

# RECORD OF MINUTES

Colorado 31 Larimer

Poudre Valley Rural Electric Association, Inc.

February 26, 2019

Chair Steven D. Anderson called the meeting to order at 9:00 a.m. in the Board Room. Eight of the nine directors were present in person, being Steven D. Anderson, Rickey D. Johnson, James F. Fender, Bryan D. Ehrlich, Peter C. Hyland, Jan K. Peterson, Jack R. Schneider and Ronald G. Sutherland; and Thaine J. Michie was absent (delayed). 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 Randolph W. Starr and Michael A. Westbrook. Steve Szabo was present.

**Agenda Item 1—Call the Meeting to Order:** Chair Anderson called the February 26, 2019, Board meeting to order.

**Agenda Item 2—Pledge of Allegiance:** Director Schneider 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 Anderson asked for comment from the public. Mr. Szabo made brief comments regarding Tri-State. Chair Anderson responded to questions by Mr. Szabo. [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 January 29, 2019.

B. Estate capital credits discounted payment for January 2019 in the total amount of: \$ 49,392.84.

Item C was removed from the consent agenda and considered separately.

**Agenda Item 6—Staff Reports / Presentations:** Staff reports were presented as follows:

A. **Safety Report:** President and CEO Wadsworth reviewed the contents of the January 30, 2019, safety report in detail with input from by Mr. Bowerfind. 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. [09:16]

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. During the presentation Director Michie entered the board room. [09:32] Vice President and CFO Wright gave a verbal update to her written presentation that had been sent to the Board prior to the meeting. She discussed the EBR program. After the presentation by Vice President and CFO Wright, with comments by President and CEO Wadsworth and questions by Board members, upon motion duly made, seconded and unanimously carried, the following resolution was adopted:

**BOARD RESOLUTION**

**POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC.**

**WHEREAS**, POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. (the "Cooperative") is a participating employer in the Retirement Security and/or 401(k) Pension Plan(s) sponsored by the National Rural Electric Cooperative Association (NRECA) (the "Qualified Pension Plans"); and

**WHEREAS**, the Board desires to adopt the Executive Benefit Restoration Plan (the "EBR") for those of its key management and highly compensated employees whose benefits under the Qualified Pension Plan(s) are restricted because of maximum limits on benefits or compensation that may be provided by the Qualified Pension Plan(s);

**NOW, THEREFORE, IT IS HEREBY RESOLVED**, that the EBR is adopted in the form presented to be effective March 26, 2019; and

**BE IT FURTHER RESOLVED**, that the Cooperative is the named Plan Administrator as described in the Employee Retirement Income Security Act of 1974 ("ERISA"); and

**BE IT FURTHER RESOLVED**, that the officers of the Cooperative are authorized to execute any documents necessary to adopt this Plan; and

**BE IT FURTHER RESOLVED**, that the officers of the Cooperative are authorized to begin the investment of assets in Homestead Funds; and

**BE IT FURTHER RESOLVED**, that the President and Chief Executive Officer of the Cooperative is hereby authorized to add or subtract participants from the EBR; provided, however, that a President and Chief Executive Officer hired by the Cooperative may only be added to the EBR by action of the Board of Directors of the Cooperative.

Vice President and CFO Wright continued with her verbal update [09:48]

Vice President and COO Bowerfind gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [10:00]

Vice President Noel gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [10:03]

Vice President White gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. After discussion, upon motion duly made, seconded and unanimously carried the Apogee Interactive engagement tools program was approved for addition to the budget for this year. [10:08]

- C. Upon motion duly made, seconded and unanimously carried the staff reports were accepted. [10:08]

A short break was taken. [10:08 to 10:19]

**Agenda Item 5—Items for Review and Consideration of Approval (continued):** Resolution to Improve Wholesale Electric Power Costs. The Board discussed the

proposed resolution regarding wholesale power costs. Lengthy discussion ensued about the resolution. Upon motion duly made, seconded and carried by a unanimous vote with Director Michie abstaining, the following resolution was adopted and approved by the Board:

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RESOLUTION OF  
THE BOARD OF DIRECTORS OF POUDDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC.  
IMPROVE WHOLESALE ELECTRIC POWER COSTS TO THE MEMBERS  
OF  
TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.  
FEBRUARY 26, 2019

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**WHEREAS**, Tri-State Generation and Transmission Association, Inc. [“Tri-State”] was formed by its members to, among other goals, provide affordable and reliable power to its members across a four-state service territory, and

**WHEREAS**, Tri-State operates under the cooperative business model of ownership and control, and this joint effort has been an effective way to serve the members of Tri-State, and

**WHEREAS**, market economics and political environments have always affected the electric utility industry, and

**WHEREAS**, governmental directives that increase renewable energy portfolio standards, market changes that lower natural gas prices, and improvement in technology for distributed electric generation resources have changed the competitive pressure for Tri-State’s members, as retail distribution cooperatives, strive to meet their respective members’ expectations, and

**WHEREAS**, retail and wholesale electric cooperatives are not immune to competitive pressures or political agendas, and

**WHEREAS**, the cooperative member service-based model of provision of electric and other services is sustainable in the current marketplace but the services must remain competitive, and

