

## Record of Minutes

### Colorado 31 Larimer

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

**August 25, 2009**

CEO Gaskill introduced Manager Wadsworth to the board. President Keith D. Croonquist called the meeting to order at 9:01 a.m. All Directors were present. Also attending were CEO Brad Gaskill, Finance and Corporate Services Manager Jeff Wadsworth, Operations Services Manager Tim Stanton, Human Resources and Safety Services Manager Duane Ziller, Member Services Manager Myles Jensen, Engineering Services Manager Jim Byrne and Attorney Randolph Starr and Michael Westbrook.

There being no further business to come before the July 31, 2009, and August 7, 2009, meetings of the Board, upon motion duly made, seconded and carried, the meeting was adjourned.

President Croonquist called the regular August Board meeting to order.

Changes to the Agenda were made by President Croonquist: Add 15g action item GEO new energy NEED Grant; Add 8s Committee Report; Add 8t discuss evaluation; and an executive session will be held at the end of the meeting re employee and employee compensation matters. [09:04]

President Croonquist asked for comment from the public, and there was no comment. [09:04]

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

1. Minutes of the Board Meeting on July 31, 2009 and August 7, 2009.
2. Work Order Form 219 (#789-07-09) in the amount of \$251,868.53.
3. Construction contracts for August, 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: \$23,554.45. [09:04]

CEO Gaskill distributed additional documents received since the Board packet had been mailed. [09:06]

Manager Wadsworth gave a verbal and PowerPoint® report on various financial matters. Questions were asked by the Board and answered by Manager Wadsworth. Upon motion duly made, seconded and carried the financial report was accepted. [09:43]

CEO Gaskill reported on the status of: A) Moblesource payment update; B) status of the proposed sale of about 1.59 acres to the Windsor-Severance Fire Protection with input from Manager Byrne—annexation to Town of Windsor hearing set; C) update on status of Town of Wellington franchise with input from Attorney Westbrook (no contact from Wellington); D) status of the current headquarters remodeling project with new remodel project; E) and F) USDA, Rural Development REDLG program—discuss whether to make loans by the association to qualifying projects—Mike Bennett and Pat Plank entered the board room and discussed the parameters of the project of Timberline Energy’s (now Larimer Energy, LLC) 1.5Mw Larimer County landfill methane generation project that would require a purchase of the output by the association—Manager Byrne explained the proposed change to Exhibit A to the Interconnection Agreement that would increase the payment amount to Larimer Energy, LLC and the following Resolution was approved (director Anderson dissenting) regarding REDLG program as follows:

Whereas, Poudre Valley Rural Electric Association, Inc. has been actively involved in economic development in order to improve the economic well being of its membership as well as that of the Counties of Larimer, Weld and Boulder and the area as a whole; and

Whereas, Timberline Energy, LLC has proposed to extract methane from the Larimer County Landfill for the purpose of generating renewable electricity.

Whereas, the total project is estimated to be \$3.2 million and Timberline Energy, LLC is in need of an additional \$360,000 to fund the project; and

Whereas, the Rural Business-Cooperative Service has available an economic development program of financial assistance to Intermediaries in the form of grants to establish revolving loan funds; and

Whereas, the project is not in violation of 4280-A, 4280.27 Ineligible Purposes or 4280.30 Restrictions on Use of REDL or REDG Funds; and

Whereas, the Board of Directors of Poudre Valley Rural Electric Association, Inc. has endorsed the proposed rural economic development project as described in the application and will commit 20% of the total grant funds approved, which complies with 4280.23 Requirements for Lending from Revolving Loan Fund and 4280.29 Supplemental Financing Required for the Ultimate Recipient project; and

Whereas, the Board of Directors of Poudre Valley Rural Electric Association, Inc. agrees to the provisions of the regulation 4280-A and the 4280-3 grant agreement; and

Now therefore be it resolved, the Board of Directors of Poudre Valley Rural Electric Association, Inc. authorizes its Chief Executive Officer to submit an application of \$300,000 for a Rural Economic Development Grant; and

Be it further resolved, that the Board of Directors authorizes its Chief Executive Officer to compile, complete, and execute the information and forms necessary to support this application including Form AD-1049 regarding a drug-free workplace program as required in CFR 3017.

and the following Resolution was NOT approved by unanimous vote as follows:

Whereas, Poudre Valley Rural Electric Association, Inc. has been actively involved in economic development in order to improve the economic well being of its membership as well as that of the Counties of Larimer, Weld and Boulder and the area as a whole; and

Whereas, Timberline Energy, LLC has proposed to extract methane from the Larimer County Landfill for the purpose of generating renewable electricity.

