

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
MOUNTAIN VIEW ELECTRIC ASSOCIATION, INC.
HELD SEPTEMBER 13, 2011**

A Regular Meeting of the Board of Directors of Mountain View Electric Association, Inc. was held September 13, 2011 at the Falcon Operations Center, 11140 East Woodmen Road, Falcon, Colorado 80831, beginning at approximately 9:00 a.m.

CALL TO ORDER

The meeting was called to order by President Joseph D. Martin who presided. Secretary-Treasurer Milton L. Mathis acted as Secretary of the meeting.

Those Directors present at the beginning of the meeting were:

Ms. Donna Andersen-VaNess
Mr. Ricky L. Gordon
Mr. Allen E. Gresham
Mr. Joseph D. Martin
Mr. Milton L. Mathis
Mr. B.D. Paddock
Mr. Barry Springer

constituting a quorum. There were also present at the beginning of the meeting, Mr. Jim C. Herron, General Manager, Mrs. Ellen Copley, Administrative Manager, and Mr. Jack P. Wolfe, Attorney for the Association, who recorded these minutes at the request of the Secretary.

INVOCATION

Director Mathis delivered the Invocation to begin the meeting.

MEMBER INPUT

There were no members present at the meeting except Directors and staff.

APPROVAL OF AGENDA

The agenda which previously had been distributed to the Board was approved as distributed with the addition of discussion of mobile substations, a request from The State Bank, and the location for the 2012 Annual Meeting of Members, and with the understanding that certain items may be taken out of order.

APPROVAL OF BOARD MINUTES

President Martin called the Board's attention to the draft of the minutes of the regular August 17, 2011 Board of Directors meeting, which previously had been distributed to the Board. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the minutes of the regular August 17, 2011 meeting of the Board of Directors be approved as submitted.

DETERMINATION OF LOW INCOME ENERGY ASSISTANCE 2011 CONTRIBUTION

Manager Herron advised the Board that Colorado statutes require that the Association develop a program for member contributions to Energy Outreach Colorado for low income energy assistance, or in the alternative that the Association make a contribution to the program from some other source. He reminded the Board that in the past, the Association had made an annual contribution from general funds in the amount of \$0.25 per member, and he recommended that the Association do the same this year. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Association contribute \$9,829.50 to Energy Outreach Colorado from general funds for low income energy assistance, which amount is equivalent to \$0.25 per member.

CHANGE POSITION TITLE FOR GENERAL MANAGER

President Martin reminded the Board of its earlier discussions concerning changing the position title for the General Manager, and noted his recommendation that the title be changed. Following discussion, a motion was made that the position title of the General Manager be changed to "CEO/General Manager" and that staff be authorized to change the title wherever it occurs in the Association's policies, rules and regulations. The motion died for lack of a second.

Discussion continued, and Attorney Wolfe pointed out that if the position of "Chief Executive Officer" was created, that changes in the Association Bylaws would be required. The Board also discussed how to handle the transition period to a new title. Following further discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the position title of the General Manager be changed to "Chief Executive Officer" or "CEO" for short, effective immediately; that staff has authority to substitute the title "Chief Executive Officer" for "General Manager" wherever it occurs in the Association's policies, rules and regulations; and that

during the transition, the terms “General Manager” and “Chief Executive Officer” (or “CEO”) are interchangeable; and it was further

RESOLVED, that staff prepare any necessary amendments to the Association’s Bylaws necessitated by this change and bring them to a future meeting of the Board for consideration and approval.

APPROVAL OF AMENDMENTS TO BOARD POLICY B-003 “BOARD GENERAL
ER RELATIONS” MANAG

President Martin called the Board’s attention to a September 12, 2011 draft of proposed changes to Board Policy B-003, which previously had been distributed to the Board, and he reviewed the process leading up to this draft. Discussion followed, and amendments to the draft were proposed and discussed. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED that revised Board Policy B-003, to be titled “Board - CEO Relations and Delegations of Authority” be approved as presented to this meeting and amended in accordance with the discussion held during the meeting; and that a copy of the revised policy be attached to the minutes of this meeting.

