

Record of Minutes

Colorado 31 Larimer

Poudre Valley Rural Electric Association, Inc.

July 26, 2011

President Jack R. Schneider called the meeting to order at 9:00 a.m. Ten of the eleven directors were present, being Jack R. Schneider, Thaine J. Michie, Robert A. Lock, James Fender, Roger Alexander, Keith Croonquist, Georglyn Diehl, Rick Johnson, Jan Peterson and Ronald Sutherland; and James Park will be late in arriving. Also attending were CEO Robert B. Gaskill, Chief Financial/Operating Officer Jeff Wadsworth, Member Services and External Affairs Manager Myles Jensen, and Attorneys Randolph W. Starr and Michael A. Westbrook. Also, attending were members Mr. John Weins, Ms. Knoll, Mr. Gary Wallace and Mr. Wes Rutt.

There being no further business to come before the June 28, 2011, meeting of the Board, upon motion duly made, seconded and unanimously carried the meeting was adjourned.

President Schneider called the regular July Board meeting to order.

Changes to the Agenda were made by President Schneider as follows: Item 21 Add: Discuss consideration of change in September Board meeting date; and discuss Board and CEO Evaluation Committee. [09:00]

President Schneider asked for comment from the public. Comments were made from Mr. Weins regarding cost benefits of the Association's Advanced Metering Infrastructure (AMI) project. Materials prepared by Mr. Weins were distributed to the Board. Gary Walsh [Bonnell West] commented about the Association's AMI project. Wes Rutt [Stove Prairie] commented about the proposal from Slash Solutions, LLC to waive the line extension costs of the Association. [09:17]

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 June 28, 2011.
2. Work Order Form 219 (#812-06-11) in the amount of \$3,299,923.30.
3. Construction contracts for July 2011 on the list given to the Board prior to the meeting [none].
4. Estate capital credits discounted payment for June 2011 in the amount of: \$-0- on the list given to the Board prior to the meeting. [09:17]

CF/OO Wadsworth gave a verbal and PowerPoint® report on various financial matters. During the presentation Ms. Shirley Pfankuch, Ms. Kathy Drecrica, Mr. Gary Weigel and Mr. Jack Goodell entered the Board room. 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. [09:43]

President Schneider asked for additional comments from the public who arrived. Ms. Pfankuch and Mr. Weigel made comments about the proposal from Slash Solutions, LLC to reduce or eliminate the cost of line extension to the electric service needed for the project. Mr. Starr had comments about issues related to violation of the line extension policy of the Association for a profit making company. During the presentation director Park entered the Board room. [10:07] At the conclusion of the presentation the members left the Board room.

CEO Gaskill, CF/OO Wadsworth, and Manager Jensen gave a verbal and PowerPoint® report on a "Balance Scorecard" developed by Touchstone Energy, NRECA and CFC to allow an electric cooperative to track how it is performing in relation to its peer group and to assist in providing strategies for improvement in performance. Questions were asked by members of the Board and answered by management. [10:44]

CF/OO Wadsworth gave a verbal report on the electronic Board materials delivery system and timing. Information about the system and its schedule for implementation was given to the Board prior to the meeting. Questions were asked by members of the Board and answered by Mr. Wadsworth. [10:47]

CEO Gaskill gave a report on the status of the update of the Association's Rules and Regulations and on the AMI Policy and Position Statement. An information sheet was given to the Board prior to the meeting. Questions were asked by members of the Board and answered by Mr. Wadsworth. Comments were received from Mr. Walsh. Management recommended granting an "opt-out" provision from the use of any of the Association's automated meters (AMR/AMI). A motion was made and seconded to approve the policy statement prepared by management and given to the Board prior to the meeting. The motion passed unanimously. Management recommended that a charge of \$20.00 per month for any consumer who opted out of the use of an automated meter. A motion was made to approve the management recommendation and to impose a \$20.00 per month for any consumer who opted out of the use of an automated meter to assess the additional cost of meter reading and billing. Discussion ensued among the Board members. The motion passed on a majority vote. [11:07] At this time the remaining members of the public left the Board room.

CEO Gaskill gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. Lengthy discussion ensued about

the proposed Tri-State rate increase and change in rate design. President Schneider designated the NRECA Region VII-IX meeting as a meeting at which any director may attend and receive a per diem and expense reimbursement under the powers granted in Board Policy 4.07 [Director Fees And Expenses].

Discussion ensued about use of the Slash Solutions, LLC facility. Upon motion duly made, seconded and unanimously carried management was authorized to negotiate an appropriate contract to purchase services from Slash Solutions, LLC for disposal of wood material produced by the Association with allowance for prepayment for the services up to the amount of \$4,000.00. CEO Gaskill reported on an annexation by the City of Loveland. [11:57]

At this time the regular luncheon break was taken. [reconvene at 12:42]

Manager Jensen gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [12:45]

CF/OO Wadsworth gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [12:47]

Manager Ziller was unavailable and CEO Gaskill gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [12:50]

Upon motion duly made, seconded and unanimously carried the management reports were accepted. [12:50]

The written safety report of July 14, 2011, 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. [12:58]

Attorney Starr had a short status report on damage claims. [12:59]

CEO Gaskill reported on the status of (Agenda Item 12): A) update on the Association's AMI project~with input by Manager Jensen [13:12]; B) Manager Jensen reviewed proposed member information meeting and open house at the headquarters building on Saturday, October 1 [13:22]; C) reviewed upcoming purchases of livestock at 4-H fairs in Boulder, Larimer and Weld Counties [the 2011 purchases for sheep] [13:24]; At this time Attorney Westbrook left the Board room. D) CF/OO Wadsworth gave a verbal update on large projects and other inquiries [13:37]; E) discuss the agenda for the strategic planning work session scheduled for August 4 by CEO Gaskill [13:39]; and F) review Administrative and Team Member Policies and Procedures included in the materials sent to the Board prior to the meeting. [13:41].

