

Record of Minutes

Colorado 31 Larimer

Poudre Valley Rural Electric Association, Inc.

June 24, 2008

President Keith D. Croonquist called the meeting to order at 8:59 a.m. All directors were present except director Sutherland. Also attending were CEO Gaskill, Engineering Services Manager Byrne, Member Services Manager Jensen, Finance / Corporate Services Manager Johnson, Human Resources and Safety Services Manager Duane Ziller, and Operations Services Manager Stanton and Attorney Starr. Guest Steve Szabo was also in attendance.

There being no further business to come before the May 27, 2008, meeting of the Board, upon motion duly made, seconded and carried, the meeting was adjourned.

President Croonquist called the regular June Board meeting to order.

Changes to the Agenda were made by President Croonquist to add as item the approval of minutes of the June 19, 2008, strategic planning session of the board (Agenda Item 5) and the Financial Policy Statement (Agenda Item 18H~copy given to board last month). (09:02)

President Croonquist asked for comments from the public. Mr. Szabo made short comments. (09:02)

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

1. Minutes of the May 27, 2008, and June 19, 2008, Board meetings.
2. Work Order Form 219 (#775-05-08) in the amount of \$75,422.52.
3. Construction contracts for June 2008, on the list given to the board prior to the meeting were approved. (09:03)

CEO Gaskill distributed additional documents received since the board packet had been mailed. (09:05) At this time Attorney Westbrook entered the board room.

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. (09:29)

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. He described the pending 1041 Regulations that are being considered by Larimer County. (09:45)

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. (09:53)


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. (09:57)

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. (10:08)

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. (10:24)

Upon motion duly made, seconded and carried the management reports were accepted.

The written safety report of June 12, 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. (10:34)

Attorney Starr reported that the U.S. Patent and Trademark Office had issued a registration of the association's Service Mark  registration number 3,448,293 dated June 17, 2008. The registration will be renewable. Attorney Starr also reported that the Kodak Substation site had been purchased from Kodak. (10:36)

Director Diehl reported on WUESC matters. A written report on WUESC had been distributed prior to the meeting. (10:39)

Director Park reported on CREA matters. A written report on CREA had been delivered to the board prior to the meeting. (10:40)

Director Hansen reported on Tri-State matters. A written report on Tri-State had been distributed prior to the meeting. (10:52)

At this time a break was taken. (11:05)

Director Michie reported on the Board Policy Committee presentation of the draft of the revised Policies for the Board to consider. The copy had been reviewed at the board's strategic planning meeting on June 19 and the final changes were presented today. The Board discussed the Policies as presented. CEO Gaskill indicated that the Board should adopt a Safety Policy and the CEO would be the responsible person under the Policy. Final action on the Policies will occur at the July Board Meeting. Director Michie discussed a proposal to reduce the size of the board of directors. President Croonquist increased the duties of the bylaws committee to include changes to the articles of incorporation. (11:19)

CEO Gaskill presented proposed changes to the Rules and Regulations of the association, sheets 98 and 99 [regarding discontinuance of service] and 106 [regarding terms of payment]. Copies of the proposed changes were included in the materials sent to the Board prior to the meeting. Minor changes to the wording were added. Upon motion duly made, seconded and carried the revised Rules and Regulations were approved as presented by CEO Gaskill. (11:30)

At this time CEO Gaskill and Manager Jensen gave a PowerPoint® presentation on AMI as a follow-up to last month's presentation. (12:05)

At this time the regular luncheon break was taken. A presentation about the association's email solution (Connecting Point) was given during lunch. (13:02)

After reconvening the Board discussed the proposed AMI program. Upon motion duly made, seconded and carried the program presented by management was approved. The 2008 capital budget item in the amount of up to \$2 million was available to provide the funds for the project as presented by management. Negotiations with the vendor will occur and a proposal will be implemented based on the final agreement with the vendor. (13:13)

CEO Gaskill presented a resolution required by RUS for the amortization of the booking of amount collected for undergrounding of municipal facilities under the terms of franchises with the municipalities. Upon motion duly made, seconded and carried the following resolution was adopted. (13:20)

BOARD RESOLUTION

Poudre Valley Rural Electric Association, Inc.

Fort Collins, Colorado – No. 06-031

Franchise Undergrounding Funding Requirement

WHEREAS, Poudre Valley REA is an electric utility with rates regulated by its Board of Directors as defined by Financial Accounting

Standards Board Statement Number 71, "Accounting for the Effects of Certain Types of Regulation", and,

WHEREAS, Poudre Valley REA will establish a deferred debit in the amount of \$392,990.15 that represents the Association's obligation under its franchise agreements with nine municipalities to convert overhead lines to underground facilities for the period of 1991 through 2007.

