

RECORD OF MINUTES

Colorado 31 Larimer

Poudre Valley Rural Electric Association, Inc.

March 23, 2018

Chair Rickey D. Johnson called the meeting to order at 8:58 a.m. in the Board Room. Eight of the directors were present in person, being Rickey D. Johnson, James F. Fender, Steven D. Anderson, Ronald G. Sutherland, Roger F. Alexander, Jan K. Peterson, Georglyn L. Diehl, and Jack R. Schneider; and Thaine J. Michie 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 Vice President of Member Relations David White; and General Legal Counsel Randolph W. Starr and Michael A. Westbrook. Mr. Szabo was in attendance.

Agenda Item 1—Call the Meeting to Order: Chair Johnson called the March 23, 2018, Board meeting to order.

Agenda Item 5—2017 Audit Report Presentation—Kevin Kelso, CPA: At this time Mr. Kevin Kelso, CPA, of Kevin Kelso, P.C., P.A. was called by speaker phone into the Board room and he gave an oral report to the Board about the 2017 financial audit conducted by him for the Association. A copy of the audit report was provided to the Board prior to the meeting. Questions about the report were asked by board members and CEO Wadsworth. Upon motion duly made, seconded and unanimously carried the audit was accepted. [09:33]

Agenda Item 2—Pledge of Allegiance: Attorney Starr led the pledge of allegiance to the flag. [09:34]

Agenda Item 3—Additions to Agenda: Additional subject matters were added to the agenda. None. [09:34]

Agenda Item 4—Public Participation: Chair Johnson asked for comment from the public. Short comments were made by Mr. Szabo related to EVs and Tri-State. [09:46]

Agenda Item 6—Items for Review and Consideration of Approval: Upon motion duly made, seconded and unanimously carried, the following matters [A through D] were adopted and approved by the Board:

A. Minutes of the Board Meeting on February 21, 2018.

B. Estate capital credits discounted payment for February 2018 in the total amount of: \$ 2,007.59.

C. Accounts listed on the attached sheet (December 2017) in the total amount of \$ 792.70 were declared as uncollectible and will be deducted from the accounts receivable of the Association in accordance with Board policy.

D. Allocation of 2017 Capital Credits. Capital Credit Allocation-PVREA* \$4,358,138; Capital Credit Allocation-G&T \$4,956,191; Capital Credit Allocation-Total \$ 9,314,329; *Includes \$2.5M 2017 revenue deferral.

E. NRECA 401k Plan Restatement. The following item was separately discussed by Mr. Wadsworth and after the presentation and questions by Board members, the following two resolutions were, upon motion duly made, seconded and unanimously carried, passed:

BOARD RESOLUTION
2018 - #002
RESOLUTION OF THE BOARD OF DIRECTORS
AUTHORIZING THE AMENDMENT OF
THE SAFE HARBOR 401(K) PROVISIONS UNDER THE
NRECA 401(K) PENSION PLAN FOR
POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC.
RUS# 06031-001 and 06031-005

WHEREAS, Poudre Valley Rural Electric Association, Inc. is participating in the NRECA-sponsored defined contribution plan, the 401(k) Pension Plan ("401(k) Plan"), and;

WHEREAS, the Board of Directors of Poudre Valley Rural Electric Association, Inc. ("the Board") now desires to amend this plan pursuant to Section 18.2 of the 401(k) Pension Plan document, and does hereby authorize the amendment effective January 1, 2019, by executing the appropriate Adoption Agreements;

WHEREAS, Poudre Valley Rural Electric Association, Inc. and its Board have been informed of the safe harbor requirements through communications from NRECA, and after review and study of such communications, the Board has decided to adopt the necessary amendments to meet the safe harbor requirements under 401(k) (12) to cover nonunion employees under 06031-001 and;

THEREFORE, BE IT RESOLVED, that effective the amendment date, the 401(k) Plan shall be divided and a new subgroup created, 06031-005. Employees represented by IBEW Local #111 shall be transferred to 06031-005 effective the amendment date or as soon as administratively feasible.

BE IT FURTHER RESOLVED, the amendment to the 401(k) Plan is as follows:

06031-001

- Employees of the Participating System not covered by a collective bargaining agreement shall be eligible to participate in the Plan.
- Employees covered by a collective bargaining agreement between the Participating System and IBEW Local #111 shall be excluded from the Plan.
- For purposes of making Employee and Employer Contributions, an Employee shall become a Participant in the Plan on the first day of the month coincident with or next following the date on which the Employee completes three Full Months of Employment, or if earlier, a Year of Eligibility Service, and attains Age 21.

- Compensation on which Employee and Employer Contributions are based shall be the Participant's Full Salary as defined under Paragraph 2.8 of the Plan.
- The Safe Harbor Employer Base Contribution shall be 3%.
- The Employer Matching Contribution shall be 100% of Employee Elective Contributions from 0% to 3% of the Participant's Compensation.
- After-tax Voluntary Employee Contributions shall be permitted.
- In-service Withdrawals following Normal Retirement Date and age 59 ½ shall be permitted.
- In-service Withdrawals upon Financial Hardship of the Participant shall be permitted.
- 401(k) Plan Nondiscrimination Testing will be performed using the Current Year testing method.
- All other provisions shall remain the same.

06031-005

- Employees covered by a collective bargaining agreement between the Participating System and IBEW Local #111 shall be eligible to participate in the Plan.
- Employees of the Participating System not covered by a collective bargaining agreement shall be excluded from the Plan.
- The Employer Matching Contribution shall be 100% of Employee Elective Contributions from 0% to 3% of the Participant's Compensation.
- All other provisions of the 401(k) Plan for 06031-005 shall mirror the 401(k) Plan provisions under 06031-001 in effect as of December 31, 2018.

