

Record of Minutes

Colorado 31 Larimer

Poudre Valley Rural Electric Association, Inc.

June 30, 2010

President Jack R. Schneider called the meeting to order at 9:20 a.m. All directors were present. Also attending were CEO Robert B. Gaskill, Chief Financial 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.

There being no further business to come before the May 25, 2010, meeting of the Board, upon motion duly made, seconded and unanimously carried the meeting was adjourned.

President Schneider called the regular June Board meeting to order.

Changes to the Agenda were made by President Schneider as follows: Remove action item C regarding the construction work plan, and Add as Item C Resolution on 2010 Load Forecast, and Add Item H CREA Burn Fund contribution request, and Add an Executive Session after lunch. [09:22]

President Schneider asked for comment from the public, and there was no comment. [09:22]

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 May 25, 2010.
2. Work Order Form 219 (#799-05-10) in the amount of \$68,261.54.
3. Construction contracts for June 2010 on the list given to the Board prior to the meeting.
4. Estate capital credits discounted payment for May in the amount of: \$5,713.35 on the list given to the Board prior to the meeting. [09:23]

Additional information was distributed by CEO Gaskill in addition to information provided to the Board prior to the meeting.

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 unanimously carried the financial report was accepted. [09:46]

A presentation was made by Manager Jensen about the Touchstone Energy[®] 2009 Cooperative Difference Survey that was included in the materials mailed to the Board prior to the meeting. [10:31]

A presentation was made by CFO Wadsworth about a proposal to change the way the Association deals with the use and distribution of unclaimed capital credit funds. Materials had been sent to the Board prior to the meeting on this proposal. President Schneider appointed directors Alexander, Diehl and Hole as a Board Committee to consider the Association's policy regarding the use and distribution of unclaimed capital credits and other charitable contributions of Association funds. [10:45]

A presentation was made by Manager Byrne about net metering and distributed generation issues. Extensive discussion ensued about the subject matter. Direction to management was given about a proposal to develop a standard offer to alternative energy developers for payment for energy generated by qualifying facilities. [11:37]

CEO Gaskill gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [11:45]

Manager Byrne gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [11:49]

Manager Jensen gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [12:04]

CFO Wadsworth gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [12:08]

Manager Stanton gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [12:11]

Manager Ziller gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [12:13]

Upon motion duly made, seconded and unanimously carried the management reports were accepted. [12:13]

At this time the regular luncheon break was taken. [reconvene at 13:04]

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 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. The Board invited CEO Gaskill, Manager Wadsworth, Manager Stanton and Manager Ziller to remain in the Board room for the executive session. [14:05]

A motion to exit the executive session was made, seconded and unanimously carried. [14:05]

The written safety report of June 8, 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. [14:16]

CEO Gaskill reported on the status of: A) update on the Association's AMI project~with additional input from Manager Jensen [14:31]; B) update on the Front Range Energy, PRESYS Energy Group and Association demonstration project~with additional input from Manager Byrne [14:35]; C) update on the transfer of transmission assets to Tri-State~with additional input from director Michie [14:40]; D) update on inquiry about development of a solar photovoltaic farm [14:55]; E) review of Administrative and Team Member Policies and Procedures included in the Board materials [14:58].

CEO Gaskill presented a number of matters for action by the Board; and upon motion duly made, seconded and carried the following actions were taken:

A. Approve on a majority vote with director Lock dissenting the retirement to members of the Association of the allocated patronage capital in accordance with the Articles of Incorporation, Bylaws, Policies, Rules and Regulations of the Association in the amount of \$2,000,000 [\$1,000,000 from 1998 and \$1,000,000 from 2009] as shown on the materials provided to the Board during the meeting. [15:08]

B. Approve unanimously the following resolution approving the agreement with Tri-State Generation and Transmission Association, Inc. for the sale of certain high side substation facilities in the Owl Creek Substation. [15:50]

Resolution

WHEREAS, Poudre Valley Rural Electric Association, Inc. ("Poudre"), as authorized by the Board of Directors at the June 27, 2007, regular Board meeting, entered into Contract Number 07-RMR-1695 with the United States Department of Energy, Western Area Power Administration Rocky Mountain Region (Western) for the Installation of Facilities and Interconnection of Owl Creek Substation on Western's Ault-Cheyenne 115-kV Transmission Line; and,

WHEREAS, said contract calls for Western to become to owner of the Equipment situated on the High Side of the two substation transformers; and,

WHEREAS, Western, via Western's Network Integration Transmission Service Agreement or separate agreement, is to credit Tri-State Generation and Transmission, Association (Tri-State), Poudre's wholesale energy provider, for said High Side Equipment, and Tri-State will in turn credit Poudre; and,

WHEREAS, due to change in ownership of the source transmission facilities, Western no longer needs to be the owner of said High Side Equipment; and,

WHEREAS, said High Side Equipment will now be an integral part of the Tri-State system and Tri-State desires to purchase said High Side Equipment.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of Poudre does hereby authorize Poudre to sell said High Side Equipment to Tri-State for \$1,189,174.89 and for Poudre's staff to request release of liens from RUS and NRUCFC.

