

RECORD OF MINUTES

Colorado 31 Larimer

Poudre Valley Rural Electric Association, Inc.

February 21, 2018

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

Agenda Item 1—Call the Meeting to Order: Chair Johnson called the February 21, 2018, Board meeting to order.

Agenda Item 2—Pledge of Allegiance: Chair Johnson 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. [09:00]

Agenda Item 4—Public Participation: Chair Johnson asked for comment from the public. No comments were made. [09:02]

Agenda Item 5—Hearing on Proposed Small Commercial Tariffs: Chair Johnson asked for comment from the public on the proposed changes to the Small Commercial Tariff of Poudre Valley as published on its website and as presented to the Board in the materials sent to the Board prior to the meeting. No comments were made as there were no members of the public present. The hearing was closed. A visual and verbal presentation was made by Vice President White. After discussion, upon motion duly made, seconded and unanimously carried, the proposed changes to the Small Commercial Tariff were approved as presented. [09:04]

Agenda Item 6—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 January 30, 2018.
- B. Estate capital credits discounted payment for January 2018 in the total amount of: \$761.47.
- C. Accounts listed on the attached sheet (November 2017) in the total amount of \$1,561.19 were declared as uncollectible and will be deducted from the accounts receivable of the Association in accordance with Board policy. [9:25]

Action Items for Review and Consideration of Approval: After discussion and upon motion duly made, seconded and unanimously carried, the following matters were adopted and approved by the Board:

D. Board Policy 3.03: Capital Credits — per changes set out in materials sent to the Board prior to the meeting.

[09:25]

E. Rate Stabilization and Board Resolution Authorizing Revenue Deferral. After a verbal presentation by President and CEO Wadsworth and Vice President and CFO Wright and discussion by the Board, the following resolution was unanimously approved, upon motion duly made, seconded and unanimously carried:

BOARD RESOLUTION
2018 - #001
2017 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 National Rural Utilities Cooperative Finance Corporation ("CFC"), and CoBank; and

WHEREAS, the Cooperative has generated strong operating margins in 2017 due primarily to load growth and cost management;

BE IT FURTHER RESOLVED, that the Board of Directors of the Cooperative will defer \$2,500,000 into the RDP from 2017 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 Board of Directors of the Cooperative is not under a state regulatory commission which has jurisdiction over the Cooperative's ratemaking activities.

Poudre Valley Rural Electric Association, Inc.
Revenue Deferral Plan

Objective:

The Revenue Deferral Plan (RDP) has been established for the purpose of stabilizing the retail rates that Poudre Valley Rural Electric Association, Inc. (the "Cooperative") charges its member/owners. The RDP funds are used to cover shortfalls in revenue caused by abnormal weather conditions, general economic conditions, or increases in wholesale power costs. The Revenue Deferral Plan will assist the Cooperative in preventing the ups and downs of retail rates, while meeting its lenders' mortgage requirements and maintaining long-term financial viability of the Cooperative.

Timeframe for Revenue Amounts Deferred:

<u>Year</u>	<u>Amount Deferred</u>	<u>Source</u>
2013	\$ 1,500,000	2013 Revenue
2014	\$ 4,500,000	2014 Revenue
2015	\$ 4,300,000	2015 Revenue
2016	\$ 5,000,000	2016 Revenue
2017	\$ 2,500,000	2017 Revenue
Total	\$ 17,800,000	

Timeframe for Amortization of Deferred Revenue:

The deferred revenue will be amortized back into revenue during the years of 2019-2022 as needed to meet the Cooperative's obligations and mortgage requirements and maintain financial viability. Tentative schedule for amortization is as follows:

2019	\$ 3,700,000
2020	\$ 4,800,000
2021	\$ 6,000,000
2022	\$ 3,300,000

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

A. Safety Report: President and CEO Wadsworth, Vice President and COO Bowerfind and Vice President Noel reviewed the contents of the January 31, 2018, 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. [09:57]

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. A short break was taken. [10:28 to 10:32]. President and CEO Wadsworth continued with his verbal update after the break [10:35]

Vice President and CFO Wright gave a verbal update to her written presentation that had been sent to the Board prior to the meeting. [10:38]

Vice President and COO Bowerfind gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [10:45]

Vice President Noel gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [10:57]

Vice President White gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [10:59]

Upon motion duly made, seconded and unanimously carried the staff reports were accepted. [10:59]

C. Financial Report: Vice President and CFO Wright gave a verbal and PowerPoint® report on various financial matters for January 2018. Upon motion duly made, seconded and unanimously carried the report was accepted. [11:07]

D. A/C Load Control: Vice President White presented information on A/C load control for the Association. [11:42] A break for lunch was taken. [11:42-12:17]

Agenda Item 8—Attorney Report: Attorney Westbrook had no report. [12:17]

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. [12:20]

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. [12:35]

C. CREA Report: Vice Chair Anderson with the assistance of President and CEO Wadsworth reported on CREA matters. A written report on CREA had been distributed prior to the meeting. [12:37]

D. Discuss CREA Annual Meeting: CREA's Annual Meeting was held February 10 – 13 in Denver at the Brown Palace Hotel. A review and discussion of the meeting occurred. [12:47]

E. Audit Committee: Directors on the Audit Committee of the Board [Anderson, Peterson, Sutherland, and Johnson] gave a report on the meeting held with the auditor that occurred on February 8, 2018. [12:52]

F. Form 990 Board Questionnaire: Vice President and CFO Wright presented the questionnaire from the Association's auditor that precedes the completion of the IRS Form 990 for the Association. The questionnaire had been sent to the Board prior to the meeting. Each Board member filled out the form. [12:55]

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. [12:56] Staff members left the room.

Agenda Item 11—Review Upcoming Events/Meeting Dates:

- A. NRECA Annual Meeting on February 25-28 in Nashville, TN.
- B. PVREA Board Meeting March 23, 2018.
- C. NRECA Directors Conference on March 25-28 in Las Vegas, NV.
- D. Tri-State Annual Meeting on April 4 to 5 in Denver.
- E. PVREA Annual Meeting April 7, 2018.
- F. NRECA Legislative Conference on April 8-11 in Washington, D.C.

Agenda Item 12 – Consideration of Delegate Designations: Upon motion duly made, seconded and carried, the following delegate and alternate designations were approved:

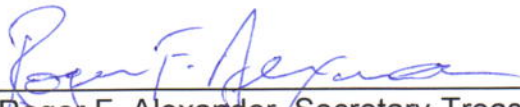
Meeting	Delegate	Alternate
Tri-State Generation and Transmission Association Annual Member Meeting	Johnson	Anderson

[13:03]

Agenda Item 13—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. [13:05]

Agenda Item 14—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 employee matters and 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. [13:31]

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. The next regular Board meeting will be held on **March 23, 2018**. [13:31]


 Roger F. Alexander, Secretary-Treasurer

ATTEST:


 Rickey D. Johnson, Chair

NOTE: The 2018 Board meeting dates have been set as follows: March 23, 2018, April 7 reorganization meeting after the Annual Meeting, April 24, 2018, May 29, 2018, [Scholarship Dinner June 6], June 26, 2018, July 31, 2018, August 28, 2018, [Board Strategic Planning and Tour September 12], September 21, 2018, October 26, 2018, November 27, 2018, and December 20, 2018.

The 2018 Annual Meeting of Members is Saturday, April 7, 2018, at the Embassy Suites in Loveland.