BOARD REPORT: Dave Arndt reported on his attendance at CREA’s most recent board meeting. Ms. Debbie Rose had presented to the CREA board regarding recent legislative changes affecting distribution cooperatives, which Mr. Arndt summarized for the MCREA Board.

OTHER MEETING REPORTS: Attorney Richardson reported to the Board on the biannual CREA Legal Seminar, which he had recently attended for the cooperative.

EMERGENCY BUSINESS: None.

OLD BUSINESS: None.

NEW BUSINESS: None.

There being no further business to consider, the meeting was declared adjourned 12:08 p.m.

Respectfully submitted:

Larry Hoozee, Secretary