

Record of Minutes

Colorado 31 Larimer

Poudre Valley Rural Electric Association, Inc.

October 28, 2008

President Keith D. Croonquist called the meeting to order at 8:59 a.m. All Directors were present except director Michie. Also attending were CEO Brad Gaskill, Engineering Services Manager Jim Byrne, Member Services Manager Myles Jensen, Finance / Corporate Services Manager Mike Johnson, Human Resources and Safety Services Manager Duane Ziller, and Operations Services Manager Tim Stanton and Attorney Randolph Starr and Attorney Michael Westbrook.

There being no further business to come before the September 25, 2008, meeting of the Board, upon motion duly made, seconded and carried, the meeting was adjourned.

President Croonquist called the regular October Board meeting to order.

Changes to the Agenda were made by President Croonquist to add: Item 10(F) MSEDCL partnership agreement renewal action. (09:00)

President Croonquist asked for comment from the public. No members of the public were in attendance. (09:00)

Upon motion duly made, seconded and carried, the following matters were adopted unanimously by the Board:

1. Minutes of the September 25 and October 6, 2008, Board meetings.
2. Work Order Form 219 (#779-09-08) in the amount of \$251,819.69.
3. Construction contracts for October 2008, on the list given to the Board prior to the meeting were approved. (09:01)

CEO Gaskill distributed additional documents received since the Board packet had been mailed. (09:02)

Manager Johnson gave a verbal and PowerPoint® report on various financial matters. Questions were asked by the Board and answered by Manager Johnson and CEO Gaskill. Upon motion duly made, seconded and carried the financial report was accepted. (09:23)

At this time CREA Executive Director Ray Clifton entered the Board room. Director Schneider verbalized his concerns about contributions from CARE and ACRE to candidates that had not supported electric cooperative issues. Mr.

Clifton responded to the comments and discussed the status of contributions by ACRE and CARE to various candidates for political office. Mr. Clifton also talked about industry issues that CREA is involved in. At the conclusion of his presentation Mr. Clifton left the Board room. (10:45)

At this time a short break was taken. (10:52)

CEO Gaskill reported on the status of the Town of Berthoud regarding refunding of previously collected franchise fees; the status of the judgment against Moblesource; and an update on the required hearing on the new PURPA standards set for the December 23 Board meeting (December 9 deadline for filing of documents). (11:16)

Discussion about the approximate 4.1% Tri-State rate increase [effective January 1, 2009] occurred. The Board previously held a Board meeting on October 6 to discuss the alternative rate designs and rate levels. CEO Gaskill distributed a revised set of rate data including the proposed set of rate adjustments that the association is suggested to adopt to deal with the wholesale power cost increase and the increase in costs to the association. The final rate tariffs will be presented at the November Board meeting for a hearing so that the tariffs will be effective on January 1, 2009. (12:04)

At this time the luncheon break was taken. (12:53)

CEO Gaskill continued discussion of the proposed rate adjustments. He detailed the Fees and Service Charges (nonelectric rate) and the changes proposed in those amounts. Upon motion duly made, seconded and carried the Management Proposal for the 2009 Fees and Service Charges is appropriate to be presented with the other tariff revisions at the November hearing on tariff changes. (13:16)

Messrs Todd Owen and Randy Jordal of Wells Fargo Investment Services entered the Board room. Messrs Todd Owen and Randy Jordal made a presentation to the Board regarding the investments of the association held by Wells Fargo. (13:56)

President Croonquist and CEO Gaskill reported on the proposed dedication ceremony of the Stephen L. Goodwin Substation. (14:14)

CEO Gaskill presented revisions to Board Policy 5.04 "Depository, Check Signature & Cash Control." The revisions had been sent to the Board prior to the meeting in "blackline" format. Upon motion duly made, seconded and carried the revisions to Board Policy 5.04 were approved as presented. (14:27)

CEO Gaskill presented a new Board Policy 2.04 "Identity Theft Protection." The new Policy was delivered to the Board prior to the meeting.