APPROVAL OF CHANGES TO “STATEMENT OF QUALIFICATIONS OF RURAL
ELECTRIC DIRECTORS”

President Martin called the Board’s attention to a proposed revision to the “Statement of Qualifications for a Rural Electric Director” that is an attachment both to Section 4.0 of the Association’s Rules and Regulations and to Board Policy B-008, and which previously had been distributed to the Board. He noted that the revision incorporated suggestions made at the August 17, 2011 meeting of the Board. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the “Statement of Qualifications for a Rural Electric Director” is approved in the form presented to this meeting; that it be incorporated in Board Policy B-008 “Director Search and Selection” and in Section 4.0 “Procedures for Director Elections and Member Voting” of the Association’s Rules and Regulations, and that a copy of the Statement be attached to the minutes of this meeting.

DESIGN AWARD FOR FALCON OPERATIONS CENTER

Doug Hahn of LKA Associates, and Association Member Services Manager Darryl Edwards, Facilities Coordinator Rod Hilt and Member Services Specialist Sarah Schaefer joined the meeting. Mr. Hahn reported that LKA Associates had presented the Falcon Operations Center project to a local AIA design award competition. He reported that the project won the competition, where it was noted that:

- the design visually represented the activities of MVEA,
- the features of the building were true to the values of MVEA, and
- the ultimate outcome of the project was faithful to the original program design.

Mr. Hahn then presented a framed certificate of the award to the Board, and thanks were expressed all around.

Mr. Hahn, Mr. Hilt and Ms. Schaefer left the meeting, and Association Operations Manager Claud Hugley and Manager of Engineering David Waldner joined the meeting.

SELECTION OF POLE INSPECTION CONTRACTOR

CEO Herron called the Board's attention to a form of contract with Pole Position, Inc. d/b/a Sundance Power Pole Inspections and a memo from Mr. Hugley reporting on bid results for the pole inspection contract, both of which previously had been distributed to the Board. Mr. Hugley and CEO Herron both recommended that the contract be awarded to Sundance. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Association enter into a contract with Pole Position, Inc., d/b/a Sundance Power Pole Inspections, in the form presented to the meeting, for the Association's pole inspections until December 31, 2013; and that CEO Herron is authorized to execute the contract on behalf of the Association.

APPROVAL OF CHANGES TO ASSOCIATION RATE 18.55 "LARGE POWER - SCHRIEVER AIR FORCE BASE"

CEO Herron called the Board's attention to a copy of Association Rate 18.55, indicating proposed changes, which previously had been distributed to the Board. Mr. Waldner reviewed the changes and advised the Board that they were a result of the recently announced Tri-State rate increase and the effect of the pending transfer of the Geesen-Schriever 115kv Transmission Line to Tri-State. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that Association Rate 18.55 "Large Power - Schriever Air Force Base" be revised in the form presented to this meeting, effective for all metered sales after January 1, 2012, and that a copy of the Rate Tariff be attached to the minutes of this meeting.

APPROVAL OF CHANGES TO ASSOCIATION REGULATION 15.0 "INTERCONNECTION POLICY"

CEO Herron called the Board's attention to a draft of proposed changes to Association Regulation 15.0, which previously had been distributed to the Board. Attorney

Wolfe reviewed the changes with the Board. A suggestion was made by the Board to clarify the reference to the Public Utilities Regulatory Policies Act. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that revised Association Regulation 15.0 "Interconnection Policy" is approved in the form presented to this meeting and amended as suggested during the meeting, and that a copy of the revised Regulation be attached to the minutes of this meeting.

CEO'S REPORT

Schriever Air Force Base. Mr. Waldner reported on the status of the transfer of the Geesen-Schriever 115kv Transmission Line to Tri-State, noting that due to changes in Tri-State's position, it might be several months before the transfer could be finalized. Discussion followed.

Report on Recent Outages. Mr. Waldner and Mr. Hugley reported on the causes of outages on August 29, September 2 and September 3, and the steps taken to restore the system. Discussion followed.

