

## Record of Minutes

### Colorado 31 Larimer

#### Poudre Valley Rural Electric Association, Inc.

**May 26, 2009**

President Keith D. Croonquist called the meeting to order at 9:00 a.m. All Directors were present, except directors Anderson (ill) and Park. Also attending were CEO Brad Gaskill, Operations Services Manager Tim Stanton, Human Resources and Safety Services Manager Duane Ziller, Member Services Manager Myles Jensen, and Attorneys Randolph Starr and Michael Westbrook. Also, in the board room was guest Steve Szabo.

There being no further business to come before the April 22, 2009, meeting of the Board, upon motion duly made, seconded and carried, the meeting was adjourned.

President Croonquist called the regular May Board meeting to order.

Changes to the Agenda were made by President Croonquist: Add item 14B authorization to sign release of restricted information to Tri-State on billing information; and discuss director recognition at item 23. [09:14]

President Croonquist asked for comment from the public. Mr. Szabo discussed a booth at the annual meeting regarding the articles of incorporation changes. He also discussed the November, 2008 Tri-State report regarding coal. He also discussed a peaking plant for the association. [09:13]

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

1. Minutes of the Annual Member Meeting on April 22, 2009, Board meeting.
2. Work Order Form 219 (#786-04-09) in the amount of \$251,493.55.
3. Construction contracts for May, 2009, on the list given to the Board prior to the meeting.
4. Estate capital credits discounted payment on the list given to the Board prior to the meeting in the amount of: None. [09:14]

Mr. Szabo had an additional comment about limited life expectancy for coal supply for Tri-State. At this time Mr. Szabo left the board room. [09:15]

CEO Gaskill distributed additional documents received since the Board packet had been mailed. [09:18]

CEO Gaskill gave a verbal and PowerPoint® report on various financial matters. During the presentation director Park entered the board room. (09:27) Questions were asked by the Board and answered by CEO Gaskill. Upon motion duly made, seconded and carried the financial report was accepted. [09:44]

CEO Gaskill reported on the status of: A) Moblesource payment update from Heather Devine and New Brunswick will receive shipment of the transformer (payment at the time of acceptance), B) status of the proposed sale of about 1.59 acres to the Windsor-Severance Fire Protection District (possible Larimer County land division requirement), C) update on status of Town of Berthoud franchise or municipalization of the electric system (result of meeting with the association's representatives and Xcel's representatives) with input from Manager Jensen, D) status of the headquarters remodeling project (tour at lunch), E) USDA, Rural Development REDLG program (project information in board information) with input from Patrick Plank; and a motion was made, seconded and carried to pursue the Thompson School District's Berthoud High School passive solar demonstration project under the REDLG program. At this time a short break was taken. [10:44]

At this time [10:54] Mr. Roger Schmidt, Jr. of Schmidt & Company, LLC entered the board room and gave an oral report to the board about the 2008 financial audit conducted by him for the association. A copy of the audit report was provided to the board prior to the meeting. Upon motion duly made, seconded and carried the audit was accepted. [11:28]

Mr. Schmidt then discussed the preparation of the Form 990 to the Internal Revenue Service for the 2008 tax year. The NRECA Questionnaire was discussed by Mr. Schmidt. [11:48]

At this time the regular luncheon break was taken. [12:46]

CEO Gaskill continued his report on the status of: F) Sun Edison solar project (meeting May 8) that would require a purchase of the output by the association, G) Western Electric Coordinating Council ("WECC") Notice of Penalty under the audit done in April, 2008 (2 violations with proposed total fine of \$80,000) and an appeal letter has been submitted, H) status of the board / management advisory committees, I) Review of Upstate Colorado investment / leadership council; J) Update on RFP for auditing for the 2010-2011 annual audits and upon motion duly made, seconded and carried the proposal from Schmidt & Company, LLC was accepted so that no RFP will be sent, and K) Consideration of change from the July 24 date for the Strategic Planning and Board Retreat; and the July Board meeting was **changed to July 31** and the Strategic Planning and Board Retreat was **changed to August 7 at 8:30 a.m.** at the J. Arthur Anderson room at the association's headquarters. [13:48]

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. [14:18]

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. [14:20]

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. [14:24]

Manager Byrne was unable to attend the meeting and his report was received by printed slides from his PowerPoint® presentation that had been sent to the Board prior to the meeting. CEO Gaskill updated the report. [14:31]

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. [14:47]

Manager Johnson was unable to attend the meeting and his report was received by printed slides from his PowerPoint® presentation that had been sent to the Board prior to the meeting. CEO Gaskill updated the report. [14:51]

Upon motion duly made, seconded and carried the management reports were accepted. [14:51]

The written safety report of May 12, 2009, 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. [15:12]

Attorney Starr briefly reported on the recent CREA attorney's seminar. Attorney Westbrook reported on the fire damage case at the Windsor Good Samaritan Village. At this time attorney Westbrook left the board room. [15:22]

CEO Gaskill presented a number of matters for action by the board:

1. Management policy on "Work Week and Overtime," on "Annual Leave Policy," on "Personal Leave Policy," and on "Holiday Policy." No objection to the policies as a pilot project was voiced, although the board members did have questions about how the program will be administered. The board did not take action on the policies and management will implement the pilot program.

2. Authorization to CEO to sign a release of restricted information to Tri-State on historic billing information. After a presentation by CEO Gaskill and comments by director Michie, upon motion duly made, seconded and carried CEO Gaskill will work with Tri-State to disclose the needed data under a written confidentiality agreement applicable to all distribution members of Tri-State that

provide the data with the form of agreement presented to and approved by [prior to disclosure of any data] by CEO Gaskill and legal counsel. [15:50] At this time the managers left the board room.

Director Michie reported on Tri-State matters. A written report on Tri-State had been distributed prior to the meeting. [15:54]

Director Diehl reported on WUESC matters. A written report on WUESC had been distributed prior to the meeting. [15:58]

Director Schneider reported on CREA matters. A written report on CREA had been distributed prior to the meeting. [16:03]

Director Michie reported on the meeting of the Bylaw Revision Committee held April 27, 2009. A copy of the Minutes of the Committee meeting and the proposed change to the Bylaws regarding conflicts of interest of board members was reviewed. Action on the bylaw changes is expected to occur at the September board meeting. [16:48]

Those attending the NRECA Legislative Conference on May 3 to May 6 in Washington, D.C. reported on the meetings. Other upcoming meetings were discussed: Basin Electric Member Informational Meeting on June 3, CoBank Energy Directors Conference on June 3 to June 5 in Colorado Springs, NRUCFC Forum on June 16 to June 18 in Denver, CRC Annual Membership meeting on June 16, and PVREA Board meeting on June 30. [16:53]

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. [16:59]

Discussion of utility industry and association issues ensued. [17:00]

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 and advice of legal counsel. 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. [17:31]

There being no further business to come before the meeting, upon motion duly made, seconded and carried, the meeting was recessed until June 30, 2009, at 9:00 A.M. [17:31]

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Thaine J. Michie –Secretary

ATTEST:

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Keith D. Croonquist – President

NOTE: The 2009 Board meeting dates have been set as follows: June 30, 2009, July 31, 2009, Strategic Planning meeting on August 7, 2009 at 8:30 a.m., August 25, 2009, September 29, 2009, October 27, 2009, November 24, 2009, December 22, 2009.