

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
MOUNTAIN VIEW ELECTRIC ASSOCIATION, INC.
HELD OCTOBER 18, 2011**

A Regular Meeting of the Board of Directors of Mountain View Electric Association, Inc. was held October 18, 2011 at the Limon Headquarters Building, Limon, Colorado 80828, beginning at approximately 9:00 a.m.

CALL TO ORDER

The meeting was called to order by President Joseph D. Martin who presided. Secretary-Treasurer Milton L. Mathis acted as Secretary of the meeting.

Those Directors present at the beginning of the meeting were:

Ms. Donna Andersen-VaNess
Mr. Ricky L. Gordon
Mr. Allen E. Gresham
Mr. Joseph D. Martin
Mr. Milton L. Mathis
Mr. B.D. Paddock
Mr. Barry Springer

constituting a quorum. There were also present at the beginning of the meeting, Mr. Larry Lane of Schmidt & Company LLC, Mr. Jim C. Herron, CEO, Mrs. Ellen Copley, Administrative Manager, Ms. Melodie Lukow, Accounting Supervisor, Ms. Jaclyn Parmer, Corporate Bookkeeper, and Mr. Jack P. Wolfe, Attorney for the Association, who recorded these minutes at the request of the Secretary.

INVOCATION

Director Andersen-VaNess delivered the Invocation to begin the meeting.

MEMBER INPUT

There were no members present at the meeting except Directors and staff.

APPROVAL OF AGENDA

The agenda which previously had been distributed to the Board was approved as distributed with the addition of setting a date for a special Board meeting to discuss rates, and a report from the Commodity Metals Task Force, and with the understanding that certain items may be taken out of order.

APPROVAL OF BOARD MINUTES

President Martin called the Board's attention to the draft of the minutes of the special September 9, 2011 Board of Directors meeting, which previously had been distributed to the Board. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the minutes of the special September 9, 2011 meeting of the Board of Directors be approved as submitted.

President Martin then called the Board's attention to the draft of the minutes of the regular September 13, 2011 Board of Directors meeting, which previously had been distributed to the Board. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the minutes of the regular September 13, 2011 meeting of the Board of Directors be approved as submitted.

REPORT OF EXTERNAL FINANCIAL AUDIT

Mr. Larry Lane, of Schmidt & Company, LLC, the Association's external auditor, called the Board's attention to the Audit Report, which previously had been distributed to the Board. He first reviewed the Letter to Audit Committee, which is not a part of the public audit report, and noted that no significant matters were reported in the letter.

Mr. Lane then reviewed the Independent Auditor's Report, including the balance sheet and cash flow statements, and noted that this was a unqualified audit report. He then reviewed the Compliance and Internal Control Statement, noting that no instances of non-compliance or material deficiencies in internal control were found.

Finally, Mr. Lane discussed the Association's TIER, DSC and equity ratios, noting that they were dropping slightly; he discussed the trend to international accounting standards and reported that Association staff were very helpful in completing the audit. Discussion followed.

President Martin reported on the August 26, 2011 audit exit interview, and noted that the results reported then were no different than reported today. He then thanked the employees who worked with Schmidt & Company to complete the successful audit.

Following motion duly made, seconded and unanimously carried, the Board met in Executive Session, as was its normal practice, with Mr. Lane from 9:48 to 9:58 am. During the Executive Session, CEO Herron, Mrs. Copley, Ms. Lukow, Ms. Parmer and Attorney Wolfe left the meeting. No action was taken during the Executive Session, the minutes of which are kept in the confidential files of the Association.

Following return from Executive Session, and after all the non-Directors present returned to the room, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Association's Independent Auditor's Report and Financial Statements for the period August 1, 2010 to July 31, 2011, as prepared by Schmidt & Company, LLC, is accepted as presented to this meeting.

REVIEW OF 2010 IRS FORM 990

Mr. Lane called the Board's attention to the Association's IRS Form 990 for 2010, which was prepared by Schmidt & Company, LLC, and which previously had been distributed to the Board. He reviewed the information provided on the form, and discussion followed. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that President Martin is authorized to sign the Association's IRS Form 990 for 2010, on behalf of the Association, in the form presented to this meeting.

