

Record of Minutes

Colorado 31 Larimer

Poudre Valley Rural Electric Association, Inc.

October 26, 2010

President Jack R. Schneider called the meeting to order at 9:00 a.m. All [ten] directors were present. Also attending were CEO Robert B. Gaskill, Chief Financial/Operating Officer Jeff Wadsworth, Operations Services Manager Tim Stanton, Human Resources and Safety Services Manager Duane Ziller, Member Services and External Affairs Manager Myles Jensen, Engineering Services Manager E. James Byrne, and Attorney Randolph Starr and Attorney Westbrook. Also in attendance was James F. Fender, a member of the Association.

There being no further business to come before the September 28, 2010, meeting of the Board, upon motion duly made, seconded and unanimously carried the meeting was adjourned.

President Schneider called the regular October Board meeting to order.

Changes to the Agenda were made by President Schneider as follows: None, however, there will be an executive session at the end of the meeting. [09:00]

President Schneider asked for comment from the public, and there was no comment. [09:00]

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

1. Minutes of the Board Meeting on September 28, 2010.
2. Work Order Form 219 (#803-09-10) in the amount of \$185,070.71.
3. Construction contracts for October 2010 on the list given to the Board prior to the meeting [none].
4. Estate capital credits discounted payment for August in the amount of: \$2,181.60 on the list given to the Board prior to the meeting. [09:01]

No additional information was distributed by CEO Gaskill. [09:01]

CF/OO Wadsworth gave a verbal and PowerPoint® report on various financial matters. Questions were asked by members of the Board and answered by Mr. Wadsworth. Upon motion duly made, seconded and unanimously carried the financial report was accepted. [09:27]

CF/OO Wadsworth gave a report on the status of the current RUS Loan application and approvals. He described the certifications that are required for obtaining the loan. CEO Gaskill and CF/OO Wadsworth presented a number of matters for action by the board. Upon motion duly made, seconded and unanimously carried the following Resolutions were adopted:

A) Approved unanimously the following resolution:

REQUESTING FEDERAL FINANCING BANK LOAN

WHEREAS, it has been determined on the basis of the current Construction Work Plan that financing is needed for electric facilities as shown on Rural Utilities Service (RUS) Form 740c, Cost Estimates and Loan Budget for Electric Borrowers, as follows: FFB Loan Requested: \$43,246,000.00 for Facilities and Reimbursement.

NOW THEREFORE BE IT RESOLVED, that Poudre Valley Rural Electric Association, Inc., 7649 REA Parkway, Fort Collins, CO 80528, make application to the RUS for a loan in the approximate amount of \$43,246,000.00 to be used in accordance with the provisions of 7 CFR Part 1710 to finance the above mentioned facilities.

BE IT ALSO RESOLVED, that the RUS guaranteed FFB loan shall bear a maturity date to cover an approximate period of 35 years.

BE IT ALSO RESOLVED, that the Board of Directors of Poudre Valley Rural Electric Association, Inc. authorizes its officers to execute and attest all necessary papers, documents, and applications related to the foregoing.

BE IT FURTHER RESOLVED, that the CEO is authorized on behalf of the Borrower (a) to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing election notices, in the form of such instruments attached to the note payable to FFB, and (b) to specify information and select option as provided in such instruments.

BE IT FURTHER RESOLVED, that the Poudre Valley Rural Electric Association, Inc. hereby authorizes the RUS to release appropriate information and data relating to the application to the FFB and any existing supplemental lenders.

B) Approved unanimously the following resolution:

LARGE CONSTRUCTION PROGRAM

WHEREAS, Poudre Valley Rural Electric Association, Inc. (hereinafter referred to as "PVREA") is a rural electric distribution cooperative system within the State of Colorado; and

WHEREAS, PVREA through its Engineering staff has presented and the Board has approved the 2010-2013 Construction Work Plan and Borrower's Environmental Report which identifies necessary construction and improvements to the electric distribution system totaling \$53,463,600.00; and

WHEREAS, PVREA recognizes the level of construction outlined in the 2010-2013 work plan is considerably higher than that actually completed historically, primarily due to continued growth along the Interstate 25 and Highway 34 corridors and the large amount of upgrades required for growth and aging plant; and

WHEREAS, in order to ensure completion of the work outlined in this study as well as in the "AH8" loan within this three year loan period, PVREA commits to utilize whatever outside resources are necessary to ensure completion of this construction program within the loan period.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of PVREA does hereby instruct management to develop a plan to identify needed construction

resources which will ensure completion of this work plan facilities within the three year loan period.

