

RECORD OF PROCEEDINGS

MOUNTAIN PARKS ELECTRIC, INC.

Regular Meeting of the Board of Directors

Granby, Colorado

May 12, 2011

8:00 AM

Attendance

Present: Greg Norwick, Stan Cazier, Carl Trick, Jeff Hauck, Richard Zieff, Ross Caldwell, Levi Williamson, Joe Pandey, Tom Sifers, Greg Guthridge, Les Shankland, Alex Buhayar and Kayci Green.

Call to Order

President Norwick called the meeting to order at 8:00 a.m.

Determination of Quorum

A quorum was declared.

Minutes

The Board reviewed the meeting minutes from the April 8, 2011 meeting.

MOTION: Director Trick moved to approve the April 8, 2011 meeting minutes as presented. The motion passed unanimously.

Bills for Payment

The Board reviewed the list of cash disbursements for April, 2011.

MOTION: Director Cazier moved to ratify the April, 2011 cash disbursements from general funds as per the attached cash disbursement list which forms a part of these minutes. The motion passed unanimously.

Action Items

Action Item #1

Award Town of Walden Rebuild Project

Shankland presented five bids for the Town of Walden Rebuild project. Management recommended the bid be awarded to Par Electric the low bidder of the project at \$314,669.15

MOTION: Director Cazier moved to award the Walden Rebuild Project to Par Electric at \$314,669.15 per management's recommendation. The motion passed unanimously.

MOTION: Director Cazier moved that if Parr Electric attempts to withdraw their bid of \$314,699.15 and staff agrees the Walden Rebuild project would then be awarded to Hamlin Electric in the amount of \$444,816.10, unless Parr Electric's revised bid is significantly less than \$444,816.10. The motion passed unanimously.

Tom Sifers entered the meeting at 8:10 a.m.

Rob Taylor entered the meeting at 8:10 a.m.

Public Comment Period

Mike Wageck, Winter Park Water & Sanitation entered the meeting at 8:10 a.m.

Wageck handed out and reviewed highlights of the Energy Assessment Final Report prepared by United Research Services (URS) for the Winter Park Water and Sanitation District.

Levi Williamson entered the meeting at 8:15 a.m.

Wageck thanked MPEI for its in-kind services that were given to the Water & Sanitation District in conjunction with the Energy Assessment. Wageck reported MPEI employee Rob Taylor assisted in the assessment.

Attorney Activity and Fees Report

The Board reviewed Attorney Williamson's activity and fees summary report for April 2011, a copy is attached and forms a part of these minutes.

MOTION: Director Cazier moved to accept Attorney Williamson's report. The motion passed unanimously.

Action Item #3**Establish Record date for determination of Members Eligible to Vote on Election Issues**

MOTION: Director Zieff moved to establish May 2, 2011 as the record date for determination of members entitled to vote at the 2011 Annual Meeting. The motion passed, with Director Stan Cazier abstaining from the vote.

Action item #4**Appoint Voting Committee for Annual Meeting Election**

MOTION: Director Zieff moved to appoint the following members to the Voting Committee for the 2011 Annual Meeting: Dennis and Francine Carpenter, Kremmling; Sue and William Tomasek, Grand Lake; Carl Montoya, Grand Lake; and Barb Childers, Fraser. The motion passed, with Director Stan Cazier abstaining from the vote.

Action item #5**Review Request from North Park Fire & Rescue**

Pandy presented a request from North Park Fire & Rescue for donation of MPEI's 2003 F350 line truck.

MOTION: Director Cazier moved to donate MPEI's 2003 F350 line truck to North Park Fire & Rescue. The motion passed unanimously.

Action item #6**Review and Approve Non-Site Specific Contracts for Line Extensions**

Guthridge recommended use of the Non-Site Specific Contract for use with line extensions. Director Cazier encouraged staff to use local contractors as much as possible.

MOTION: Director Cazier moved to approve use of the Non-Site Specific Contract for use with line extensions. The motion passed unanimously.

Action item #7**Review Line Clearance Contract Proposals**

Pandy presented bids for line clearance contracts. Pandy recommended entering into Special Services Contracts with Asplundh Tree Experts Co. and Trees, Inc. for bucket crew work; Golden Eagle Tree Removal, LLC and JK Land Services, Inc. for hand crew work; and West Range Reclamation, LLC and Hahn's Peak Enterprises, Inc. for mechanized work.

MOTION: Director Trick moved to authorize management to enter into Special Services Contracts with companies as recommended by Pandy. The motion passed unanimously.

General Managers Report

The General Managers report as prepared by General Manager Pandy, a copy of which is attached and forms a part of these minutes, was reviewed.

Pandy reviewed status of MPEI's preparations for the annual meeting. Director Caldwell will speak at the meeting regarding Tri-State, and Alex Buhayer will speak regarding the solar project at Middle Park High School. MPEI was the first coop to execute a contract with Tri-State for transfer of assets. The Board discussed how the proceeds of the sale should be spent. Pandy presented a power point presentation regarding Tri-State's rate design. The straw man rate being considered uses an average demand component, and Pandy believes the rate will result in lower rates for MPEI. Pandy reported on the status of potential bio-fuel plants. Pandy reported that through the first quarter of 2011, wages and benefits are \$60,000 below the 20% of budget goal.

