

Record of Minutes

Colorado 31 Larimer

Poudre Valley Rural Electric Association, Inc.

November 30, 2010

President Jack R. Schneider called the meeting to order at 9:00 a.m. All [ten] directors were present, except director Croonquist [jury duty] and director Alexander. 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.

There being no further business to come before the October 26, 2010, meeting of the Board, upon motion duly made, seconded and unanimously carried the meeting was adjourned.

President Schneider called the regular November Board meeting to order.

Changes to the Agenda were made by President Schneider as follows: Add 14F Action on Board Authorization for Lien Release on Waverly Transmission line easement, 14G Donation request to BSA, 21 Discussion about additional letters about on bill financing, and 21B Colorado Women's Task Force (CWTF) loan request. During this item director Alexander entered the Board meeting. Add 21C discussion about vacancy on Board of Directors. [09:03]

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

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 October 26, 2010.
2. Work Order Form 219 (#804-10-10) in the amount of \$2,612,480.10.
3. Construction contracts for November 2010 on the list given to the Board prior to the meeting.
4. Estate capital credits discounted payment for October in the amount of: \$26,429.54 on the list given to the Board prior to the meeting. [09:03]

Additional information was distributed by CEO Gaskill. [09:05]

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]

Manager Jensen gave a report on the status of the cost of service / rate design member information and implementation program. An outline of the program had been delivered to the Board prior to the meeting. Extensive discussion ensued about the rate design of the residential rate and the structure of the implementation of the rate design change. Each Board member expressed an opinion about how and when to implement the rate design change for the residential rate class. It was the consensus of the Board that there must be an increase in the customer charge to recognize the cost of service within the residential rate class; and that there shall be an educational program implemented by management as outlined in its presentation to the Board. [10:35]

CEO Gaskill delivered the initial draft of the 2011 proposed Budget and Work Plan to the Board prior to the Board meeting. The Budget and Work Plan was presented by CEO Gaskill and staff members. The final action will be taken at the December Board meeting. Further discussion will occur after the luncheon break. [12:02]

At this time the regular luncheon break was taken. Director Anderson left the Board room after lunch. [reconvene at 12:35]

The Budget and Work Plan presentation was continued by CEO Gaskill and staff members. Suggestions for modifications were made to staff; and the modifications will be included in revisions to be considered at the December Board meeting. During the discussion [12:55] director Croonquist entered the Board room. [13:44]

CEO Gaskill reported on the status of: (Agenda Item 12A) Net metering and distributed generation rate tariffs~Rate Forum at 2:00 p.m. [13:55]

At this time the meeting was recessed; and the Board reconvened in the Anderson Room to conduct the Rate Forum hearing on the net metering and distributed generation rate tariffs. A copy of the Notice of Change in the Tariffs along with a copy of the proposed Tariffs was distributed at the hearing. The Notice of Change in the Tariffs and the proposed Tariffs had been posted on the Association's website prior to the meeting. During the Rate Forum CEO Gaskill and management of the Association presented the details of the proposed Rate Tariffs on Net Metering [Sheet 40, Rate Code NP-11] and on Distributed Generation [Sheet 59, Rate Code DG-11]. Five members of the Association were registered as present and any questions posed were answered by CEO Gaskill and other staff members. Comments about the provisions were made by the members present. [14:19] The Board meeting was then reconvened in the Board room. [14:24]

Discussion ensued about the provisions of the Tariffs and the rate amounts of the distributed generation payments. Upon motion duly made, seconded and unanimously carried, the following resolutions were adopted:

(Agenda Item 14A) 2011 Net Metering and Distributed Generation Rate Tariffs:

**Approve** the Tariff on Distributed Generation [Sheet 59, Rate Code DG-11] as presented by management to become effective on January 1, 2011 with two changes: 1) Change of terminology of "Demand Charge" to "Kilowatt Capacity Charge" throughout the Tariff and change \$5.90 to \$4.30 in Distributed Generation [Sheet 59a, Rate Code DG-11] under "Distribution Costs".

**Approve** the Tariff on Net Metering [Sheet 40, Rate Code NP-11] as presented by management to become effective on January 1, 2011 with the change from the proposed Tariff to add a limit of 120% of actual load of the customer-member.

