

# MORGAN COUNTY RURAL ELECTRIC ASSOCIATION

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

**August 22, 2022:** 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, Jim Bostron, Randolph D. Graff, Larry D. Hoozee, Terry Linker, Brian Pabst, Timothy Peggram, Terry Tormohlen, and Cary Wickstrom.

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 July 25, 2022 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 26946 through 26982 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**CANCELLED MEMBERSHIPS:** The Directors reviewed the monthly list of members who have withdrawn from the cooperative since the last meeting of the Board.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. There were no safety incidents to report during the preceding month. The Joint Health & Safety Committee reviewed the Association's RESAP Report, which will be reviewed with individual departments as well. The Joint Health & Safety Committee also discussed Commitment to Safety and reviewed Federated Insurance's Injuries, Near Misses & Damages Report.

**STAFF REPORT – HUMAN RESOURCES:** Kristie Binder reported on NRECA's 2023 Insurance Rates and on upcoming education and training seminars and other meetings, conferences, and events. All rates decreased for 2023, except for medical rates, which slightly increased.

**STAFF REPORT – ENGINEERING:** Stephan Sundet presented the monthly engineering report. The Association has excluded all projects requiring an RUS environmental report from its Construction Work Plan, to expedite RUS approval of the Construction Work Plan. The Association is working on its next RUS loan and preparing bid documents for its next Construction Work Plan. Mr. Sundet has been working with three new prospective large power load members. Mr. Sundet also updated the Board regarding development of carbon dioxide digestors in the service territory.

**STAFF REPORT – OPERATIONS:** Mr. Sundet presented the monthly operations report to the Board. Association crews continue work on new construction, pole changeouts, and service retirements. Contractor Altitude is performing pole changeouts.

**STAFF REPORT – MEMBER SERVICES:** Rob Baranowski provided the Member Services report. The Association currently has 52 solar net meters and a single wind net meter on its system. There are eight additional solar net meter applications pending. Discussion followed regarding a member that had offered to share information with the Board related to the member’s solar net metered system. Mr. Baranowski reported on member difficulty obtaining necessary county permits to commission a solar net meter and discussion followed. Mr. Baranowski reported that the Association had submitted its PUC mandated interconnection report in July. Mr. Baranowski reported on potential savings to the Association if members would switch to paperless billing. The Association could save approximately \$8 per member per year. Discussion followed regarding whether to promote a paperless billing program. The Board consensus was to promote paperless billing by offering members an enrollment incentive and for staff to determine an appropriate amount. Mr. Baranowski updated the Board regarding federal grants for electric school buses. The Association recently attended the Morgan County Fair and the “BBQ with the Blue” event in Fort Morgan.

**STAFF REPORT – OFFICE SERVICES:** Mr. Shaver presented the monthly Office Services report. Mr. Shaver presented regarding the Association’s corporate debt limit, which is presently \$83 million. The Association is in the process of borrowing an additional \$20-\$23 million from RUS. Therefore, Mr. Shaver recommended increasing the Association debt limit to \$125 million due to the required future substantial plant investment over the next ten years. Questions were asked and answered and discussion followed.

◆ **By motion made, seconded, and carried, the Board resolved as follows:**

WHEREAS, the corporate debt limit of Morgan County Rural Electric Association was established at eighty-three million (\$83,000,000) as set by previous board resolution,

WHEREAS, future construction work over the next ten years will require a substantial investment in new electric plant facilities to meet the growing electric service needs of our membership.

WHEREAS, a major portion of the cost to construct new electric plant facilities will be financed with long-term debt; and

WHEREAS, Morgan County Rural Electric Association’s mortgage pledges all of its property to secure notes payable to the Government, in the aggregate principal amount, not to exceed the corporate debt limit at any one time; and

WHEREAS, the Board of Directors have the authority to set the corporate debt limit.

NOW, THEREFORE, BE IT, RESOLVED, that the Morgan County Rural Electric Association Board of Directors hereby approves and adopts a corporate debt limit of one hundred twenty-five million dollars (\$125,000,000) as of 08/22/2022.

Date effective 22nd day of August, 2022.

Next, Mr. Shaver presented various certifications required in connection with the RUS loan. Questions were asked and answered.

**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. Discussion followed regarding whether to retire capital credits to estates early. The Board consensus was for the Association staff to bring the Board more information regarding early retirement of capital credits for deceased members.

**TREASURER'S REPORT:** Mr. Linker 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 Wickstrom ordered that the check register be filed.

**MANAGER'S REPORT:** Manager Frick presented his monthly report to the Board. Manager Frick presented the Association's 2022 RESAP Report to the Board. Questions were asked and answered. Manager Frick reported on this service on the Tri-State Generation & Transmission Rate Committee and discussion followed.

**PRESIDENT'S REPORT:** President Wickstrom appointed Timothy Peggram as Association delegate for the CFC Annual Meeting and informed the Board that it would conduct the General Manager evaluation at the conclusion of the meeting.

**TRI-STATE G&T BOARD REPORT:** Mr. Graff reported 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:** Mr. Linker presented Western United's July 2022 Sales and Financial Report.

**COLORADO RURAL ELECTRIC ASSOCIATION BOARD REPORT:** Mr. Arndt and General Manager Frick presented to the Board regarding various CREA committees and legislative and regulatory issues impacting electric cooperatives.

**OTHER MEETING REPORTS:** Attorney Richardson reported on his attendance at the NRECA Legal Seminar and General Manager Frick reported on his attendance at the CREA Managers Conference. Manager Frick reported that the Mesa Hotline School is raising money to relocate facilities.

**EMERGENCY BUSINESS:** None.

**OLD BUSINESS:** None.

**NEW BUSINESS:** By motion duly made, seconded, and carried, the Board entered executive session to conduct the annual General Manager review at 2:21 p.m. The Board exited executive session at 3:22 p.m. No formal actions were taken during the executive session.

There being no further business to consider, the meeting was declared adjourned 3:22 p.m.

Respectfully submitted:

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Terry Tormohlen, Secretary