[09:45]

Manager Byrne gave a verbal and PowerPoint® report on various inquiries that the Association has received regarding new electric service in northern Weld County related to oil and gas development. [10:06]

Manager Jensen presented the CAMU electric rate comparison information that had been included in the materials sent to the Board prior to the meeting. He also presented comparative bar graphs to show other rate comparisons among local electric utilities. [10:25]

CEO Gaskill gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [10:47]

Manager Ziller gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [10:48]

Manager Byrne gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [10:56]

Manager Jensen gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [11:08]

CF/OO Wadsworth gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [11:12]

Manager Stanton gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [11:18]

Upon motion duly made, seconded and unanimously carried the management reports were accepted. [11:18]

The written safety report of October 12, 2010, had been sent to the Board prior to the meeting. CEO Gaskill reviewed the contents of the report. Upon motion duly made, seconded and unanimously carried, the safety report was accepted. [11:27]

Attorney Starr reported on the CREA Attorneys meeting on October 8. [11:34]

CEO Gaskill reported on the status of: A) update on the Association's AMI project~with input by Manager Jensen [11:50]; B) update on the transfer of transmission assets to Tri-State [11:53];

At this time the regular luncheon break was taken. Director Anderson left the Board room after lunch. [reconvene at 12:34]

CEO Gaskill continued the report on the status of: C) Wells Fargo Investment portfolio (distributed materials at the meeting)—discussion ensued about the policy for continuation of investment of Association funds; and a motion was made and seconded to liquidate the investments contingent on management's determination of no substantial adverse economic impacts due to the sale—discussion on the motion ensued—The motion was withdrawn and management will proceed with dealing with the Investment portfolio as it advised the Board [see Board Policy 5.04 and 5.05] [13:08]; at this time Attorney Westbrook left the Board room; D) Information on Net Metering and Distributed Generation Rate Tariff Notice (November 30 Rate Forum at 2:00 p.m.) sent to the Board prior to the meeting—discussion about the proposal ensued [13:36]; E) and a proposed PVREA 2011 Board meeting schedule—and one change to the schedule resulted. [13:45]

CEO Gaskill reported on the results of the negotiations with the IBEW for a three year contract. He described the important parts of the agreement. Upon motion duly made, seconded and unanimously carried the President, Secretary-Treasurer, and CEO were authorized to sign the three year contract commencing October 1, 2010 and ending September 30, 2013 with the International Brotherhood of Electrical Workers, AFL-CIO, Local 111, as presented by management of the Association. [14:11] At this time the managers left the Board room.

Director Lock reported on WUESC matters [no meeting]. A written report on WUESC had been distributed prior to the meeting. [14:12]

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

Director Michie reported on Tri-State matters. A written report on Tri-State had been distributed prior to the meeting. [14:20] At this time Mr. Fender left the Board room.

Other past and upcoming meetings were discussed: Association Open House on Saturday, October 2 from 11 a.m. to 4 p.m.; NRECA Region VII on October 20-21 and CoBank Luncheon; CREA Energy Innovations Summit on October 22 at the Hyatt Regency in Denver, Basin Annual Meeting on November 3-4, Tri-State Special Meeting on November 10 at 1:00 p.m., Poudre Valley Audit Committee meeting on November 18 at 8:00 a.m., Poudre Valley Board meeting on November 30; and Midwest Annual Meeting on December 7-9, NRECA Director Conference in San Antonio, TX January 31 - February 1, and NRECA Annual Member Meeting March 7 - 9 in Orlando, FL. [14:42]

Each of the Board members, the CEO and the attorney reported on the contents of their respective expense billing sheets. Upon motion duly made, seconded and unanimously carried, the director and CEO expense reports were approved. [14:47]

Other industry issues and correspondence were discussed. [14:57]

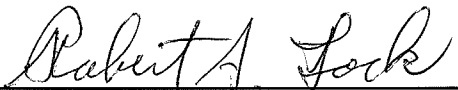
Upon motion duly made, seconded and unanimously carried the Board entered executive session to consider documents or testimony given in confidence generally relating to employee insurance matters and executive compensation and board matters. No action was taken by the Board to make final policy decisions or adopt or approve any resolution, rule, regulation, or formal action, any contract, or any action calling for the payment of money. CF/OO Wadsworth and Manager Ziller entered the Board room at the invitation of CEO Gaskill. They both left the Board room after a portion of the discussion.

A motion to exit the executive session was made, seconded and unanimously carried. [16:00]

Upon motion duly made, seconded and unanimously carried the President, Secretary-Treasurer, and CEO were authorized to sign the Memorandum related to CEO Vehicle Allowance in lieu of Association Vehicle dated October 26, 2010 presented by CEO Gaskill. [16:01]


Discussion on CARE / ACRE contributions ensued. [16:07]

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the meeting was recessed until the regular Board meeting on **November 30, 2010**. [16:07]



Robert A. Lock – Secretary

ATTEST:



Jack R. Schneider – President

NOTE: The 2010 Board meeting dates have been set as follows: November 30, 2010, and December 21, 2010. The 2011 Board meeting dates have been set as follows: January 25, 2011, February 22, 2011, March 26, 2011 (reorganization only), March 29, 2011, April 26, 2011, May 31, 2011, June 28, 2011, July 26, 2011, August 30, 2011, September 27, 2011, October 25, 2011, November 29, 2011, and December 20, 2011. The Annual Meeting of members of the Association has been set for Saturday, March 26, 2011, at the Embassy Suites in Loveland [registration starts at 7:30 a.m.].