Whereas, the total project is estimated to be \$3.2 million and Timberline Energy, LLC is in need of an additional \$ 1.1 million to fund the project; and

Whereas, the Rural Business-Cooperative Service has available an economic development program of financial assistance to Intermediaries in the form of zero-interest loans to assist in business and community development; and

Whereas, the project is not in violation of 4280-A, 4280.27 Ineligible Purposes or 4280.30 Restrictions on Use of REDL or REDG Funds; and

Whereas, the Board of Directors of Poudre Valley Rural Electric Association, Inc. has endorsed the proposed rural economic development project as described in the application and will commit 20% of the total loan funds approved, which complies with 4280.23 Requirements for Lending from Revolving Loan Fund and 4280.29 Supplemental Financing Required for the Ultimate Recipient project; and

Whereas, the Board of Directors of Poudre Valley Rural Electric Association, Inc. agrees to the provisions of the regulation 4280-A and the 4280-5 loan agreement; and

Whereas, the Board of Directors of Poudre Valley Rural Electric Association, Inc. has endorsed the proposed rural economic development project as described in the application.

Now therefore be it resolved, the Board of Directors of Poudre Valley Rural Electric Association, Inc. authorizes its Chief Executive Officer to submit an application of \$740,000.00 for a Rural Economic Development Loan; and

Be it further resolved, that the Board of Directors authorizes its Chief Executive Officer to compile, complete, and execute the information and forms necessary to support this application. Furthermore, the Board of Directors authorizes the Manager of Member Services to requisition the zero-interest loan funds.

G) AMI Project with ARRA grant application with input from Manager Jensen; H) Richard Lake to Waverly 115kV project update; I) Boomerang Substation project update with input from Manager Byrne; J) Reliability Compliance by Tri-State for the association; K) Tri-State, PRESYS Energy Group and association demonstration project; L) Association Key Accounts summit—with input from director Michie.

At this time the regular luncheon break was taken. [reconvene at 12:28]

CEO Gaskill continued his report on the status of:

M) Update on outcomes from Strategic Work Session on August 7—member meetings by Manager Jensen; N) NRECA Issues Committee report and proposed resolutions for Region VII meeting; O) Climate change legislation

update; P) Health Care Reform Legislation; Q) Sculpture for CSU from Dawn Weimer; R) 4-H Livestock purchases reports (swine); S) Strategic Planning Committee Report by director Schneider (directors Croonquist, Schneider, Lock and Alexander): a) number of board members—reduce to 9 ☞ 1-Boulder, 2-Weld, 6-Larimer—a Motion was made to prepare a bylaw amendment to effectuate the change, and the motion passed with director Johnson dissenting; and b) allocation of Tri-State capital credits, and a motion was made and seconded to prepare a change to existing board policy and provide for the end of the refund in cash to association members of any capital credits refunded to the association by Tri-State, and the motion passed unanimously; and T) Evaluation of board and CEO were distributed by director Michie for response so the results will be available by the September board meeting. At this time director Michie left the board room. [13:43]

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. [13:44]

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. [13:49]

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. [13:53]

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. [13:54]

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. [13:54]

Upon motion duly made, seconded and carried the management reports were accepted. [13:55]

The written safety report of August 17, 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. [14:26]

Attorney Starr had no legal report. [14:26]

Director Michie's report was given by CEO Gaskill on Tri-State matters. A written report on Tri-State had been distributed prior to the meeting. At this time attorney Westbrook left the board room. [14:32]

Director Diehl reported on WUESC matters. A written report on WUESC had been distributed prior to the meeting. [14:38]

Director Schneider reported on CREA matters. A written report on CREA had been distributed prior to the meeting. [14:40]

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

A. Approved Interconnection of Generation Resource Contract, revision of Exhibit A rate to be paid to Larimer Energy, LLC.

B. Approved Amendments to 2009 Capital and Operating Budget amendments as proposed by management.

C. Approved Amendment to Section 3.03 of the Bylaws of the association as follows; and a motion to amend the proposed amendment to raise the level of attendance from “a majority” to “three-fourths” was passed; and a motion to amend the proposed amendment to change the provision regarding competition by a board member was passed (director Alexander abstained):

### 3.03 Qualification of Directors

3.03.01 To become or remain a Director of the Association an individual who is a Director or a Director candidate must comply with the following general qualifications (“General Director Qualifications”): (1) be an individual; and (2) have the capacity to enter legally binding contracts; and (3) while a Director, and during the five years immediately before becoming a Director, not had a judgment of conviction entered against such individual or pled guilty, nolo contendere, or entered an “Alford Plea” to any felony or to any crime involving an offense against a person involving fraud or any crime of dishonesty, computer misuse, gambling, morals, weapons, financial matters of any kind, or other crimes which in the judgment of a majority of the current Board of Directors warrant disqualification; and (4) except as otherwise provided by the Board for good cause, attend at least ~~a majority~~ three fourths of all Board Meetings during each twelve month period.