Director Michie reported on the Policy Revision Committee's minor changes in Article 2 Board Policies—Member Matters that were contained in the materials sent to the Board prior to the meeting in "blackline" format to show the proposed changes. The changes were discussed. Upon motion duly made, seconded and unanimously carried, the following changes to the Board Policies 2.01, 2.02, 2.03 and 2.04 [no change, reaffirmed] contained in the material sent to the Board prior to the meeting were made. [13:48]

After a presentation by CF/OO Jeff Wadsworth, upon motion duly made, seconded and unanimously carried the following resolution was passed relating to the Gunbarrel Substation:

WHEREAS, as part of the 2010 – 2013 Construction Work Plan of Poudre Valley Rural Electric Association, Inc. ("Poudre"), the Gunbarrel Substation will be constructed in conjunction with XCEL's rebuilding of the substation which includes a delivery point for Tri-State G&T. The timeframe for the substation rebuild by XCEL will be August 2011 to December 2011. Poudre's and Tri-State G&T's construction at the Gunbarrel Substation will be October 2011 to April 2012; and

WHEREAS, Poudre must install Metalclad Switchgear for the distribution feeders leaving the substation. Poudre's engineering staff along with ESC Engineering has conducted competitive bids for the provision of the switchgear; and

WHEREAS, Poudre's engineering staff recommends the acceptance of the bid by Central Electric Manufacturing Company for \$653,306; and

NOW THEREFORE, BE IT RESOLVED that Poudre accepts the bid of Central Electric Manufacturing Company, 7900 U.S. Highway 54, Fulton, Missouri 65251, for the Metalclad Switchgear for the Gunbarrel Substation in the amount of \$653,306.00 as provided in the bid; and the Chief Executive Officer is authorized to sign the appropriate contract for the purchase of the equipment as provided in the bid documents and provided that Central Electric Manufacturing Company is authorized to do business in the state of Colorado. [13:48]

Discussion ensued about a contribution of funds to the Minot Flood Recovery Fund and the North Dakota Flood Relief Fund. [13:52]

Director Lock reported on WUESC matters. A written report on WUESC had been distributed prior to the meeting. [13:54]

President Schneider reported on CREA matters. A written report on CREA had been distributed prior to the meeting. [13:55]

Director Michie reported on Tri-State matters. A written report on Tri-State had been distributed prior to the meeting. [13:58]

A review of Article 3 Board Policies—Employee Matters occurred. Suggestions for change were made by Board members. The minor changes were noted by CEO Gaskill and he will see that the changes are brought to the next Board meeting for action. [14:00] At this time the managers left the Board room.

Other past and upcoming meetings were discussed: PVREA Board meeting on strategic planning work session on August 4 at 8:30 a.m.; WUESC Fish Fry on Thursday, August 25; PVREA Board meeting August 30; NRECA Region VII-IX meeting in Denver October 11-13; and CREA Energy Innovations Summit in Denver on October 14, 2011. [14:03]


Each of the Board members, the CEO and legal counsel reported on the contents of their respective expense billing sheets. Upon motion duly made, seconded and unanimously carried, the director, CEO and legal counsel expense reports were approved. [14:09]

CEO Gaskill reported on the letters received from consumers that had been distributed to the Board members prior to the meeting. Discussion of on bill financing ensued.

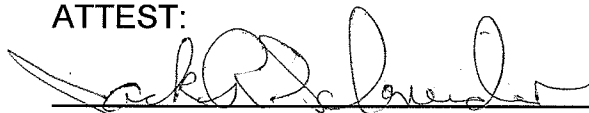
CEO Gaskill proposed to change the date for the regular meeting of the Board of Directors in September due to a conflict of the scheduled date with a recently scheduled NRECA Committee meeting that he serves on. Upon motion duly made, seconded and carried the September Board meeting was rescheduled to Friday, September 23 starting at 9:00 a.m. [14:16]

Discussion about the Board planning session ensued. Discussion about the livestock purchases ensued. [14:22]

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the meeting was recessed until the special Board meeting on **August 4, 2011** and then to the regular Board meeting on **August 30, 2011**. [14:22]

  
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Robert A. Lock – Secretary

ATTEST:

  
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Jack R. Schneider – President

NOTE: The 2011 Board meeting dates have been set as follows: August 4 strategic planning session at 8:30 a.m., August 30, 2011, September 23, 2011, October 31, 2011, November 29, 2011, and December 20, 2011.