Mobile Substation. CEO Herron called the Board's attention to a September 6, 2011 memo from Mr. Waldner and Mr. Hugley concerning mobile substations, which previously had been distributed to the Board. Mr. Waldner and Mr. Hugley reviewed the availability of mobile substations owned by Tri-State and neighboring utilities, the configuration of the Association's system and the need and uses for a mobile substation that could be relied on to be available. They concluded with the recommendation that the Association purchase a mobile substation. Discussion followed, but no action was taken.

WORK ORDER PROCESSING FOR JULY, 2011

Manager Herron called the Board's attention to a copy of Work Order Processing Form 219 for July, 2011, which previously had been distributed to the Board, in the amount of \$615,639.20. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that Work Order Processing Form 219 for July, 2011, as presented to the Board, be and the same hereby is approved.

DELETION OF UNCOLLECTIBLE ACCOUNTS

Manager Herron called the Board's attention to a report on certain uncollectible accounts, which previously had been distributed to the Board. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Association delete uncollectible accounts from the Association Accounts Receivable, as of April 30, 2011 and reaching a 90-day inactive status as of July 31, 2011, in the amount of \$11,105.59, resulting in a ratio of uncollectible accounts to revenue for the twelve months ending July 31, 2011 of 0.176%.

RECESS

The Board recessed for lunch at 11:55 a.m. and reconvened at 12:35 p.m. During the recess, Mr. Hugley and Mr. Waldner left the meeting, and Ms. Schaefer rejoined the meeting.

PRESIDENT'S REPORT

Lamplighter Meetings. President Martin reminded the Board that invitations to the fall Lamplighter Meetings needed to be signed and returned by the end of the meeting. CEO Herron then suggested a number of topics for the presentation to be given during the meetings, and discussion followed.

2012 ANNUAL MEETING

Mr. Edwards distributed a memo setting forth the pros and cons of each of the two high schools in Monument that might serve as a site for the 2012 Annual Meeting of Members, together with room layout and parking plans for the two schools. Mr. Edwards recommended that the meeting be held at Palmer Ridge High School, and he discussed the issues surrounding both of the schools. Following discussion, it was the consensus of the Board that the meeting be held at Palmer Ridge High School. Mr. Edwards and Ms. Schaefer then left the meeting

PRESIDENT'S REPORT CONT'D

Consideration of Director Districts. President Martin reminded the Board that Article III, Section 4 of the Association Bylaws required that the Board review the boundaries of the Director Districts annually. Following discussion, and upon motion duly made, seconded and carried, five votes in favor, Director Springer opposed, it was

RESOLVED, that no changes be made to director district boundaries prior to the 2012 election of directors.

CEO Evaluation. President Martin polled the Board on whether they wished to complete CEO Evaluation forms electronically or on paper. Following discussion, it was decided that the forms would be sent to the directors electronically, and that they should be returned electronically on or before October 18, 2011. Director Gordon then left the meeting.

CEO'S REPORT CONT'D

Review of Financial Report for the Period Ending July 31, 2011. Mrs. Copley called the Board's attention to the statement of operations and balance sheet for the period ending July 31, 2011, which previously had been submitted to the Board. She reported that for the period, operating revenue for the period was approximately \$469,000 over budget; purchase power expense was approximately \$1,304,000 over budget; operation and maintenance expense was approximately \$234,000 under budget; consumer accounts expense, Member Services costs and administrative and general expenses were approximately \$166,000 under budget; depreciation and amortization expense was approximately \$7,000 under budget; and interest on long term debt was approximately \$105,000 under budget; resulting in operating margins of approximately \$361,000 under budget. Interest income, G&T and other capital credits and extraordinary items were approximately \$39,000 under budget; resulting in total margins for the period of approximately \$400,000 under budget. The year-to-date Operating TIER was 1.32, and the TIER was 1.18. The Association equity as a percent of total assets was 35.98%. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Financial Report for the period ending July 31, 2011 be, and the same hereby is, accepted as submitted, and that a copy be attached to the minutes of this meeting.