[14:42]

CEO Gaskill gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [14:45]

Manager Jensen gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [14:46]

Manager Byrne had no update to his written presentation that had been sent to the Board prior to the meeting. [14:46]

CF/OO Wadsworth had no update to his written presentation that had been sent to the Board prior to the meeting. [14:46]

Manager Stanton had no update to his written presentation that had been sent to the Board prior to the meeting. [14:46]

Manager Ziller had no update to his written presentation that had been sent to the Board prior to the meeting. [14:46]

Upon motion duly made, seconded and unanimously carried the management reports were accepted. [14:46]

The written safety report of November 9, 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. [15:07]

Attorney Starr reported on the status of damage claim matters being handled by the Association's insurance counsel. Attorney Starr will miss the

December Board meeting due to vacation out of the country; and Attorney Westbrook will attend the meeting. [15:09]

CEO Gaskill reported on the status of (Agenda Item 12): B) update on the Association's AMI project~with input by Manager Jensen [15:12]; C) update on the transfer of transmission assets to Tri-State [15:16]; D) Update on Carter Lake Hydro Project~16Nov10 correspondence included in Board materials [15:28]; E) discussion of potential industrial loads~with input by Manager Byrne [15:33]; F) update on liquidation of Wells Fargo investment portfolio [15:37]; G) update on areas of audit concentration [15:41]; and H) presentation of administrative and team member policies and procedures~with input by Manager Ziller. [15:48]

Upon motion duly made, seconded and unanimously carried, the following resolutions were adopted:

B) USFS Universal Special Use Permit:

**Approve** the Special Use Permit as submitted to the Association by USFS. [15:51]

C) CFC Power Vision Long Term Financing:

RESOLVED, that the Cooperative apply to borrow from National Rural Utilities Cooperative Finance Corporation ("CFC"), from time to time as determined by the persons designated by the board of directors of the Cooperative, an aggregate amount not to exceed Twenty Million and No/100 Dollars (\$20,000,000.00), in an amount not to exceed the amount set forth in the loan agreement with CFC governing such loan, as set forth in the loan agreement governing such loan; (the "Loan Agreement");

RESOLVED, that the proceeds of this loan be used for the purpose set forth in the Loan Agreement;

RESOLVED, that the individuals listed below are hereby authorized to execute and deliver to CFC the following documents:

(a) the Loan Agreement, in such form and containing such terms as may be negotiated with CFC by the individual(s) authorized herein; and

(b) one or more secured promissory notes payable to the order of National Rural Utilities Cooperative Finance Corporation, which in the aggregate equal the principal amount of \$20,000,000.00, bearing such interest and providing for such payment as shall be set forth in the CFC Loan Agreement and each note.

RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver all

such other documents and instruments as may be necessary or appropriate, to make all payments, to execute any future amendments to said loan agreement as such individual may deem appropriate within the amount of the promissory notes so authorized herein and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Title or Office</u>	<u>Name (typed or printed)</u>
<u>President</u>	<u>Jack R. Schneider</u>
<u>Chief Executive Officer</u>	<u>Robert B. Gaskill</u>
<u>Chief Financial/Operating Officer</u>	<u>Jeffrey C. Wadsworth</u>

[15:53]

D) Goldman Sachs Investment Signatories:

WHEREAS, the Board of Directors of Poudre Valley Rural Electric Association, Inc. (hereinafter referred to as "PVREA") designates certain functions to authorized individuals to act on its behalf.

RESOLVED, that the Board of Directors of PVREA designates CEO Robert B. Gaskill and CF/OO Jeffrey C. Wadsworth as signatories on the Goldman-Sachs Investments; Structured Fund Account and Tech Tollkeeper Fund Account.

NOW THEREFORE, BE IT RESOLVED that CEO Gaskill and CF/OO Wadsworth are authorized individuals to take such actions and execute such documents on behalf of the Association.

[15:54]

E) Age 26 Adult Child Dependent Eligibility:

WHEREAS, Poudre Valley Rural Electric Association, Inc. (PVREA) sponsors the 125 Plan, which 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: a premium-only plan (POP) that allows employees to pay for insurance premiums on a pre-tax basis, a health flexible spending account (the "Health FSA") under Section 105 of the Code and/or a limited use health flexible spending account (the "Limited Use Health FSA") under Section 129 of the Code;

WHEREAS, the 125 Plan is administered by Cooperative Benefit Administrators, Inc. ("CBA"), a subsidiary of National Rural Electric Cooperative Association ("NRECA");

WHEREAS, the Patient Protection and Affordable Care Act extends the tax-free treatment of health insurance premiums and benefits to children of participants up to age 26, effective March 30, 2010;

WHEREAS, NRECA has determined that the 125 Plan, as administered by CBA, should be amended, effective as of May 1, 2010, to extend the tax-free treatment of health insurance premiums and benefits to children of participants up to age 26 under the POP and Health FSA, respectively; and

WHEREAS, the Employer has the authority to amend the 125 Plan pursuant to Section 13.

