

MOUNTAIN PARKS ELECTRIC, INC.
Regular Meeting of the Board of Directors

Granby, Colorado

September 8, 2011

1:00 P.M.

Attendance

Present: Greg Norwick, Stan Cazier, Carl Trick, Jeff Hauck, Richard Zieff, Ross Caldwell arrived at 2:15 p.m., Levi Williamson, Joe Pandy, Les Shankland, Tom Sifers, Alex Buhayar and Kayci Green.

Call to Order

President Norwick called the meeting to order at 1:08 p.m.

Determination of Quorum

A quorum was declared.

Public Comment Period

There was no public comment.

Minutes

The Board reviewed the meeting minutes from the August 11, 2011 meeting.

MOTION: Director Cazier moved to approve the August 11, 2011 meeting minutes as presented. The motion passed unanimously.

Bills for Payment

The Board reviewed the list of cash disbursements for August, 2011. Director Trick asked for clarification regarding the deferred compensation payments, and Director Zieff asked for clarification regarding the payment to Applied Technologies.

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

Attorney Activity and Fees Report

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

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

The Board delayed consideration of the action items until Director Caldwell arrived.

General Managers Report

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

Director Cazier reported on his attendance at the CREA strategic planning retreat. He presented an email regarding the retreat and potential legislation that CREA is tracking. Manager Pandy encouraged the Board to join CARE/ACRE. Director Trick announced that he will not join. Director Norwick commented that he believes it is important to have 100% Board participation in CARE/ACRE.

Director Zieff reported on his attendance at the regular meeting of the Western United Board of Directors. Western United received a clean audit report from Schmidt & Co. Western United's profit sharing plan amounted to 23% of overall base pay this year. The average for the past four years is 40%.

Pandy presented the Mountain States Employers Council survey of journeyman lineman's wages for CREA coops. MPE is 8th in rate of pay, 22nd in benefits, and 20th in total compensation. Pandy presented the CFC 2011 District 7 meeting Official Mail Ballot. '

MOTION: Director Cazier moved to vote "For" the proposed District 7 Nominating Committee. The motion passed unanimously.

MPE received grant funds of \$50,308 from the Colorado State Forest Service for tree clearing. MPE also received a pledge from the BLM for funds. MPE received an emergency tree clearing permit from the USFS. It took 15 months to obtain the permit.

MOTION: Director Cazier moved to ratify Kayci Green's signature as Secretary of MPE on the USFS permit. The vote on this motion was tabled.

Board Forum

Director Zieff asked why staff attended the Winter Park Recreation District's Board Meeting to discuss MPEI's under billing issue. Pandy reported that the District asked MPEI to attend the meeting to discuss the issue.

Director Trick asked for clarification regarding whether capitalizing wages for work plan projects amounts to "double" charging members for these wages. Pandy reported that Sifers confirmed that wages are expensed or capitalized, not both. Sifers clarified that MPE spends 25-28% of total labor on capital projects and that those capitalized wages are not included in the operations budget.

Director Caldwell arrived at 2:15 p.m.

Pandy continued his report regarding Tri-State. Tri-State passed a 4.8% rate increase. Pandy presented rate analysis showing a cost increase to MPE of approximately \$900,000, which is a 2.93% increase over 2011. Pandy reported that the Tri-State Board passed the increase after no discussion on the issue. Director Caldwell stated that the main driver for the increase is the Board's debt service ratio goal, which is higher than Tri-State's lenders require. Director Trick expressed concern that this number is arbitrary and higher than necessary. Director Caldwell will request that the Tri-State Board reconsider the debt service ratio policy. Tri-State will not implement a new rate structure in 2012.