Mr. Lane, Ms. Lukow and Ms. Parmer then left the meeting.

RETIREMENT OF CAPITAL CREDITS

Mrs. Copley called the Board's attention to her October 5, 2011 memo discussing retirement of capital credits, which previously had been distributed to the Board. She noted that a retirement in December of \$3.7 million would retire all of the outstanding 1996 patronage capital generated by the Association and as much of Tri-State's allocated 1996 patronage capital as its retirements to date would allow under the Association's Administrative Policy A-002.

The Board discussed the financial condition of the Association and the advisability of retiring capital credits, paying particular attention to a retirement's effect on Association equity. Following discussion, it was the consensus of the Board that some capital credits should be retired, and the discussion then focused on whether \$3 million was too much to retire or too little. Following further discussion, and upon motion duly made, seconded and carried, four votes in favor, two against, it was

RESOLVED, that the Association retire \$3 million in capital credits on a first-in-first-out basis, with checks to be written and mailed in December 2011 to all members of record in 1996 with a retired capital credit balance of \$10.00 or more, but who do not have a balance of retired but unclaimed capital credits; and that any retired capital credit balances that are less than \$10.00 be carried over until the next retirement.

REFINANCE A PORTION OF DEBT TO RUS

CEO Herron advised the Board that there was an opportunity to refinance a portion of the Association's debt to RUS, that was currently carrying an interest rate of 5%, without penalty. He called the Board's attention to two proposals from CFC Credit Services that had previously been distributed to the Board, and he discussed the two proposals, one of which would involve a series of loans from NCSC with a cumulative effective interest rate of 3.94%, and the other a series of loans from NRUCFC with a cumulative effective interest rate of 4.25%, but with the potential to result in increased NRUCFC capital credit retirements to the Association. CEO Herron recommended that the Association refinance the debt with the NCSC option. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Association refinance \$6,151,236 of its oldest debt to the United States Rural Utilities Service by borrowing an equivalent amount in a series of loans from National Cooperative Services Corporation with a cumulative effective interest rate of 3.94%, and that the officers of the Association, including the CEO, be authorized to execute all documents necessary to effectuate the refinancing.

CEO Herron reminded the Board that this action was taken without sufficient notice under Colorado Open Meeting laws, and that it would need to be reaffirmed at the next regular meeting of the Board.

REPRICING OF NRUCFC LOAN 9018

CEO Herron advised the Board that the repricing period for NRUCFC Loan 9018 would run out on January 1, 2012, and that CFC was offering the Association the opportunity to choose a new repricing period and rate at this time. He called the Board's attention to a letter and e-mail from NRUCFC on the subject and a table of available repricing periods and interest rates available as of this morning. He then recommended a repricing period of six years. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Association chooses a repricing period of eight years, with an interest rate of 4.6%, effective November 1, 2011, for NRUCFC Loan 9018, and that the CEO be authorized to execute all documents necessary to effectuate the choice of repricing period.

CEO Herron reminded the Board that this action was taken without sufficient notice under Colorado Open Meeting laws, and that it would need to be reaffirmed at the next regular meeting of the Board.

WORK ORDER PROCESSING FOR AUGUST, 2011

CEO Herron called the Board's attention to a copy of Work Order Processing Form 219 for August, 2011, which previously had been distributed to the Board, in the amount of \$617,778.91. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that Work Order Processing Form 219 for August, 2011, as presented to the Board, be and the same hereby is approved.

DELETION OF UNCOLLECTIBLE ACCOUNTS

CEO Herron called the Board's attention to a report on certain uncollectible accounts, which previously had been distributed to the Board. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Association delete uncollectible accounts from the Association Accounts Receivable, as of May 31, 2011 and reaching a 90-day inactive status as of August 31, 2011, in the amount of \$12,796.36, resulting in a ratio of uncollectible accounts to revenue for the twelve months ending July 31, 2011 of 0.175%.

PRESIDENT'S REPORT

CEO Performance Evaluation. President Martin collected the individual CEO performance evaluation forms from the Directors, and announced that he would compile the results and bring to the next regular meeting of the Board for review and discussion with CEO Herron.