NOW THEREFORE BE IT RESOLVED that the Board of Directors hereby adopts an amendment to the 125 Plan, in the form attached hereto, to extend dependent eligibility to children up to age 26, effective May 1, 2010.

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.

AND:

WHEREAS, Poudre Valley Rural Electric Association, Inc., (PVREA) sponsors the amended and restated 125 Plan, which 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: a premium-only plan (the "POP") that allows employees to pay for insurance premiums on a pre-tax basis, a health flexible spending account (the "Health FSA") under Section 105 of the Code, and/or a limited use health flexible spending account (the "Limited Use Health FSA") under Section 105 of the Code;

WHEREAS, the 125 Plan is administered by Cooperative Benefit Administrators, Inc. ("CBA"), a subsidiary of National Rural Electric Cooperative Association ("NRECA");

WHEREAS, the Patient Protection and Affordable Care Act extends the tax-free treatment of health insurance premiums and benefits to children of participants up to age 26, effective March 30, 2010;

WHEREAS, NRECA has determined that the 125 Plan, as administered by CBA, should be amended, effective as of May 1, 2010, to

extend the tax-free treatment of health insurance premiums and benefits to children of participants up to age 26 under the POP and Health FSA, respectively.

NOW THEREFORE, pursuant to the authority reserved to the plan sponsor by Section 13 of the 125 Plan, the 125 Plan is hereby amended, as follows:

First Change

Section 4 of the 125 Plan shall be amended by adding the following new paragraph to the end of subsection 4.07:

**Notwithstanding the foregoing, effective May 1, 2010, an employee's child under age 26 is eligible for coverage as a dependent, regardless of student status, marital status, financial dependency, for purposes of the Health Flexible Spending Account, Limited Use Flexible Spending Account, and Premium Only Plan.**

[15:56]

F) Board Authorization for Lien Release on Waverly Transmission line easement:

**Approve** the signatures accompanying the Lien Release request to RUS and CFC as submitted by management.

[15:59]

G) Donation request to BSA: Presentation by CEO Gaskill made about the history of donations to the BSA, Longs Peak Council.

**Approve** the donation to the Longs Peak Council of the Boy Scouts of America in the amount of \$500.00 [unclaimed capital credit funds].

[16:05]

Manager Byrne discussed the easement issue on the REA Subdivision for the sanitary sewer line. [16:09]

Director Michie reported on Tri-State matters. A written report on Tri-State had been distributed prior to the meeting. [16:11] At this time director Michie left the Board room. At this time the Managers left the Board room.

Director Alexander reported on CREA matters. A written report on CREA had been distributed prior to the meeting. [16:13]

Director Lock reported on WUESC matters. A written report on WUESC had been distributed prior to the meeting. [16:15]

Other past and upcoming meetings were discussed: Basin Annual meeting on November 3-4; Tri-State Special Meeting on November 10; Poudre Valley Children's Christmas Party on December 4; Midwest Electric Consumers Association Annual Meeting in Denver December 7-9; Poudre Valley Board meeting December 21; Employee Service Awards will be at the January Board Meeting luncheon; NRECA Director Conference in San Antonio January 31 to February 1, 2011; CREA Annual Meeting in Denver February 26 to March 1, 2011; and NRECA Annual Member meeting March 7 to 9, 2011 in Orlando. [16:31]

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 reports were approved. [16:35]

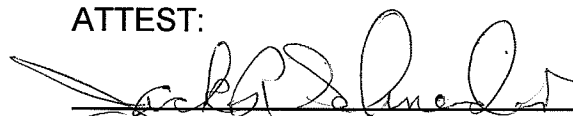
Other industry issues and correspondence were discussed. [16:36] CWTF issues about a fundraiser were discussed. A motion was made, seconded and unanimously carried that management was authorized to make a no interest loan to CWTF up to \$5,000 to pay for the raffle prize for the fundraiser. [16:43]

Discussion ensued about filling of the vacancy in the Board of directors. The bylaw provision about filling of a vacancy was reviewed. During the discussion director Sutherland left the Board room. [17:13] No action was taken regarding filling of the vacancy. [17:18]

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 **December 21, 2010**. [17:18]

  
Robert A. Lock – Secretary

ATTEST:

  
Jack R. Schneider – President

NOTE: The 2010 Board meeting dates have been set as follows: 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.].