

Record of Minutes

Colorado 31 Larimer

Poudre Valley Rural Electric Association, Inc.

December 22, 2009

President Keith D. Croonquist called the meeting to order at 9:02 a.m. All directors were present except director Sutherland (ill), and director Hole appeared by telephone. Also attending were CEO Robert B. Gaskill, Chief Financial Officer Jeff Wadsworth, Operations Services Manager Tim Stanton, Human Resources / Safety Services Manager Duane Ziller, Member Services and External Affairs Manager Myles Jensen, Engineering Services Manager E. James Byrne and Attorney Randolph Starr.

There being no further business to come before the November 24, 2009, meeting of the Board, upon motion duly made, seconded and carried, the meeting was adjourned.

President Croonquist called the regular December Board meeting to order.

Changes to the Agenda were made by President Croonquist: The order of the agenda will be changed to place the survey results this morning and the executive session will be done after lunch. Add Item 10(O) re Larimer County Ag Advisory Board. [09:03]

President Croonquist asked for comment from the public, and there was no comment. [09:03]

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

1. Upon motion duly made, seconded and carried, the Minutes of the Board Meeting on November 24, 2009, were approved.
2. Work Order Form 219 (#793-11-09) in the amount of \$71,538.07.
3. Construction contracts for December, 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: \$22,249.05. [09:05]

At this time David Baldwin of Inside Information[®], Inc. entered the board room and gave a presentation about the Member Satisfaction and Attitude Survey. Mr. Baldwin presented printed materials that had been sent to the Board prior to the meeting, and then he gave a verbal update to the materials. The board asked questions of Mr. Baldwin and discussed the presentation. [9:57]

CEO Gaskill distributed additional documents received since the Board packet had been mailed. Discussion about the letters and documents ensued. [10:01]

CFO Wadsworth gave a verbal and PowerPoint® report on various financial matters. Questions were asked and answered by members of the board. Upon motion duly made, seconded and carried the financial report was accepted. [10:24] CFO Wadsworth gave a report about the accounting for post-retirement benefits by printed slides from a PowerPoint® presentation that had been sent to the Board prior to the meeting, and then he gave a verbal update to the slides. The board discussed the presentation. [10:50]

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

A. Proposed changes to the General Rules and Regulations, Sheet No. 96, Section 26 regarding Billing. The changes were generally to define the date a bill was due by customers of the Association and to provide for a twice-a-month billing schedule for certain large customers. Also large customers will be required to use electronic fund transfers for payment of bills. Upon motion duly made, seconded and carried the changes to Sheet 96 were accepted, except that the term “bimonthly” was changed to “semimonthly in section “e” of Section 26 in two places [typo], strike the phrase in subsection d starting with “except that a bill ... the date of the bill.”, and change February 1 to March 1 in subsection f; and the effective date of the changes will be March 1, 2010.

B. Proposed changes to the Service Connection and Line Extension Tariff were presented to the board for action at the November meeting and action on that proposal was deferred until this meeting. CEO Gaskill presented an updated version dated December 14 which contained some small grammatical changes. After discussion by the board, upon motion duly made, seconded and carried, the provisions of the December 14 version of the Service Connection and Line Extension Policy were adopted.

C. A Resolution regarding the NRECA Health Saving Account had been sent to the board prior to the meeting. CEO Gaskill explained the need for the Resolution; and upon motion duly made, seconded and carried the following resolution was adopted:

Poudre Valley Rural Electric Association, Inc.
Fort Collins, CO
No. 06-031 (Sub-Groups 001/002)

WHEREAS, Poudre Valley Rural Electric Association, Inc. (PVREA) is a member of the National Rural Electric Cooperative Association (“NRECA”);

WHEREAS, the 125 Plan is a cafeteria plan under Section 125 of the Internal Revenue Code of 1986, as amended (“Code”), that provides one or more of the following benefits at the discretion of the 125 Plan sponsor: a premium-only-plan (POP) that allows employees to pay for insurance premiums on a pre-tax basis, a health care flexible spending account (the “Health FSA”) under Section 105 of the Code, and/or a dependent care assistance account (the “Dependent Care Account”) under Section 129 of the Code; a limited-use health care flexible spending account under Section 105 of the Code; a cash benefit option that allows employees to receive cash in lieu of health benefits, and/or a health savings account benefit plan that allows employees to fund HSA contributions on a pre-tax basis;

