

RECORD OF MINUTES

Colorado 31 Larimer

Poudre Valley Rural Electric Association, Inc.

September 19, 2018

Chair Steven D. Anderson called the meeting to order at 9:00 a.m. in the Board Room. Seven of the directors were present in person, being Steven D. Anderson, Rickey D. Johnson, James F. Fender, Bryan D. Ehrlich, Thaine J. Michie, Jan K. Peterson, Jack R. Schneider; and Ronald G. Sutherland was 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 General Legal Counsel Michael A. Westbrook. Don Morris and Steve Szabo were also present.

Agenda Item 1—Call the Meeting to Order: Chair Anderson called the September 19, 2018, Board meeting to order.

Agenda Item 2—Pledge of Allegiance: Director Ehrlich led the pledge of allegiance to the flag. [09:01]

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

Agenda Item 4—Public Participation: Chair Anderson asked for comment from the public. Comments were made by Mr. Morris regarding the appointment of directors. [09:04] Comments were made by Mr. Szabo regarding Platte River Power Authority and Tri State. [09:09]

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 August 28, 2018.
- B. Minutes of the Board Meeting on September 12, 2018.
- C. Estate capital credits discounted payment for August 2018 in the total amount of: \$ -0-. [9:10]

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

- D. Resolution of Action by Tri-State:

Unanimous Resolution of the Board of Directors of Poudre Valley Rural Electric Association, Inc. September 19, 2018

WHEREAS, Poudre Valley stalwartly believes in the Cooperative business model and in our partnership with Tri-State.

WHEREAS, Poudre Valley has a vested interest in Tri-State to be successful both financially and operationally.

WHEREAS, Poudre Valley helped form Tri-State with a goal to have Poudre Valley's members receive continued long-term access to reliable and affordable electric service at the lowest cost.

WHEREAS, the missions of Tri-State and Poudre Valley are to serve members with reliable and affordable electric service at the lowest cost.

WHEREAS, Poudre Valley is aware of the significant impact that government regulations impose on our Cooperative business model.

WHEREAS, Poudre Valley is aware of efforts by third parties to modify current legislation and regulations that would mandate changes in Tri-State's current generation resources, corporate structure, operations and member services.

WHEREAS, Poudre Valley is aware of a report from the Rocky Mountain Institute, which provides that Tri-State has the potential to allow its members to achieve significant savings by adjusting Tri-State's generation fuel mix.

WHEREAS, the cost of new generation and market conditions have decreased rapidly in the past several years primarily due to changes in technology and changes in the market for sales and purchases of electric power.

WHEREAS, large vertically integrated electric utilities have shifted capital expenditures away from construction and costly regulatory compliance requirements of traditionally powered generation plants into alternative energy powered plants as well as into grid modernization.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF POUFRE VALLEY RURAL ELECTRIC ASSOCIATION, INC, as result of these proclamations, in support of both entities continued success and acting in good faith as a member-owner of Tri-State, that:

1. Poudre Valley requests Tri-State to work expeditiously in a transparent process to determine if significant cost savings are achievable by adjusting Tri-State's fuel mix and provide the findings to Tri-State's members by the end of calendar year 2018. Due to current market pricing and cost of capital conditions, any delay in taking action may not allow Tri-State and Tri-State's members to benefit from this current environment.

2. Poudre Valley urges Tri-State to consider future legislative, regulatory and litigation risks, as well as opportunities when conducting their resource planning.

3. Poudre Valley requests Tri-State to review alternative electric service contract arrangements and to ensure any arrangement will not have an adverse impact on Tri-State or Tri-State members.

4. Poudre Valley requests Tri-State to develop policies that work on providing member-side electric supply resources, so Poudre Valley can actively participate with retail members who opt to move to such resources. Further, Poudre Valley encourages Tri-State to consider partnering with their member systems on these opportunities to proactively adjust to changes within the industry.

5. Poudre Valley is willing to provide resources and time in order for our specific requests to be acted upon.

[09:21]

Agenda Item 6—Appointment of Weld County Director Position W-1: This agenda item was moved to later in the meeting.

