

Record of Minutes

Colorado 31 Larimer

Poudre Valley Rural Electric Association, Inc.

March 25, 2008

President Keith D. Croonquist called the meeting to order at 8:58 a.m. All directors were present except director Anderson (excused) and director Hole attended the meeting by telephone. Also attending were CEO Gaskill, Finance / Information Services Manager Johnson, Member / Employee / Customer Services Manager Jensen, Operations Manager Stanton, Engineering Services Manager Byrne and Attorney Starr and Attorney Westbrook. Guests Steve Szabo, Kevin Markey and Bob Berling were also in attendance.

There being no further business to come before the February 29, 2008, meeting of the Board, upon motion duly made, seconded and carried, the meeting was adjourned.

President Croonquist called the regular March Board meeting to order.

Changes to the Agenda were made by President Croonquist to add 16G posting of board meeting minutes on website, 16H change board meeting date in September, move 16E Town of Berthoud to the executive session, 17C on wage adjustment to the executive session, add 16I signing of HB 08-1160, and add 16J discussion about policy committee. President Croonquist made a statement about his goals as President for the ensuing year and he described how he would approach conduct of board meetings and how board members should interact for the benefit of the association. (09:05)

President Croonquist asked for comments from the public. Mr. Berling made brief comments about the association and his opinion about the benefit of various alternative energy sources to natural gas or coal including hydro, solar, wind and atomic. Mr. Szabo made brief comments about the location for signing of HB 08-1160 and he distributed an article about coal cost. Mr. Markey made brief comments about CFL's and HB 08-1107. CEO Gaskill responded to a question by Mr. Markey. Discussion among the board members and the guests ensued about various alternative energy programs. During the discussion representatives of the Windsor-Severance Fire Protection District entered the board room. (09:25)

At this time representatives of the Windsor-Severance Fire Protection District including Brian Martens, Fire Chief and two of his board members, Tom Buxman and James D. Barrington. A presentation was made regarding the purchase of a parcel of the Association's headquarters property. Chief Martens

distributed a handout to the board showing a revised conceptual design of a fire station and an outline of his presentation and the costs of the site. Questions were posed and answered by Chief Martens. At the conclusion of the presentation the district representatives left the board room. Discussion about the proposal from the fire protection district ensued. A motion was made to delegate further negotiations to the real estate committee and to make a decision about the price of the revised property size and to conclude an option contract with the District. The motion was seconded and discussion ensued. Chief Martens chose Option 3. The motion was defeated. This item was moved to the executive session for further action. (09:46) At this time all guests left the board room.

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

1. Minutes of the February 29, 2008, Board meeting.
2. Minutes of the March 15, 2008, Annual Membership Meeting.
3. Minutes of the March 15, 2008, Annual Board Meeting.
4. Work Order Form 219 (#772-02-08) in the amount of \$611,821.79.
5. Construction contracts for March 2008, on the list given to the board prior to the meeting were approved. (09:49)

Director Johnson asked to add a discussion item for a membership committee on section 16K. (09:50)

CEO Gaskill distributed additional documents received since the board packet had been mailed. He described various matters covered in the materials. Director Johnson asked that a discussion about the use and contents of the Form 990 be added to the executive session. (09:55)

Mr. Pat Plank and Ms. Debbie Fox entered the board room and gave a verbal and PowerPoint® presentation about a solar energy production demonstration project at the Lyons Middle / Senior High School (St. Vrain Valley School District). A written proposal from The Center for ReSource Conservation for the association's participation in the project was presented to the board. Discussion and questions ensued after the presentation. A motion was made to send the proposal to Tri-State for review and evaluation with a positive recommendation for adoption by this association. Discussion ensued about the motion. A motion to amend the motion to strike the portion of the motion about a positive recommendation was passed. The motion, as amended, was passed unanimously. At the conclusion of the presentation, Mr. Plank and Ms. Fox left the board room. (10:35)

At this time a ten minute break was taken (10:42)

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 February financial report was accepted. (11:06)

CEO Gaskill gave his CEO report by verbal and PowerPoint® presentation (with a copy of the slides). He outlined current employee matters including new hires and job offers, resignations, and other information about employees at the Association, Tri-State matters, CREA matters; WUESC matters, NRUCFC matters, Federated Insurance matters, Rural Development Utilities (formerly RUS) matters, Kansas Electric Coop patronage capital retirement, a recent employee meeting, contract matters and various meeting and events attended. (11:42)

Manager Jensen gave his report by verbal and PowerPoint® presentation and reviewed the annual meeting; the AMI Project; and energy conservation projects including: rebates, audits, a new energy use specialist and CFL's. Comments were made by board members. (12:00)

At this time the regular luncheon break was taken. (12:45)

Manager Stanton gave his report by verbal and PowerPoint® presentation about various construction projects, locates, and educational courses. (12:47).