WHEREAS, the 125 Plan is sponsored by NRECA member employers, and administered by Cooperative Benefit Administrators, Inc. ("CBA"), a wholly-owned subsidiary of NRECA;

WHEREAS, IRS Notice 2005-42 permits sponsors of Code Section 125 plans to modify the "use-it-or-lose-it rule" of their plans to permit participants in the Health FSAs and the Dependent Care Accounts to continue to incur qualified expenses for a given plan year during the 2-1/2 month grace period that follows the close of such plan year (the "New Grace Period Rule");

WHEREAS, NRECA has determined that the 125 Plan, as administered by CBA, shall be administered, effective as of January 1, 2006, to provide for the New Grace Period Rule for Health FSAs and Dependent Care Accounts to the extent that the Plan, as sponsored by the Employer, offers Health FSA and/or Dependent Care Account benefits to its participants;

WHEREAS, NRECA has determined that Health FSAs of the 125 Plan, as administered by CBA, shall be administered, effective April 21, 2006, to comply with the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Parts 160 and 164, subpart C, promulgated under the Health Insurance Portability and Accountability Act of 1995 (the "HIPAA Security Rule");

WHEREAS, the Employer wishes to adopt the 125 Plan for the benefit of its employees;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of PVREA hereby adopts the 125 Plan, effective as of the first day of January 2010, in the form attached hereto.

BE IT FURTHER RESOLVED, that the officers of PVREA are authorized and directed to take any and all actions required to implement and administer the 125 Plan, including, but not limited to, execution of a plan document or plan amendment, as applicable, in the form attached hereto, and the submission of reimbursement requests.

BE IT FURTHER RESOLVED, that the officers of PVREA are authorized and directed to execute an Administrative Services Agreement, in the form attached hereto, that sets forth the responsibilities of CBA and PVREA, including the payment of administrative fees by PVREA.

D. A Resolution regarding the RUS Form 674 – Certificate of Authority to submit or grant access to data kept by the association; and upon motion duly made, seconded and carried, the following resolution was approved:

RESOLUTION

1. RESOLVED that Robert B. Gaskill, the CEO of the Corporation, be the Certifier on behalf of the Corporation, who shall be responsible for submitting and certifying to the Rural Utilities Service, an agency of the United States Department of Agriculture delivering Rural Development Utilities Programs, any and all data required by RDUP Form 674;

2. RESOLVED that Jeffrey C. Wadsworth, the CFO of the Corporation, be the Security Administrator on behalf of the Corporation, who shall give access to the Corporation's data, as appropriate, to other employees, officers, or contractors of the Corporation, for the purpose of complying with RDUP Form 674; and

3. RESOLVED that both shall comply with the Instructions for RDUP Form 674 in regard to use of the government's data collection system.

[11:20]

CEO Gaskill reported on the status of: A) Moblesource payment update [settlement funds received]; B) update on the proposed sale of about 1.59 acres to the Windsor-Severance Fire Protection District with input from Manager Byrne~discussion ensued about the text of the proposed contract of sale of the lot; C) update on status of Town of Wellington franchise [Town Board approved a

20 year franchise]; and upon motion duly made, seconded and carried CEO Gaskill was authorized to sign the franchise amendment for the period ending December 31, 2009 and to sign the new franchise for 20 years in the form approved by management; D) update on Timberline Energy's (now Larimer Energy, LLC) 1.5Mw Larimer County landfill methane generation project from which the Association will purchase the electric output with input from Manager Byrne. [11:37]

At this time the regular luncheon break was taken. [reconvene at 12:55]

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 grievance 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. [13:28]