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

A. Safety Report: President and CEO Wadsworth reviewed the contents of the August 30, 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. [09:40]

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. [09:59]

Vice President and CFO Wright gave a verbal update to her written presentation that had been sent to the Board prior to the meeting. [10:02] A short break was taken. [10:11]

Vice President and COO Bowerfind gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [10:24]

Vice President Noel gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [10:25]

President and CEO Wadsworth gave a verbal update to Vice President White's 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]

Agenda Item 6 [continued]—Appointment of Weld County Director Position W-1: As a result of the resignation of Georglyn Diehl as a member of the Board of Directors of the Association effective on September 19, 2018, the Board engaged in an open and transparent process to solicit replacement candidates for the Director Position W-1. The Board considered all the applicants and conducted personal interviews with each qualified applicant. Upon motion duly made, seconded and carried, Peter Hyland was appointed as the replacement for the vacancy in Board Position W-1 that will continue from now until the end of the term of such position as provided in the Bylaws of the Association. [10:34]

C. Financial Report: President and CEO Wadsworth gave a brief verbal report on financial matters for August 2018. [10:37]

D. Financial Forecast. Vice President and CFO Wright, with comments by President and CEO Wadsworth, gave the financial forecast for 2019 that had been sent to the Board prior to the meeting. [10:58]

- E. Overview of Underground Distribution.** Vice President and COO Bowerfind gave a verbal explanation to his written presentation about underground distribution systems that had been sent to the Board prior to the meeting. [11:48] A break for lunch was taken. [11:48-12:25]

Agenda Item 8—Attorney Report: Attorney Westbrook reported on Colorado Department of Transportation matters related to the Association and the I-25 expansion. [12:27]

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. [12:30]
- B. Tri-State Report:** Director Michie and President and CEO Wadsworth reported on Tri-State matters. A written report on Tri-State had been distributed prior to the meeting. [12:50]
- C. CREA Report:** Director Schneider and President and CEO Wadsworth reported on CREA matters. A written report on CREA had been distributed prior to the meeting. [12:58] Mr. Szabo, Mr. Morris and staff members left the Board room.
- D. Director Emeritus.** After discussion, upon motion duly made, seconded and unanimously carried, former director Georglyn Diehl was designated as a Director Emeritus under the bylaws and board policy of the Association. [13:03]

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

- A. Member Correspondence and General Correspondence.** Various correspondence was sent to the Board prior to the meeting. [13:04]
- B. Other.** None. [13:04]

Agenda Item 11—Review Upcoming Events/Meeting Dates:

- A. NRECA Region 7/9 Meeting** on September 25 to 27 in Anchorage, Alaska.
- B. Distributed Energy Conference** on October 15 to 17 in Denver Marriott West, Golden, Colorado.
- C. PVREA Board Meeting **October 23**, 2018. [NOTE: change in date.]**
- D. CREA Fall Meeting** on October 27 to 30 in Denver at the Westin Downtown.
- E. Basin Electric Annual Meeting** on November 6 to 8 in Bismarck, ND.
- F. Mid-West Electric Consumers Association** on December 10-13 in Denver. [13:06]


Agenda Item 12—Consideration of Delegate Designations:

- A. Mid-West Electric Meeting.** Upon motion duly made, seconded and unanimously carried, Director Fender was designated as delegate and Director Sutherland was designated as alternate to the Mid-West Electric annual meeting. [13:07]

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. [13:10] Director Michie left the Board room.

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 Board 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. A motion was made to exit the executive session and it was seconded and unanimously carried. [13:32]

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 **October 23, 2018**. [13:32]



James F. Fender, Secretary

ATTEST:



Steven D. Anderson, Chair

NOTE: The 2018 Board meeting dates have been set as follows: **October 23, 2018**, November 27, 2018, and December 20, 2018.

The 2019 Annual Meeting of Members is Saturday, April 6, 2019, at the Embassy Suites in Loveland.