

MORGAN COUNTY RURAL ELECTRIC ASSOCIATION

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

October 21, 2019: 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, Timothy Peggram, Brian D. Schlagel, Terry Tormohlen, and Cary Wickstrom. Absent: Brian Pabst.

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 September 16, 2019 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 25666 through 25703 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CANCELLED MEMBERSHIPS: The Directors reviewed the monthly list of members who have withdrawn from the cooperative since the last meeting of the Board.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. Manager Frick reported on instances of damage to MCREA property as well as regarding a copper theft at a cooperative substation. The Joint Health and Safety committee met on October 10th for the purpose of finalizing the coop's safety improvement plans for the upcoming year. Mr. Henderson will present those to the board at the November meeting. Additionally, Federated Insurance recently conducted a safety audit with satisfactory results.

STAFF REPORT – HUMAN RESOURCES: Kristie Binder advised the Board regarding the education and training seminars attended by MCREA staff during the preceding month, as well as on upcoming conferences, meetings, and events. Ms. Binder advised the Board of a runoff in the CoBank director election due to none of the three candidates receiving a majority of the votes. Additionally, Ms. Binder advised the Board of the need to appoint voting delegates for the Basin Electric annual meeting.

STAFF REPORT – ENGINEERING: Stephan Sundet presented the monthly engineering report to the Board. Mr. Sundet reported on the 2020-2021 construction contract bid opening and recommended that the Board accept Great Plains Power's bid to perform the 2020-2021 construction contract at a price of \$2,373,285.05.

- ◆ **By motion made, seconded, and carried, the Board awarded Great Plains Power the 2020-2021 construction contract at a price of \$2,373,285.05.**

Mr. Sundet next reported on consultant bids received for the Last Chance, Stoneham substation, and Stoneham transmission line engineering consulting contract and recommended the Board approve EEC's bids for those projects.

- ◆ **By motion made, seconded, and carried, the Board awarded the Last Chance, Stoneham substation, and Stoneham transmission line engineering consulting contracts to EEC at a price of \$44,700.00, \$67,680.00, and \$160,120.00, respectively.**

Mr. Sundet closed by presenting by information and slides to the Board regarding MCREA's large power load development.

STAFF REPORT – OPERATIONS: Bobby Brenton presented the monthly operations report to the Board. MCREA crews continue to work at installing new residential service locations, upgrading transformers, building new distribution line, and continuing work with 2019 pole change outs. Mr. Brenton then updated the board on contractor Altitude's work.

STAFF REPORT – MEMBER SERVICES: Dave Henderson presented the monthly Member Services Department report. The Member Services Department received a new application for a residential solar net meter during the preceding month. Member Services have also been in discussion with a member about a new potential commercial solar net meter. The school counselor's luncheon has been scheduled for October 24th, 2019. MCREA staff will provide information to local school counselor's regarding the cooperative's linemen's scholarship. Mr. Henderson also reported that the cooperative had donated \$2,128.00 to Colorado Energy Outreach, which donation had been previously approved by the Board. Lastly, Mr. Henderson advised the board of upcoming events including the Trick-or-Treat Trail and Christmas Lighting Contest.

STAFF REPORT – OFFICE SERVICES: Robb Shaver presented the monthly Office Services report. Mr. Shaver reported that the cooperative needs a new Visual T&D server, which the cooperative had previously budgeted to replace in 2020. However, Mr. Shaver requested that the Board approve purchasing a Dell PowerEdge T640 at a cost of \$12,500.00 this year due to earlier than expected need.

- ◆ **By motion made, seconded, and carried, the Board approved the purchase of a Dell PowerEdge T640 at a cost of \$12,500.00.**

Next, Mr. Shaver presented extensively to the Board regarding 2019 capital credit retirements.

- ◆ **By motion made, seconded, and carried, the Board approved the retirement of \$320,931.71 of Morgan County Rural Electric Association patronage capital which accrued and was allocated in 2005, \$778,976.10 of Morgan County Rural Electric Association patronage capital which accrued and was allocated in 2006, \$449,778.27 of Morgan County Rural Electric Association patronage capital which accrued and was allocated in 2007, \$488,921.97 of Morgan County Rural Electric Association patronage capital which accrued and was allocated in 2008, \$343,349.69 of Tri-State Generation and Transmission patronage capital which accrued in 2001, and \$368,042.26 of Tri-State Generation and Transmission patronage capital which accrued in 2002, for a total retirement of \$2,750,000.00.**

FINANCIAL REPORT: Mr. Shaver reviewed the details of his customary monthly financial statements and reports.

TREASURER'S REPORT: Cary Wickstrom 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 and Attorney Richardson reported on the progress made in the connection to the sale of the Highway 34 headquarters location. Attorney Richardson requested that the Board adopt a resolution approving the transfer of that property to Ron Greene and Gayle Greene for \$925,000.00 to fulfill certain RUS requirements.

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

Morgan County Rural Electric Association
Fort Morgan, Colorado

RESOLUTION

WHEREAS the board of directors of the Morgan County Rural Electric Association hereby requests that the United States Rural Utility Service, the National Rural Utilities Cooperative Finance Corporation, and CoBank release any security interest in and to the Property in order to permit the above-described transfer; and

WHEREAS, the board of directors of the Morgan County Rural Electric Association hereby approves transfer of:

The real estate situate in the County of Morgan, State of Colorado and more particularly described on Exhibit A hereto (the "Property") to Ron M. Greene and Gayle F. Greene for the value of \$925,000.00.

CERTIFICATE OF SECRETARY

I, Larry D. Hoozee, Secretary of the Morgan County Rural Electric Association, do hereby certify that the above is a true and correct copy of the resolution, as adopted by the Board of Directors of the Morgan County Rural Electric Association at their meeting on October 21, 2019, and that said Resolution now appears in the records of our Minutes Book without changes or alterations.

Larry D. Hoozee, Secretary

(SEAL)

Attorney Richardson also requested that the Board authorize Manager Frick to execute the RUS Form 369 in connection with that transaction.

- ◆ **By motion made, seconded, and carried, the Board authorized Manager David Frick to execute the RUS Form 369 in connection with the sale of the cooperative's Highway 34 headquarters location.**

Manager Frick next reported to the Board regarding progress with Building by Design on construction of the new mechanics shop.

PRESIDENT'S REPORT: President Graff appointed Timothy Peggram as the cooperative's voting delegate to the Basin Electric annual meeting and Brian Schlagel as his alternate.

- ◆ **By motion made, seconded, and carried the Board authorized a donation of Thanksgiving turkeys.**
- ◆ **By motion made, seconded, and carried the Board approved a holiday bonus for employees.**

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: Timothy Peggram reported that the Western United Board had not met since MCREA's previous Board meeting.

COLORADO RURAL ELECTRIC ASSOCIATION BOARD REPORT: Dave Arndt reported that Colorado Rural Electric Association Board had not met since MCREA's previous Board meeting. However, Mr. Arndt reported that the energy summit was scheduled for October 28th.

OTHER MEETING REPORTS: Attorney Richardson reported on his attendance at the annual CREA Fall Legal Seminar.

EMERGENCY BUSINESS: None.

OLD BUSINESS: None.

NEW BUSINESS: None.

There being no further business to consider, the meeting was declared adjourned 1:15 p.m.

Respectfully submitted:

Larry D. Hoozee, Secretary