Board Forum**Tri-State Report**

Director Caldwell reported on the regular meeting of the Tri-State Board of Directors. Tri-State staff levels are dropping due to retirements. WAPA hydro-generation is up 30-50%, and the Loveland project is also up considerably, resulting in \$1.6 million in savings to Tri-State. Tri-State submitted 47 regulatory reports in one month. Representative Cory Gardner sponsored legislation to reign in regulation, but it was not approved. Caldwell believes Gardner has been a champion for REA's. The MACT rule to be enacted in November could shut down 40,000 MW of coal generation, and another 30,000 MW could be shut down under other regulations. Caldwell reviewed other new regulations affecting Tri-State.

CREA Report

Director Cazler reported on the regular meeting of the CREA Board of Directors. The Colorado legislative session concluded. He believes CREA did a good job of lobbying this year.

Western United Report

Director Hauck reported on the regular meeting of the Western United Board of Directors. Sales are up 21% compared to budget. Western United will open a warehouse in New Mexico. Hauck reviewed personnel issues.

Audit Report

Larry Lane of Schmidt & Co. presented the audit report via telephone. He reviewed the Independent Auditor's Report, the Financial Statements, and the Communication with the Audit

Committee. The auditors had no changes in significant accounting policies, changes to management judgments, significant audit adjustments, or disagreements with management. The auditors gave MPEI an unqualified opinion, the highest opinion possible. Lane reviewed MPEI's financial ratios for 2010, all of which were above the RUS minimums. Board members asked several questions regarding the report. No executive session was requested. The call with Lane was terminated. The Board discussed the auditor's immaterial changes and other questions with Sifers.

MOTION: Director Zieff moved approve the Audit Report. The motion passed unanimously.

MOTION: Director Cazier moved to approve the contract with Schmidt & Co. for 2011-12 audits. The motion passed unanimously.

Director Trick stated that he believes MPEI should hire a new auditor. Discussion followed. Pandy reported that Schmidt & Co. rotates staff based on federal standards for auditors.

Finance Report

The Finance/Office Services report, a copy of which is attached and forms a part of these minutes, was reviewed. Sifers reviewed the financials. MPEI is below budget by approximately \$50,000. MPEI's cost of borrowed funds is 4.095%. Two board members resigned from the charitable trust, which gave out approximately \$11,000 at its last meeting. Sifers presented the proposed general retirement of capital credits for 2011.

MOTION: Director Zieff moved to approve capital credit retirement as presented in the amount of \$851,567.11. The motion passed unanimously.

Sifers presented a written report regarding the Green Power fund, which has a balance of \$6,117.95.

MOTION: Director Cazier moved to accept the Finance Report. The motion passed unanimously.

Sifers reported that at the coop he worked for previously, the Board approved all new members. Discussion regarding this process followed.

Engineering Report

The Engineering report as prepared by Shankland, a copy of which is attached and forms a part of these minutes, was reviewed. Shankland reported that the war room maps have been updated. He reported on the status of the SCADA project, the Williams Fork hydro project, and the technology work plan. Director Trick asked about the potential hydro project at Carter Lake. Shankland reviewed various issues with the project.

Operations Report

The Operations and Safety report as prepared by Guthridge, a copy of which is attached and forms a part of these minutes, was reviewed. Guthridge reported on the status of the high voltage demonstration trailer. Director Zieff asked about the status of installing Turtle meters. Guthridge updated the status of the project and reported that he is looking at using different meters.

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MOTION: Director Trick moved to approve the safety report. The motion passed unanimously.

Member Services & Marketing Reports

The Member Services & Marketing report as prepared by Knerr, a copy of which is attached and forms a part of these minutes, was reviewed.

External Affairs/Key Accounts Report

The External Affairs/Key Accounts Report as prepared by Rob Taylor, a copy of which is attached and forms a part of these minutes, was reviewed. The Board discussed whether to pursue the Hot Sulfur Springs geothermal project. Director Zieff recommended using Mountain Parks Services' funds to pursue the project. The Board directed Pandey to discuss the project with Tri-State.

IT Report

The IT Report as prepared by Rust, a copy of which is attached and forms a part of these minutes, was reviewed.

Human Resources & Administration

The Human Resources & Administration report as prepared by Green, a copy of which is attached and forms a part of these minutes, was reviewed.

Executive Session

Pandey requested an executive session to discuss confidential personnel matters and to receive legal advice.

MOTION: Director Caldwell moved to enter into executive session to discuss confidential personnel matters and privileged legal issues with the following in attendance, the Board, Pandey, Sifers, Guthridge, Shankland, Green, and Williamson. The motion passed unanimously.

During the executive session, Shankland and Guthridge left the meeting.

MOTION: Director Caldwell moved to exit from executive session. The motion passed unanimously.

Old Business

None.

New Business

None.

The meeting adjourned at 12:10 p.m.


Secretary/Treasurer