

# RECORD OF MINUTES

Colorado 31 Larimer

Poudre Valley Rural Electric Association, Inc.

January 31, 2017

Chair Rickey D. Johnson called the meeting to order at 9:00 a.m. in the Board Room. Seven of the nine directors were present in person, being Rickey D. Johnson, Georglyn L. Diehl, James F. Fender, Thaine J. Michie, Steven D. Anderson, Ronald G. Sutherland and Roger Alexander; and directors Jack R. Schneider and Jan K. Peterson were absent. Also attending were President and CEO Jeffrey Wadsworth, CFO Lisa Wright, COO John Bowerfind, Member Relations Manager David White and IT / Strategy Manager Joshua Noel; and General Legal Counsel Randolph W. Starr and Michael A. Westbrook.

**Agenda Item 1—Call the Meeting to Order:** Chair Johnson called the January 31, 2017, Board meeting to order.

**Agenda Item 2—Pledge of Allegiance:** Attorney Starr led the pledge of allegiance to the flag. [09:00]

**Agenda Item 3—Additions to Agenda:** Additional subject matters were added to the agenda. None. [09:01]

**Agenda Item 4—Public Participation:** Chair Johnson asked for comments from the public. As no members of the public were present there were no comments. [09:02]

**Agenda Item 5—Items for Review and Consideration of Approval:** Upon motion duly made, seconded and unanimously carried, the following matters were adopted and approved by the Board:

- A. Minutes of the Board Meeting on December 20, 2016.
- B. Work Order Form 219 (#878-12-2016) in the amount of \$ 3,319,067.06.
- C. Estate capital credits discounted payment for December, 2016 in the total amount of: \$ 953.09.
- D. Accounts listed on the attached sheet (October 2016) in the total amount of \$ 991.44 were declared as uncollectible and will be deducted from the accounts receivable of the Association in accordance with Board policy. [09:02]

**Agenda Item 6—Action Items for Review and Consideration of Approval:**

- A. Set Record Date for PVREA Annual Meeting. Manager White presented the requirement for setting of a record date for the annual meeting of members. Upon motion duly made, seconded and unanimously carried the following actions were taken:  
Approve February 24, 2017, as the record date for the annual meeting of members. [09:04]

- B. Board Resolution Authorizing Revenue Deferral. After a verbal presentation by CFO Wright, the following resolution was unanimously approved, upon motion duly made, seconded and unanimously carried:

BOARD RESOLUTION

2017 - #001

2016 Revenue Deferral Plan

WHEREAS, the Revenue Deferral Plan ("RDP") of Poudre Valley Rural Electric Association, Inc. ("Cooperative") is established to stabilize retail rates, while at the same time allowing the Cooperative to meet all the financial performance requirements set by Rural Utilities Service ("RUS"), National Rural Utilities Cooperative Finance Corporation ("CFC"), and CoBank; and

WHEREAS, Tri-State Generation and Transmission Association, Inc. is projecting additional wholesale power cost increases associated with meeting the growth of its member distribution systems; and

WHEREAS, the Cooperative has generated strong operating margins in 2016 due primarily to load growth;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Cooperative requests that RUS approve the Cooperative's RDP as presented to the Board and attached to the minutes of this meeting; and

BE IT FURTHER RESOLVED, that the Board of Directors of the Cooperative will defer \$5,000,000 into the RDP from 2016 revenues; and

BE IT FURTHER RESOLVED, that the Board of Directors of the Cooperative is aware of the potential impact on its tax exempt and cooperative status and that it will accept the responsibility for implementation of the plan; and

BE IT FURTHER RESOLVED, that the cash equivalent of all margins or revenues deferred will be held in a separate GL account of the Cooperative and the Cooperative may invest the funds in the RUS Cushion of Credit and/or other investment opportunities authorized under Board policy, until such time as a like amount is subsequently amortized into revenue; and

BE IT FURTHER RESOLVED, that the Board of Directors of the Cooperative is not under a state regulatory commission which has jurisdiction over the Cooperative's ratemaking activities. [9:08]

**Agenda Item 7—Staff Reports / Presentations:** Staff reports were presented as follows:

**A. Safety Report:** President and CEO Wadsworth reviewed the contents of the December 21, 2016, safety report in detail. The written safety report had been sent to the Board prior to the meeting. Upon motion duly made, seconded and unanimously carried the safety report was accepted. [9:23]

**B. PRESIDENT~CEO and Staff Written Reports:**

President and CEO Wadsworth gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. Director Peterson entered the Board room during the report. [9:35]