CEO Gaskill continued the report on the status of: D) Timberline Energy's landfill methane generation project—upon motion duly made, seconded and carried the Association will pursue an amendment to the agreement with Larimer Energy to eliminate the carbon offsets previously transferred by Larimer Energy to the Colorado Carbon Fund; E) update on the Association's AMI project with input from Manager Jensen; F) update on the status of Tri-State's Richard Lake to Waverly transmission line project with input from Manager Byrne; G) update on Boomerang Substation construction project with input from Manager Byrne; H) update on the Front Range Energy, Presys Energy Group and Association demonstration project with input from Manager Byrne~Manager Byrne described the proposed Memorandum of Understanding among the Association, Front Range Energy, Presys and Intelligent Management Systems; I) Kodak~Carestream metering issue discussion with input from Manager Byrne; J) Status of Vestas Blades America's announcement of suspension of production; K) Update on strategic plan for the Association with an update from Manager Jensen and Manager Ziller by PowerPoint® slides; L) CARE/ACRE fundraiser; M) Update on alternate work week; N) Review of Administrative And Team Member Policies (included in the board materials); and O) Larimer County Ag Advisory Group with input from Manager Jensen; and upon motion duly made, seconded and carried the \$100 cost for the booth was authorized. [15:26]

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. [15:31]

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. [15:34]

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. [15:36]

CFO Wadsworth 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. [15:36]

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. [15:36]

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. [15:38]

Upon motion duly made, seconded and carried the management reports were accepted. [15:38]

The written safety report of December 9, 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. [15:55]

Attorney Starr made a presentation about his law firm's fee arrangement with the Association and he distributed a sheet with the proposal. He will bring a proposal to the January board meeting about fees. Attorney Starr reported on his firm's representation of Holy Cross Energy as general counsel and his firm's representation of Mountain Parks. [16:30]

Director Diehl reported on WUESC matters. A written report on WUESC had been distributed prior to the meeting. [16:32]

Director Schneider reported on CREA matters. A written report on CREA had been distributed prior to the meeting. [16:33]

Director Michie reported on Tri-State matters. A written report on Tri-State had been distributed prior to the meeting. [16:49] At this time director Diehl left the board room.

Upon motion duly made, seconded and carried the following delegates and alternates were named:

NRTC Annual Meeting: President Croonquist as delegate and Assistant Secretary/Treasurer Lock as alternate.

NCSC Annual Meeting: President Croonquist as delegate and Assistant Secretary/Treasurer Lock as alternate.

NRECA Annual Meeting: President Croonquist as delegate and Assistant Secretary/Treasurer Lock as alternate.

NRUCFC Annual Meeting: President Croonquist as delegate and Assistant Secretary/Treasurer Lock as alternate.

Federated Insurance Annual Meeting: President Croonquist as delegate and Assistant Secretary/Treasurer Lock as alternate.

CREA Annual Meeting: President Croonquist as delegate and Vice-President Schneider as alternate. [16:51]

Other past and upcoming meetings were discussed: PVREA Board Meeting and Awards Luncheon on December 22 (today), NRECA Annual Member Meeting February 14-17, 2010, and CREA Annual Member Meeting February 27-March 2, 2010. [15:57]

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. Upon motion duly made, seconded and carried the General Counsel's expense report was approved. [15:58]

CEO Gaskill discussed changing the April 27 board meeting. Upon motion duly made, seconded and carried the April board meeting was changed to Tuesday, April 20. IRS mileage rate will be \$0.50 on January 1.

There being no further business to come before the meeting, upon motion duly made, seconded and carried, the meeting was recessed until January 26, 2010, at 9:00 A.M. [17:03]

Thaine J. Michie –Secretary

ATTEST:

Keith D. Croonquist – President

NOTE: The 2010 Board meeting dates have been set as follows: January 26, 2010, February 23, 2010, March 27 (reorganization + full agenda), 2010, April 20, 2010 [note new date], May 25, 2010, June 29, 2010, July 27, 2010, August 31, 2010, September 28, 2010, October 26, 2010, November 30, 2010, December 21, 2010. The annual meeting of members for 2010 will be at the Embassy Suites Convention Center in Loveland on Saturday, March 27, 2010.