Establishment of 2012 Board Meeting Dates. President Martin advised the Board that it was time to pick dates for regular Board meetings during 2012. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Board of Directors of Mountain View Electric Association, Inc. meet in regular session during 2012, beginning at 9:00 a.m. on:

January 17 at Falcon	July 17 at Falcon
February 21 at Limon	August 21 at Limon
March 20 at Falcon	September 18 at Falcon
April 24 at Limon	October 16 at Limon
May 22 at Falcon	November 20 at Falcon
June 26 at Limon	December 18 at Limon,

and immediately before the Association Annual Meeting in Monument on June 7.

Schedule Board Meeting to Determine 2012 Rates. President Martin advised the Board that it was necessary to schedule a special meeting to determine Association rates for 2012. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Board of Directors of Mountain View Electric Association, Inc. meet in special session beginning at 9:00 a.m. on Monday, November 28, 2011, at Falcon, Colorado for the purpose of determining 2012 rates.

RECESS

The Board recessed for lunch at 12:15 p.m. and reconvened at 12:58 p.m. During the recess, Association Operations Manager Claud Hugley and Manager of Engineering David Waldner joined the meeting.

CEO'S REPORT

Purchase of Land adjacent to Forest Lakes Substation. Mr. Waldner called the Board's attention to a draft contract for purchase of land adjacent to Forest Lakes Substation and a letter from the property owner's lender giving tentative approval for sale of the land, both of which previously had been distributed to the Board. He indicated that the land would be used to improve access to the substation, and he discussed some of the unresolved issues in the negotiations. Discussion followed.

Schriever Air Force Base. Mr. Waldner called the Board's attention to a letter from Tierra Vista, which previously had been distributed to the Board. He explained that Tierra Vista was seeking cooperation and assistance in developing a solar energy project for the base housing project that Tierra Vista operates for the Air Force. He reviewed the Association's system supplying the base housing project and three ways that the solar project might conceivably proceed. Following discussion, CEO Herron recommended that Tierra Vista be allowed to make a presentation to the Board before any decision is made, and the Board concurred.

Compass Wind. CEO Herron advised the board that he had received an inquiry from Compass Wind about the Association participating in a wind energy project under Tri-State Policy 115, and indicated that it did not appear to be economic at this time. Discussion followed.

Clipper Wind Golden West Wind Project. Mr Hugley and Mr. Waldner reported on information that they have on this potential project, and discussion followed.

Oil and Gas Lease at Paddock Substation. Mr. Waldner called the Board's attention to a letter that he received from Red River Resources LLC seeking an oil and gas lease at Paddock Substation, which previously had been distributed to the Board.

Following discussion, it was the consensus of the Board that it was not interested in entering into a lease at this time.

Colorado Springs Southern Delivery System. Mr. Waldner reported on communications with Bruce McCormick of the City of Colorado Springs. Discussion followed.

REPORTS

Commodities Metals Task Force. Director Springer reported on the recent activities of the Colorado Legislature's Commodities Metals Task Force. Discussion followed.

PRESIDENT'S REPORT CONT'D

Lamplighter Meetings. CEO Herron reported on the final agendas for the meetings, and discussion followed.

Board-Staff Retreat. President Martin called the Board's attention to the agenda for the upcoming retreat, which previously had been distributed to the Board. He called the Board's attention to a letter from Luecal Consulting, which previously had been distributed to the Board, and he asked that the Directors review this letter and develop questions to be posed to Mr. Luecal at the retreat.

CEO'S REPORT CONT'D

Tri-State Tree Cutting Program. Mr. Waldner reported on a tree cutting program that Tri-State was carrying out along the Black Squirrel - Anderson 115 kv Transmission Line, and advised the Board that the Association was likely to get telephone calls from members concerning this. Discussion followed.

Mr. Waldner and Mr. Hugley then left the meeting.