CEO Gaskill commented on the new Policy and that the FTC had delayed enforcement of the new rules for six months to next year. It was the suggestion of management that the Policy not be adopted so that it may be refined as more information is developed. (14:29)

CEO Gaskill and Manager Byrne presented a Resolution regarding the 2008 Load Forecast Study prepared in conjunction with Tri-State. Upon motion duly made, seconded and carried, the following resolution was adopted: (14:32)

APPROVAL OF THE 2008 LOAD FORECAST STUDY

WHEREAS, Poudre Valley Rural Electric Association, Inc. (hereinafter referred to as "PVREA") is a rural electric distribution cooperative system within the State of Colorado; and

WHEREAS, Tri-State Generation and Transmission Association, Inc. (hereinafter referred to as "Tri-State") is the wholesale power supplier for PVREA; and

WHEREAS, PVREA and Tri-State have jointly developed the 2008 Load Forecast Study for PVREA; and

WHEREAS, PVREA's Chief Executive Officer has reviewed the 2008 Load Forecast Study and recommends its approval to the PVREA's board;

NOW THEREFORE, BE IT RESOLVED that the board of directors of PVREA does hereby approve the 2008 Load Forecast Study for PVREA.

CEO Gaskill asked for information for use in the 2009 Budget process regarding expected Board expenses. It was the consensus of the Board that the prior year's amount would be appropriate with inflation adjustments. (14:45)

CEO Gaskill had sent proposed revisions to the 2008 Operating and Capital Budget to the Board prior to the meeting. After review and discussion by the Board, upon motion duly made, seconded and carried the proposed revisions to the Budget were approved. (14:53)

The revised Board evaluation form was included in the Board materials. Upon motion duly made, seconded and carried the form for Board Evaluation was adopted. Board members were asked to complete the form and return it to the November Board meeting. (14:56)

CEO Gaskill asked to have the Maharashtra State Electricity Distribution Company Limited (MSEDCL) partnership agreement acted on by the Board. After lengthy discussion upon motion duly made, seconded and carried the

partnership agreement was renewed for an additional two years [to September 30, 2010]. (15:18)

CEO Gaskill gave his report by printed slides from his PowerPoint® presentation that had been sent to the Board prior to the meeting, and then he gave a verbal update to the slides. At this time Attorney Westbrook left the Board room. (15:45) A motion was made and seconded to donate \$1,000 to the Windsor Severance Fire Protection District Election. Discussion ensued about the donation. The motion passed on a split vote. (15:50)

Manager Byrne gave his report by printed slides from his PowerPoint® presentation that had been sent to the Board prior to the meeting, and then he gave a verbal update to the slides. (15:55)

Manager Jensen gave his report by printed slides from his PowerPoint® presentation that had been sent to the Board prior to the meeting, and then he gave a verbal update to the slides. Upon motion duly made, seconded and carried the fee structure for energy audits as proposed by Manager Jensen was approved. (16:19)

Manager Stanton gave his report by printed slides from his PowerPoint® presentation that had been sent to the Board prior to the meeting, and then he gave a verbal update to the slides. (16:20)

Manager Ziller gave his report by printed slides from his PowerPoint® presentation that had been sent to the Board prior to the meeting, and then he gave a verbal update to the slides. (16:25)

Upon motion duly made, seconded and carried the management reports were accepted. (16:26) At this time the managers left the Board room.

The written safety report of October 8, 2008, was sent to the Board prior to the meeting. CEO Gaskill reviewed the contents of the report. Upon motion duly made, seconded and carried, the safety report was accepted. (16:43)

Attorneys Starr and Westbrook had no legal report. Attorney Starr gave a report about the recent Colorado legal seminar on October 10. (16:46)

Director Park reported on CREA matters. (16:47)

Director Hansen reported on Tri-State matters. A written report on Tri-State had been distributed prior to the meeting. (17:03)

Director Diehl reported on WUESC matters. (17:09)

Review of the CREA Semi-Annual meeting and Western United Annual meeting ensued. President Croonquist and CEO Gaskill reported on the NRECA Region VII meeting in Omaha. (17:15)

Arrangements for the Basin Electric Cooperative Association Annual Member meeting (November 5-6); and the Midwest Electric Consumers Association Annual meeting December 9-11 were discussed. (17:21)

Each of the Board members reported on the contents of their respective Board billing sheets. Upon motion duly made, seconded and carried, the reports were approved. Upon motion duly made, seconded and carried, the CEO's expense report was approved. (17:26) CEO Gaskill responded to the CEO appraisal results from the Board.

There being no further business to come before the meeting, upon motion duly made, seconded and carried, the meeting was recessed until the regular Board meeting on November 25, 2008, at 9:00 A.M. at the Association's headquarters. [17:31]

Robert Lock – Assistant Secretary

ATTEST:

Keith D. Croonquist – President

NOTE: The 2008 Board meeting dates have been set as follows: November 25, 2008 and December 23, 2008. The annual meeting of members for 2009 will be at the Larimer County Fairgrounds ("The Ranch") on Saturday, March 28, 2009.