3.03.02 To become or remain a Director, an individual must comply with the following membership qualifications (“Membership Director Qualifications”): (1) while a Director and during the two years immediately before becoming a Director be an unsuspended Member receiving electric service from the Association within the Director District represented by the Director; (2) while a Director: (A) be a Member, reside within one-hundred miles of the Association’s principal office and receive electric service from the Association within the Director District represented by the Director; or (B) be authorized by an entity Member that, while a Director and during the two years immediately before becoming a Director, is unsuspended, uses electric service at a location within the Director District from which the Director is nominated or elected, and reside within one-hundred miles of the Association’s principal office and receive electric service from the Association within the Director District represented by the Director.

3.03.03 To become or remain a Director, an individual must comply with the following conflict of interest qualifications (“Conflict of Interest Director Qualifications”): (1) annually complete and sign a conflict of interest certification and disclosure form approved by the Board; and (2) while a Director and during the five years immediately before becoming a Director, not be an employee of the Association or an employee of an entity controlled by the Association or in which the Association owns a majority interest (“Association Subsidiary”); and (3) while a Director and during the one year immediately before becoming a Director, not receive or have a Close Relative that receives more than ten percent of annual gross income,

other than insurance or Director compensation or retirement income, directly or indirectly from the Association or an Association Subsidiary; and (4) while a Director and during the one year immediately before becoming a Director, not advance or have a Close Relative that advances the individual's pecuniary interest by competing with, providing a good or service similar to a good or service provided by the Association or an Association Subsidiary; and (5) while a Director, not be a Close Relative of an Association Official, Director or Association employee; (6) while a Director, not be employed by another Director or be employed by, or receive more than ten percent of annual gross income from, an entity for which another Director controls, owns more than ten percent, or is a director or officer; and (7) while a Director and during the one year immediately before becoming a Director, not be employed by, control, own more than ten percent of, serve as a director or officer of, or receive more than ten percent of annual gross income from an entity that: (A) advances the entity's pecuniary interest by providing a good or service to consumers of the Association similar to a good or service provided by the Association or a Association Subsidiary that produces more than one-fourth of one percent of gross revenue to the Association; or (B) receives more than ten percent of its annual gross income directly or indirectly from the Association or a Association Subsidiary.

3.03.04 After being elected or appointed if a Director does not comply with all General Director Qualifications, Membership Director Qualifications, and Conflict of Interest Director Qualifications (collectively, "Director Qualifications"), then, except as otherwise provided by the Board for good cause, the Board shall disqualify the Director and the individual is no longer a Director if: (1) the Board notifies the Director in writing of the basis for, and provides the Director an opportunity to comment regarding, the Board's proposed disqualification; and (2) within ten days after the Board notifies the Director of the proposed disqualification, the Director neither complies with nor meets the Director Qualification.

3.03.05 If a majority of Directors authorized by these Bylaws complies with the Director Qualifications and approves a Board action, then the failure of a Director to comply with the Director Qualifications does not affect the Board action. [15:30]

E. Approved Petition for Inclusion in the Fort Collins-Loveland Water District for the association's headquarters property.

F. Acknowledged the previously made contribution of \$100.00 to the Roundup At The Fort.

G. Took no action regarding an application to the Governor's Energy Office for a grant under the NEED [New Energy Economic Development] program for a solar farm operated by the association. [15:51]

Ric Soulen entered the board room and reported on the rally at Island Grove Park opposed to the cap and trade legislation in Congress. [15:55]

Upcoming meetings were discussed: PVREA Board meeting on September 29. Arrangements for the upcoming NRECA Region VII meeting [Cheyenne] and CREA Semi-Annual meeting [Telluride] ensued. [15:56]

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. [16:00]

Discussion of utility industry and association issues ensued (none).  
[16:00]

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 and employee compensation 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. Director Anderson left the board room during the discussion. [16:29] A motion to exit the executive session was made, seconded and carried. [16:40]

There being no further business to come before the meeting, upon motion duly made, seconded and carried, the meeting was recessed until September 29, 2009, at 9:00 A.M. [16:40]

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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: September 29, 2009, October 27, 2009, November 24, 2009, December 22, 2009.