**WHEREAS**, over the last ten years, wholesale electric power costs imposed in the rate to members from Tri-State have increased by fifteen percent, and over the last twelve years, electric power costs imposed in the rate to members from Tri-State have increased in excess of thirty percent, and

**WHEREAS**, with the changing market conditions, it is imperative for Tri-State to take steps that result in a decrease in power costs to its members in order to address market conditions, and

**WHEREAS**, attracting and retaining loads that are and will be served by Tri-State’s members requires competitive power costs from Tri-State, and

**WHEREAS**, a financially strong Tri-State will bring value to all of its members, and actions by Tri-State to lower its costs to its members will validate the cooperative model’s success;

**NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF POUDDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC.**, as a result of these proclamations, in support of our members, urge Tri-State to implement a long-term financial forecast and budget starting in 2020 that projects declining power costs and moves Tri-State to the competitive marketplace.

[10:42]

**Agenda Item 6—Staff Reports / Presentations: (continued)**

**D. Financial Report:** Vice President and CFO Wright with the assistance of President and CEO Wadsworth gave a brief verbal report on financial matters for January 2019. Upon motion duly made, seconded and unanimously carried the financial report was accepted. [10:54]

**E. Building Efficiency Update:** Vice President Noel gave an update on the status of the headquarter building efficiency that had been sent to the Board prior to the meeting. [11:04]

**Agenda Item 7—Attorney Report:** Attorney Starr reported on the status of the DMEA v. TSGT complaint at the Colorado Public Utilities Commission and the TSGT v. DMEA court action in Adams County. [11:08]

**Agenda Item 8—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. [11:09]
- 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. [11:31]
- C. CREA Report:** President and CEO Wadsworth reported on CREA matters. A written report on CREA had been distributed prior to the meeting. [11:41]
- D. Discuss Tri-State Member Resource Planning Meeting:** President and CEO Wadsworth, along with and Directors Fender, Johnson, Peterson and Sutherland along with staff discussed the Tri-State Member Resource Planning Meeting. [12:00]  
A break for lunch was taken. Mr. Szabo left the Board room. [12:00-12:34]
- E. Discuss CREA Annual Meeting:** Directors who attended the CREA Annual Meeting on February 9-12, 2019, reported on the meeting. [12:37]
- F. Discuss NRECA Director Conference:** Director Michie attended the NRECA Director Conference on February 9-12, 2019, and he reported on the meeting. Discussion about the annual member meeting ensued. [13:09]
- G. Form 990 Board Questionnaire:** Vice President Wright discussed the questionnaire prepared for the auditor and answered questions from Board members for the preparation of the annual Form 990. [13:20]

**Agenda Item 9—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. Lengthy discussion ensued about one item of correspondence. Staff members left the room. [13:31]
- B. Other.** [13:31]

**Agenda Item 10—Review Upcoming Events/Meeting Dates:**

- A. Tri-State Special Member Meeting on bylaw changes March 6, 2019 [PVREA Board tour cancelled].**
- B. NRECA Annual Meeting March 10-13, 2019 in Orlando.**
- C. PVREA Board Meeting March 26, 2019.**
- D. Tri-State Annual Meeting April 3-4, 2019 in Broomfield at the Omni Hotel.**
- E. PVREA Annual Meeting April 6, 2019, at The Embassy Suites in Loveland.**
- F. NRECA Legislative Conference April 28-30, 2019, in Washington, D.C.**
- G. PVREA Board Territory Tour June 12, 2019.**
- H. PVREA Board Strategic Planning & Territory Tour September 11, 2019.**
- I. NRECA Region 7 & 9 Meeting September 24-26, 2019, in Spokane.**
- J. CREA Semi-annual Meeting and Energy Innovations October 26-30, 2019, Denver.** [13:38]

**Agenda Item 11—Consideration of Delegate Designations:** Upon motion duly made, seconded and unanimously carried, the delegates and alternates set forth were approved. [13:40] Discussion about a survey ensued. Upon motion duly made, second-

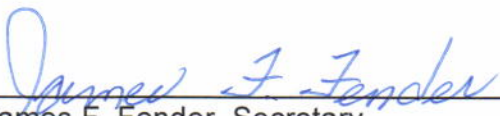
ed and carried by a majority vote, staff will investigate the parameters of a member survey. [13:43]

Meeting	Delegate	Alternate
Tri-State Generation and Transmission Association Special Member Meeting on March 6	Anderson	Hyland
Tri-State Generation and Transmission Association Annual Member Meeting	Anderson	Johnson

**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. [13:46]

**Agenda Item 13—Executive Session if Needed:** None. [13:47]

**Agenda Item 14—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 26, 2019**. [13:47]

  
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 James F. Fender, Secretary

ATTEST:

  
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 Steven D. Anderson, Chair

NOTE: The 2019 Board meeting dates have been set as follows: March 26, 2019, April 6 reorganization meeting after the Annual Meeting, April 23, 2019, May 28, 2019, [Scholarship Dinner June 5], June 25, 2019, July 30, 2019, August 27, 2019, [Board Strategic Planning and Tour September 11], September 23, 2019, October 24, 2019, November 21, 2019, and December 19, 2019.

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