CFO Wright gave a verbal update to her written presentation that had been sent to the Board prior to the meeting. The audit exit meeting is scheduled for February 9 at 3:00 p.m. for the audit committee to attend. [9:41]

COO Bowerfind gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [09:59]

Manager Noel gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [10:04]

Manager White gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [10:30]

Upon motion duly made, seconded and unanimously carried the staff reports were accepted. [10:30]

A short break was taken. [10:30 to 10:40]

**C. Financial Report:** CFO Wright gave a verbal and PowerPoint® report on various financial matters for December, 2016. Upon motion duly made, seconded and unanimously carried the report was accepted. [10:51]

**D. Strategic Plan Update:** President and CEO Wadsworth and staff gave a verbal update to the written presentation that had been sent to the Board prior to the meeting on the Association's Strategic Plan. [12:00]

**E. Energy Management Circuit Breakers Pilot Project:** Manager White, President and CEO Wadsworth and COO Bowerfind presented a written plan that had been sent to the Board prior to the meeting for installation and testing of Energy Management Circuit Breakers through EPRI and Tri-State. [12:15]

**Agenda Item 8—Attorney Report:** Attorney Starr and Westbrook reported on one litigation item that had been withdrawn. [12:16]

**Agenda Item 9—Director Reports / Items:**

**A. Western United Report:** Director Fender reported on WUESC matters. A written report on WUESC had been distributed prior to the meeting. [12:19]

**B. Tri-State Report:** Director Michie reported on Tri-State matters. A written report on Tri-State had been distributed prior to the meeting. President and CEO Wadsworth made additional comments. [12:36]

A lunch break was taken. During lunch employees and directors were recognized for service awards. [12:36; reconvene 13:15]

**B. Tri-State Report:** [continued] [13:29]

**C. CREA Report:** Director Anderson reported on CREA matters. A written report on CREA had been distributed prior to the meeting. [14:05]

**Agenda Item 10—Discussion of Utility Industry and PVREA Topics if Needed:**

**A. Member Correspondence and General Correspondence.**

i. various correspondence was sent to the Board prior to the meeting.

**B. Other.** [14:05] Staff members left the Board room.

**Agenda Item 11—Review Upcoming Events/Meeting Dates:**

**A.** CREA Annual Meeting on February 11-14, 2017 in Denver.

**B.** PVREA Board Meeting February 22, 2017.

**C.** NRECA Annual Meeting on February 26 to March 1 in San Diego.

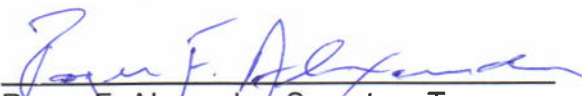
- D. NRECA Directors Conference on April 1-4 in Tampa.
- E. Tri-State Annual Meeting April 5-6 in Denver.
- F. NRECA Legislative Conference April 23-26 in Washington, D.C. [13:41]

**Agenda Item 12—Consider Board, Attorney and President~CEO's Expenses:** Each of the Board members, legal counsel and the President and CEO reported on the contents of their respective expense billing sheets as reported. Upon motion duly made, seconded and unanimously carried, the director, President and CEO and legal expense reports were approved. [14:10]


**Agenda Item 13—Executive Session if Needed:** Upon motion duly made, seconded and unanimously carried the Board entered executive session to consider documents or testimony given in confidence generally relating to prospective business opportunities. 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. A motion was made to exit the executive session and it was seconded and unanimously carried. [14:30] Director Sutherland left the Board room.

Upon motion duly made, seconded and unanimously carried, an expenditure for a study of broadband infrastructure in the general location of the service territory of the association with the amount to be determined and reported to the Board prior to the expenditure was approved. [14:38]

**Agenda Item 15—Adjourn:** There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the meeting was adjourned, and the next regular Board meeting will be held on **February 22, 2017**. [14:30]

  
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Roger F. Alexander, Secretary-Treasurer

ATTEST:

  
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Rickey D. Johnson, Chair

NOTE: The 2017 Board meeting dates have been set as follows: February 22, 2017, March 28, 2017, April 8 reorganization meeting after the Annual Meeting, April 20, 2017, May 30, 2017, June 22, 2017, July 27, 2017, August 29, 2017, September 26, 2017, October 24, 2017, November 28, 2017, and December 21, 2017. The 2017 Annual Meeting of Members is Saturday, April 8, 2017, at the Embassy Suites in Loveland.