BE IT FURTHER RESOLVED, that a notice describing the employee's rights and obligations under safe harbor will be distributed to all eligible employees within a reasonable time period before the beginning of the plan year for qualification under the 401(k) Plan safe harbor provision in IRC 401(k) (12).

BE IT FURTHER RESOLVED, that the Board does hereby authorize and direct President & CEO, Jeffrey Wadsworth, to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in this resolution.

**BOARD RESOLUTION 2018 - #003
RESOLUTION OF THE BOARD OF DIRECTORS AUTHORIZING THE AMENDMENT OF THE NRECA
RETIREMENT SECURITY PLAN FOR
POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC.
RUS# 06031-001 and 06031-005**

WHEREAS, Poudre Valley Rural Electric Association, Inc. ("Poudre Valley REA") is participating in the NRECA defined benefit plan, the Retirement Security Plan (the "RS Plan"), and;

WHEREAS, the Board of Directors of Poudre Valley REA ("the Board") now desires to amend the RS Plan pursuant to Section 18.02 of the Retirement Security Plan document and does hereby authorize the amendments effective January 1, 2019, by executing the appropriate Adoption Agreements, and;

BE IT RESOLVED, that effective the amendment date, the Poudre Valley REA RS Plan shall be divided and a new subgroup created, 06031-005. The RS Plan for 06031-001 shall mirror the RS Plan provisions in effect as of December 31, 2018, except for the eligible class of employees. The eligible class of employees shall be updated to reflect 'Employees not covered by a collective

bargaining agreement'. All other RS Plan provisions shall remain unchanged.

BE IT FURTHER RESOLVED, that Employees represented by IBEW Local #111 shall be transferred to 06031- 005 effective the amendment date or as soon as administratively feasible. The RS Plan for 06031-005 shall mirror the RS Plan provisions under 06031-001 in effect as of December 31, 2018, except for the eligible class of employees. The eligible class of employees shall be updated to reflect 'Employees covered by a collective bargaining agreement between the Participating System and IBEW Local #111'. All other RS Plan provisions shall remain unchanged.

BE IT FURTHER RESOLVED, that the Board does hereby authorize and direct the President & CEO, Jeffrey Wadsworth, to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in this resolution.

[9:58] A break was taken. [10:06]

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 February 28, 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. [10:22]

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. [10:41]

Vice President and CFO Wright gave a verbal update to her written presentation that had been sent to the Board prior to the meeting. [10:43]

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. [10:46]

Vice President White gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [10:49]

Upon motion duly made, seconded and unanimously carried the staff reports were accepted. [11:00]

C. Financial Report: Vice President and CFO Wright gave a verbal and PowerPoint® report on various financial matters for February 2018. Upon motion duly made, seconded and unanimously carried the report was accepted. [11:06]

D. Cyber Update: Vice President Noel presented visual and verbal information on cyber security for the Association. [11:26]

E. Website Refresh: Vice President White presented information on revisions to the website of the Association. [11:41]

Agenda Item 8—Attorney Report: Attorneys Starr and Westbrook had no report. [11:41]

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. [11:45]

B. Tri-State Report: President and CEO Wadsworth reported on Tri-State matters. A written report on Tri-State had been distributed prior to the meeting. Mr. James Park entered the room. [11:53]

C. CREA Report: President and CEO Wadsworth reported on CREA matters. A written report on CREA had been distributed prior to the meeting. [11:56] A break for lunch was taken. Mr. Szabo left the meeting. [11:56-12:36]

Agenda Item 10—Presentation on Park Hydro by James Park: Mr. James Park gave a verbal and visual presentation about the low head hydro facility that is interconnected to the Association's system on his farm east of Kersey. [13:22] Mr. Park and Director Sutherland left the Board meeting.

Agenda Item 9—Director Reports / Items [continued]:

D. Discuss NRECA Annual Meeting: NRECA's Annual Meeting was held February 25-28 in Nashville. A review and discussion of the meeting occurred by those who attended. [13:34]

Agenda Item 11—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. [13:34]Staff members left the room.
- B. Other. Agenda for reorganization meeting.**


Agenda Item 12—Review Upcoming Events/Meeting Dates:

- A. NRECA Directors Conference on March 25-28 in Las Vegas, NV.**
- B. Tri-State Annual Meeting on April 4 to 5 in Denver.**
- C. PVREA Annual Meeting April 7, 2018.**
- D. NRECA Legislative Conference on April 8-11 in Washington, D.C.**
- E. PVREA Board Meeting April 24, 2018. [13:37]**

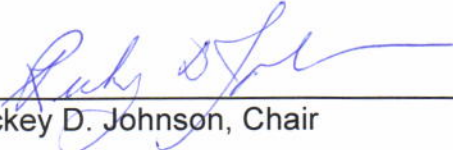
Agenda Item 13—Consider Board, Attorney and President~CEO's Expenses: Each of the Board members, legal counsel and the President and CEO reported on the contents of their respective expense billing sheets as reported. Upon motion duly made, seconded and unanimously carried, the director, President and CEO and legal expense reports were approved. [13:39]

Agenda Item 14—Executive Session if Needed: None.

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. There will be a reorganization Board meeting after the annual meeting of members on April 7, 2018. The next regular Board meeting will be held on **April 24, 2018**. [13:39]


James F. Fender, Secretary

ATTEST:


Rickey D. Johnson, Chair

NOTE: The 2018 Board meeting dates have been set as follows: 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.