WHEREAS, Poudre Valley REA will amortize the deferred debit over sixty months, to general ledger account 927.00, the Association will include this item within the next rate increase to the membership; and,

WHEREAS, Poudre Valley REA gives authority to its Chief Executive Officer to amend deferral and amortization amounts based on the most current information available.

NOW THEREFORE, be it resolved that Poudre Valley REA will record the franchise undergrounding funding requirement deferral amount at month end May 31, 2008. This resolution is effective June 24, 2008, pending RUDP approval.

CEO Gaskill presented a resolution regarding Administrative Policy on practices of the association that will comply with regulatory, legal and code requirements on construction of electric facilities. Upon motion duly made, seconded and carried the following resolution was adopted and the attached Administrative Policy was acknowledged. (13:28)

BOARD RESOLUTION

Poudre Valley Rural Electric Association, Inc.

Fort Collins, Colorado – No. 06-031

Poudre Valley REA Administrative Policies and Procedures

WHEREAS, Poudre Valley Rural Electric Association, Inc. (hereinafter referred to as "PVREA") has various regulatory, legal and code requirements to comply with on a continuous basis, and,

WHEREAS, PVREA needs to develop, maintain and adhere to those various regulatory, legal and code requirements in a defined and consistent manner; and,

WHEREAS, PVREA recognizes the best method to achieve that adherence is through the development of Administrative Policies and

Procedures that are universally available to all employees and reflect the appropriate methods PVREA will follow to meet those requirements.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of PVREA does hereby instruct management to develop and maintain Administrative Policies and Procedures to address practices of PVREA to comply with said regulatory, legal and code requirements.

CEO Gaskill presented a request for a donation to the RMEL Foundation. Upon motion duly made, seconded and carried a donation of up to \$250 was approved. Discussion ensued about scholarships for linemen. (13:37) At this time Attorney Westbrook left the board room.

CEO Gaskill presented a proposal for retirement of capital credits of members. He distributed a list of the past history of retirements. CEO Gaskill recommended retirement of the 1997 accrued capital credits of the association. Upon motion duly made, seconded and carried retirement of the 1997 accrued capital credits of the association was approved to the members under the Articles of Incorporation, Bylaws, Tariffs, Rules, Regulations and Policies of the association in the amount of \$1,990,549. (13:42)

CEO Gaskill presented resolutions in recognition of the retirements of Ron Schott, J. M. Shafer and Howard Barnes. Upon motion duly made, seconded and carried the resolutions were approved. (13:45)

CEO Gaskill presented the Administrative Policy he has adopted as the Financial Policy Statement (7 pages). The final Policy will be presented for acknowledgement by the Board at the July Board meeting. (13:48)

Upon motion duly made, seconded and carried the following directors were appointed as delegates and alternates: President Croonquist as delegate and Vice-President Schneider as alternate to the CREA Semi-annual meeting (September 27-30~Crested Butte), the NRECA Colorado meeting, the Western United Annual meeting and the NRECA Region VII meeting (October 1-3~Omaha) [alternate will be designated later]. Discussion ensued about arrangements for upcoming meetings: CREA Semi-annual meeting and the NRECA Region VII meeting. (13:55)

Director Michie reported on the CFC 2008 Forum Meeting in Phoenix. CEO Gaskill reported for Manager Johnson about the CRC Annual Meeting. (14:00) At this time director Park left the Board room.

The Board discussed the results of the Strategic Planning session on June 19. Arrangements for the CREA Semi-annual meeting were discussed. (14:02)

CEO Gaskill reported on the status of the Town of Berthoud regarding a franchise, the status of the judgment against Moblesource, the Richard Lake to Waverly Transmission Line [all needed permits received], the Little Thompson Water District hydro project update was given by Manager Byrne—upon motion duly made, seconded and carried the proposal made by Manager Byrne was approved; and the proposed changes to the net metering tariff of the association—copy was presented with the Board packet and it will be presented for a public hearing and for Board action at the July Board meeting. (14:19)

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. (14:25) At this time Mr. Szabo left the board room.

Upon motion duly made, seconded and unanimously carried the board entered executive session to consider documents or testimony given in confidence generally relating to employee matters. 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. A motion to exit the executive session was made, seconded and carried. [14:44]

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 July 29, 2008, at 9:00 A.M. at the Association's headquarters. [14:44]

Thaine J. Michie – Secretary

ATTEST:

Keith D. Croonquist – President

NOTE: The 2008 board meeting dates have been set as follows: 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 be at the Larimer County Fairgrounds ("The Ranch") on Saturday, March 28, 2009.