Review of Financial Report for the Period Ending August 31, 2011. Mrs. Copley called the Board's attention to the statement of operations and balance sheet for the period ending August 31, 2011, which previously had been submitted to the Board. She reported that for the period, year-to-date operating revenue for the period was approximately \$522,000 over budget; purchase power expense was approximately \$1,613,000 over budget; operation and maintenance expense was approximately \$59,000 under budget; consumer accounts expense, Member Services costs and administrative and general expenses were approximately \$230,000 under budget; depreciation and amortization expense was approximately \$11,000 under budget; and interest on long term debt was approximately \$101,000 under budget; resulting in operating margins of approximately \$690,000 under budget. Interest income, G&T and other capital credits and extraordinary items were approximately \$45,000 under budget; resulting in total margins for the period of approximately \$734,000 under budget. The

year-to-date Operating TIER was 1.24, and the TIER was 1.12. The Association equity as a percent of total assets was 35.97%. Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Financial Report for the period ending August 31, 2011 be, and the same hereby is, accepted as submitted, and that a copy be attached to the minutes of this meeting.

Safety Report. CEO Herron called the Board's attention to the Association's September, 2011 Safety Report. Discussion followed.

Load Control Report. CEO Herron distributed a report on operation of the Association's SCADA System through the end of September, 2011. Discussion followed.

Personnel Matters. CEO Herron called the Board's attention to the September, 2011 Personnel Change Report, which previously had been distributed to the Board. He then reported that there were no new incidents reported to MySafeWorkplace.

Request of The State Bank. CEO Herron advised the Board that he had advised Al Kreps of The State Bank, by leaving a telephone message, that the Association wished to decline to be included in the banks' disaster recovery plan as an agreed site for relocation of bank personnel and services, and that he had not received any response.

Tri-State Rate Meeting. CEO Herron reported that the Association would host a Tri-State rate presentation to distribution cooperative directors and staff at the Falcon Operations Center on October 26, 2011. President Martin advised the Board that attendance was not required, but that per diem would be paid for those directors who were able to attend.

Opposition to Tri-State Proposed Rate Structure Change. CEO Herron called the Board's attention to a draft letter that he had prepared, in accordance with Board direction, expressing opposition to the proposed Tri-State rate structure changes, which previously had been distributed to the Board. Discussion followed about whether to actually send the letter and about whether it should be made stronger. Following discussion, and upon motion duly made, seconded and carried, five votes in favor, Director Gordon abstaining, it was

RESOLVED, that CEO Herron should send a letter as discussed at this meeting and signed by himself and President Martin to Tri-State, with copies to Tri-State directors and member managers, expressing the Association's opposition to the proposed Tri-State rate structure changes.

Other Items for Board Information. CEO Herron distributed the following items to the Board: Summary of New Member Questionnaire responses; Association Outage Report for September, 2011; Summary of Special Equipment Costs for August, 2011;

Minutes of Association Staff Meetings held September 7 and September 14, 2011; "Highlights" from September 13, 2011 Board of Directors Meeting; Draft minutes of September 13, 2011 Mountain View Round Up Fund Inc. Board of Directors Meeting; Mountain View Round Up Fund, Inc. Participation Update and Financial Report dated September 30, 2011; September 2011 NRECA "Board Report"; September 14, 2011 letter from NRUCFC reporting on Cooperative System Integrity Fund; September 30, 2011 NRUCFC letter announcing 2011 patronage capital allocation and retirement; Tri-State G&T September, 2011 "Board Report"; Tri-State G&T October, 2011 "Board Report"; Tri-State G&T 3rd Quarter 2011 Policy 109 Update; Tri-State G&T Financial Report for the period ending August 31, 2011; Minutes of Tri-State G&T September 7-8, 2011 Board of Directors meeting; Western United Sales and Financial Reports for the period ending September 30, 2011; Calendar of Scheduled Meeting Dates.

ATTORNEY'S REPORT

Attorney Wolfe reported on litigation involving the Association and other legal matters of interest to the Association, and discussion followed.

REPORTS CONT'D

Tri-State Generation and Transmission Association, Inc. Director Gordon reported on recent activities at Tri-State.

ADJOURN

There being no further business to come before the Board, upon motion duly made, seconded and unanimously carried, the meeting adjourned at 5:10 p.m.

Milton L. Mathis, Secretary-Treasurer

APPROVED:

Donna Andersen-Van Ness

Ricky L. Gordon

Allen E. Gresham

Joseph D. Martin

Milton L. Mathis

B.D. Paddock

Barry Springer