C. Approve unanimously the following resolution regarding the 2010 Load Forecast of the Association. [15:10]

Resolution

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, Tri-State Generation and Transmission Association, Inc. (hereinafter referred to as "Tri-State") is the wholesale power supplier for PVREA; and

WHEREAS, PVREA and Tri-State have jointly developed the 2010 Load Forecast Study for PVREA; and

WHEREAS, PVREA's Chief Executive Officer has reviewed the 2010 Load Forecast Study and recommends its approval to the PVREA's board;

NOW THEREFORE, BE IT RESOLVED that the board of directors of PVREA does hereby approve the 2010 Load Forecast Study for PVREA.

D. Approve unanimously a change in the Mission Statement of the Association to add "...and affordable..." to the third section of the Statement. [15:15]

E. Approve unanimously the changes to Board Policies 4.01, 4.02, 4.03, 4.04, 4.05, 4.07 (with minor typographic change), and 4.11 [with the rewording of the first sentence of 1.0 and the addition of "pulling a name out of a container" in section 3.04 for the random selection] as proposed by the Board Policy Committee in the form given to the Board in the materials prior to the meeting. A review of each change was made by director Michie as the chair of the Board Policy Committee. Policy 4.08 was withdrawn from consideration after discussion among the Board members; and the Policy Committee will propose a rewritten version at the July Board meeting. Approve unanimously the changes to Board Policies 5.01 (with minor typographical changes), 5.02 (with a change from \$250M to \$200M), 5.03 (with minor typographical changes), 5.04 (with minor typographical changes) and 5.05 as proposed by management in the form given to the Board in the materials prior to the meeting. [16:50] At this time the Managers left the Board room.

F. No action was taken on a request for a contribution to the Weld County Community Foundation / Guadalupe Center. [16:51]

G. Approve unanimously a contribution of \$300.00 to the Western States Burn Center. [16:52]

H. Approve unanimously a contribution of \$500.00 to the CREA Burn Fund. [16:54]

I. Approve unanimously the following resolution [included in Board Policy 5.02] regarding the maximum indebtedness of the Association. [16:57]

Resolution

WHEREAS, Poudre Valley Rural Electric Association, Inc. (hereinafter referred to as "PVREA") is to establish the maximum amount of indebtedness that can be borrowed by the Association.

WHEREAS, the maximum aggregate amount that can be borrowed by the Association shall not to exceed Two Hundred Million Dollars (\$200,000,000.00).

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of PVREA does hereby approve maximum indebtedness of the Association.

Attorney Starr reported on the PUC Decision involving Mountain Parks Electric Association. [16:59]

Director Michie reported on Tri-State matters. A written report on Tri-State had been distributed prior to the meeting. [17:02]

Director Lock reported on WUESC matters. A written report on WUESC had been distributed prior to the meeting. [17:03]

Director Schneider reported on CREA matters. A written report on CREA had been distributed prior to the meeting. Upon motion duly made, seconded and unanimously carried President Schneider was appointed as delegate and Vice-President Michie was appointed as alternate to the NRECA Region VII meeting, the CFC District 7 meeting and the Federated Region VII meeting. [17:05]

Other past and upcoming meetings were discussed: CFC Forum 2010 on June 7 to 9 in Philadelphia; and the CRC Annual Meeting on June 7; and Board meeting July 20; and Region VII on October 20-21; and RMEL on September 12-14. A cost of service rate study presentation will be made to the Board on July 23. [17:10]

Each of the Board members reported on the contents of their respective Board billing sheets. Upon motion duly made, seconded and unanimously carried, the reports were approved. Upon motion duly made, seconded and unanimously carried, the CEO's expense report was approved. [17:12]

Other industry issues were discussed and a discussion about the morning's governmental relations meeting ensued. [17:15]

A discussion about dates for strategic planning meeting dates ensued. President Schneider appointed Directors Lock, Croonquist, Hole, and Johnson to the Audit Committee. President Schneider had previously appointed a Bylaw Revision Committee: Croonquist, Michie, Lock and Hole. The date of the first meeting of the Bylaw Revision Committee will be on Monday, August 2, 2010 at 8:30 a.m. at the Board room. [17:25]

There being no further business to come before the meeting, upon motion duly made, seconded and carried, the meeting was recessed until the regular Board meeting on **July 20, 2010**. [17:25]

Robert A. Lock – Secretary

ATTEST:

Jack R. Schneider – President

NOTE: The 2010 Board meeting dates have been set as follows: July 20, 2010 [in the J. Arthur Anderson Room], August 31, 2010, September 28, 2010, October 26, 2010, November 30, 2010, and December 21, 2010.