Reports of Depository Banks. CEO Herron called the Board's attention to 2nd Quarter Financial reports for the Association's two depository banks, which previously had been distributed to the Board. Discussion followed.

Safety Report. Manager Herron called the Board's attention to the Association's August, 2011 Safety Report. Discussion followed.

Load Control Report. Manager Herron distributed a report on operation of the Association's SCADA System through the end of August, 2011. Discussion followed.

Personnel Matters. Manager Herron called the Board's attention to the August, 2011 Personnel Change Report, which previously had been distributed to the Board. He then reported that there were no new incidents reported to MySafeWorkplace.

Consumer Matters. Manager Herron called the Board's attention to a copy of a letter that he sent member Kathleen Gotto responding to her telephone message inquiring about conducting a membership survey on the subject of the Association's hours of operation, which letter copy previously had been distributed to the Board.

Contributions in Aid of Construction. CEO Herron called the Board's attention to a set of graphs, which previously had been distributed to the Board showing the history of amounts received by the Association as Contributions in Aid of Construction. CEO Herron then explained the concept of these contributions, and how they had changed with changes in the Association's Line Extension Policy over the years. Discussion followed.

Transfer of 1989/1990 Unclaimed Capital Credits. CEO Herron called the Board's attention to a copy of Article XIII of the Association's Bylaws, concerning unclaimed capital credits, which previously had been distributed to the Board. Mrs. Copley explained the process of transferring the unclaimed amounts on the Association's accounting records. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the remaining \$215,038 of unclaimed 1989-1990 capital credits be transferred to 2011 Non-Operating Income.

Request of The State Bank. CEO Herron reported on a conversation he had with Al Kreps of The State Bank, where Mr. Kreps inquired whether the Association would be willing to make space in its Falcon Operations Center available for emergency use by The Bank as part of its disaster recovery plan. Following discussion, it was the consensus of the Board that there were too many potential issues to be considered, that based on the information available The Bank would be better served by using a dedicated space, and that the Association should therefor decline to make the space available for inclusion in The Bank's disaster recovery plan.

Cost of Service Study. Mrs. Copley reported on the status of the Association's cost of service study with NRUCFC.

Other Items for Board Information. Manager Herron distributed the following items to the Board: Summary of New Member Questionnaire responses; Association Outage Report for August, 2011; Summary of Special Equipment Costs for July, 2011; Minutes of Association Staff Meetings held August 18 and 24, 2011; "Highlights" from August 17, 2011 Board of Directors Meeting; Meeting Notes of August 25-26, 2011 CREA Board of Directors meeting; Mountain View Round Up Fund, Inc. Participation Update and Financial Report dated August 31, 2011; Tri-State G&T Financial Report for the period ending July 31, 2011; Minutes of Tri-State G&T August 9-10, 2011 Board of Directors meeting, including an August 10 Rate Committee Session of the Board; Western United Sales and Financial Reports for the period ending August 31, 2011; Calendar of Scheduled Meeting Dates.

ATTORNEY'S REPORT

Attorney Wolfe reported on litigation involving the Association and other legal matters of interest to the Association, and discussion followed.

REPORTS

Safety Committee. Director Gresham called the Board's attention to the minutes of the August 16, 2011 meeting of the Association Safety Committee, which previously had been distributed to the Board. Discussion followed.

Colorado Rural Electric Association. Director Paddock reported on recent activities at CREA.

Western United Electric Supply Corporation. Director Mathis reported on recent activities at Western United.

National Information Services Cooperative. The Board discussed the upcoming NISC meeting. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that Director Springer act as the voting delegate, and President Martin the alternate voting delegate at upcoming NISC meetings, if allowed by NISC bylaws, and if not then that CEO Herron should act as voting delegate.

ADJOURN

There being no further business to come before the Board, upon motion duly made, seconded and unanimously carried, the meeting adjourned at 3:00 p.m.

Milton L. Mathis, Secretary-Treasurer

APPROVED:

Donna Andersen-Van Ness

Ricky L. Gordon

Allen E. Gresham

Joseph D. Martin

Milton L. Mathis

B.D. Paddock

Barry Springer