Manager Byrne gave his report with a handout by verbal presentation and updated the board on the WECC compliance audit with its findings, Xcel Energy territory trade issues, and the SCADA telecommunications tech. (13:09)

The written safety report of March 11, 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. (13:35)

Attorneys Westbrook and Starr did not have any matters for the legal report. (13:35)

Director Hansen reported on the latest board meeting of Tri-State. A written report on Tri-State had been distributed prior to the meeting. (13:53)

Director Diehl reported on the Nunn Telephone Company annual meeting and the WUESC board meeting. A written report on WUESC had been distributed prior to the meeting. (13:56)

President Croonquist and Director Park reported on the status of CREA. A written report on CREA had been delivered to the board prior to the meeting. (14:03)

CEO Gaskill reported on the status of: the Rockies Express compressor station load [14:07]; the possible exchange of territory with Xcel Energy [14:07];

the Richard Lake to Waverly 115kV transmission line project [14:10]; the possibility of a new hydro project on the NCWCD pipe line and the Dry Creek Reservoir hydro generation project [14:12]; [the status with the Town of Berthoud regarding a franchise will be discussed in executive session]; a report on the Annual Meeting of Members of the Association [14:14], a discussion of the procedure for posting of minutes of board meetings on the association's website and a motion was made, seconded and carried to post unapproved minutes on the website with a disclaimer [14:18] and a change in the September board meeting date to Thursday, September 25 starting at 9:00 a.m. was approved on motion duly made, seconded and carried. [14:21]

Directors Michie, Park and President Croonquist were appointed as the committee to review the board policy on travel and related expenses (Board Policy 202). [14:22]

Discussion ensued about the formation of a board advisory committee from the members. [14:33]

Discussion about a debriefing on the annual member meeting ensued and additional discussion will occur at a later board meeting. [14:34]

CEO Gaskill discussed the changes to Board Policy 202 and Employee Policy 600 regarding conformance with IRS Regulations on lodging, meals and other expenses. Management's proposed revised Policies were included in the board packet materials. Upon motion duly made, seconded and carried the proposed Board Policy 202 as presented by management was approved on a majority vote effective at the February board meeting. Further discussion ensued about the subject of expense reimbursement by the association. CEO Gaskill had sent a copy of the Employee Policy 600 regarding travel expenses to the board for information purposes. [14:49]

Manager Byrne presented a cost from Boyle Engineering for \$58,900 for a study of the Dry Creek Reservoir hydro generation project. Manager Byrne recommended not pursuing the study due to the cost unless some outside contribution of funds for the study became available. Further discussion ensued about the project and alternatives. [14:55]

CEO Gaskill presented the Governor's Energy Office residential solar match grant program and solar water heater matching grant program. Materials about the programs had been sent to the board prior to the meeting. Pat Plank made a presentation about the summaries of the programs he had prepared for the board. Management recommended participation in the residential solar matching grant program. Upon motion duly made, seconded and carried the residential solar matching grant program in the amount of \$25,000 was approved and the alteration of the association's budget to accommodate this program was

approved on a majority vote. [15:07] At this time Attorney Westbrook left the board room.

CEO Gaskill presented the proposal from the CFC Territory Integrity Fund. A sheet from CFC had been sent to the board prior to the meeting. Upon motion duly made, seconded and carried a contribution was authorized at the same level as in past years with the amount not to exceed \$5,000. [15:08]

CEO Gaskill had sent materials from Groups United Against Resource Destruction requesting funds. No action was taken. [15:10]

CEO Gaskill had sent materials from the Windsor Rotary Club / 9 Health Fair requesting funds. No action was taken. [15:11]

The board members who attended reported on their attendance at various meetings including the PVREA Annual Meeting [discussion about changing the venue for the meeting ensued]. A motion was made, seconded and carried to request an assessment by management of moving the annual meeting of members to the new Larimer County Fairgrounds ["The Ranch"] with latitude to alter the timing of the meeting to later in March with the report to come back to the board at the April board meeting. CEO Gaskill made a presentation about the NRECA Group Benefits Task Force Meeting, and board members reported on the CoBank Directors Conference and other meetings. (15:26)

The board discussed arrangements for various upcoming meetings and events. [15:30]

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. [15:36] At this time a break was taken. Director Sutherland left the board room. [15:48]

Upon motion duly made, seconded and unanimously carried the board entered executive session to consider documents or testimony given in confidence generally relating to compensation of employees, the Town of Berthoud franchise application of the association, direction to negotiators regarding potential sale of land to the Windsor-Severance Fire Protection District and board expense policies. No action was taken by the board to make final policy decisions or adopt or approve any resolution, rule, regulation, or formal action, any contract, or any action calling for the payment of money. Upon motion duly made, seconded and unanimously carried the board left executive session. [17:23]

Upon motion duly made, seconded and carried CEO Gaskill was authorized to negotiate a contract with the Windsor-Severance Fire Protection

District for the 1.36 acres at not less than \$225,000 net to the Association as seller. [17:20]

Upon motion duly made, seconded and carried the President was directed to send a letter to the Mayor returning the check for payment of franchise fees and ask for formal action from the Town Board regarding return of the fees to the Association or the grant of a franchise for 20 years based on the prior application of the Association. [17:30]

CEO Gaskill presented a proposal to increase the wage rates of non-union employees of the association and to adjust the change of compensation from hourly to salary for certain positions with the association. Upon motion duly made, seconded and carried, the wage rate of non-union employees was increased 3.5% effective April 1, 2008, not including senior management employees; and Director Hansen abstained from the vote. [17:35]

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 April 29, 2008, at 9:00 A.M. at the Association's headquarters. [17:35]

Thaine J. Michie – Secretary

ATTEST:

Keith D. Croonquist – President

NOTE: The 2008 board meeting dates have been set as follows: April 29, 2008, May 27, 2008, June 24, 2008, July 29, 2008, August 26, 2008, September 25, 2008, October 28, 2008, November 25, 2008 and December 23, 2008. The annual meeting of members for 2009 will tentatively be Saturday, March 14, 2009.