Pandy presented a summary of average rate increases for MPE's residential, commercial, and industrial consumers. Pandy asked for guidance from the Board in preparing the 2012 budget. Directors Cazier and Trick stated that the Board should consider passing a full 4.8% increase in light of Tri-State's projection of a 7.9% increase in 2013. Director Norwick asked Pandy if he could cut \$800,000 out of the budget if the Board did not raise rates. Pandy stated that he could cut approximately \$50,000 in the operational budget. Sifers recommends that staff prepare three budgets, one with a 3% rate increase, one with a 4.8% rate increase, and one with an increase in excess of 4.8%. Director Norwick would like to see a budget with a 0% increase. Director Trick asked whether the Board should hold a special meeting to consider the budget. After discussion, it was determined that the Board will consider the budget at the November Board meeting.

Pandy presented an analysis of wages as a percentage of 2012 revenue. Pandy asked for guidance regarding whether three summer interns should be hired as apprentice linemen. Guthridge believes he needs three apprentices. Directors Trick, Caldwell, Zieff, and Hauck stated that it is the Manager's decision to make. Director Cazier recommended that the three interns be employed for two months to give management time to decide whether to hire them as apprentices. Director Trick would like the wage increase proposal for 2012 to include the general increase and any step increases and reclassifications.

Finance Report

The Finance/Office Services report as prepared by Sifers, a copy of which is attached and forms a part of these minutes, was reviewed. Sales are down and margins are below budget. Sifers is exploring options for the 18 Wild Blue customers. No replacements have been found for the vacancies on the Operation Round-up Board.

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

Engineering Report

The engineering report as prepared by Shankland, a copy of which is attached and forms a part of these minutes, was reviewed. A metering error caused a member to be over-billed. The issue is still under investigation. Due to an MPE switching error, Tri-State under billed MPE last month by approximately \$35,000.

MOTION: Director Zieff moved to recess the meeting to hold a Mountain Parks Electric, Inc. Educational Trust meeting. The motion passed unanimously. The meeting recessed at 3:33 p.m.

The meeting reconvened at 4:12 p.m.

Action Items

Action Item #1

NRECA 2012 Insurance

Pandy presented a summary of 2011 and 2012 premiums for MPEI's NRECA insurance plans. The 2012 premiums are 10% higher than 2011. Pandy recommends continuing the same plans with the increased cost to MPE. Director Zieff would like to see the utilization rate for MPE's employees.

Motion: Director Cazier moved to approve the NRECA insurance plans as recommended by General Manager Pandy. The motion passed unanimously.

Action Item #2

Annual Meeting Date

Motion: Director Cazier moved to hold the 2012 Annual Members' Meeting on June 9, 2012. The motion passed unanimously.

Action Item #3

Renewable Contract

The Tri-State Renewable Project Performance Payment Contract was reviewed. Pandy recommends approving the contract.

Motion: Director Cazier moved to approve the contract and to allocate all proceeds from renewable projects to the Green Program. The motion passed unanimously.

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.

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

Communications & Member Services

The Communications & Member Services 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. Director Hauck asked whether Taylor met with representatives of the proposed hydro project in Grand Lake. Pandy is not aware of any recent meetings.

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

- **MOTION:** Director Cazier moved to enter into executive session to discuss privileged legal issues, confidential personnel matters, and confidential member matters, with the following in attendance, Stan Cazier, Carl Trick, Jeff Hauck, Richard Zieff, Ross Caldwell, Greg Norwick attorney Levi Williamson, Joe Pandy, Tom Sifers, Les Shankland, and Kayci Green. Director Cazier was present for the entire session except that portion related to the Grand County Water and Sanitation Districts' condemnation action.

The motion passed unanimously.

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

MOTION: Director Cazier moved to rescind his motion regarding Kayci Green. The motion passed unanimously.

MOTION: Director Cazier moved to ratify Kayci Green's signature on the USFS permit, to authorize MPE's secretary to sign the permit, and to send a letter with the new signature explaining the matter. The motion passed unanimously.

Old Business

None.

New Business

None.

The meeting adjourned at 5:07 p.m.

Secretary/Treasurer