

**MINUTES OF MEETING
Board of Directors
January 29, 2019**

The regular Board of Director's Meeting of San Luis Valley Rural Electric Cooperative, Inc. was held on Tuesday, January 29, 2019, at the headquarters office located in Monte Vista, Colorado. Directors present were Cole Wakasugi, (president), Carol Lee Dugan (vice-president) arrived at 9:54 a.m., Scott Wolfe (secretary), Stephen Valdez, Kip Nagy, Mike Rierson, and Keenan Anderson. Also, present were Gregg Kampf (corporate attorney) and the following staff: Loren Howard (chief executive officer), JoAn Waudby (chief financial officer/corporate treasurer), Monroe Johnson (chief technology officer), arrived at 10:00 a.m., Terry Daley (engineering manager), Stacy Valdez (manager of customer service and billing), Carol Silva (human resources specialist), Andrea Oaks-Jaramillo (marketing/economic development coordinator) and Michelle Trujillo (human resources officer/assistant corporate secretary).

Call to Order

Cole Wakasugi called the meeting to order at 9:30 a.m.

The Pledge of Allegiance

Cole Wakasugi led the Pledge of Allegiance.

Welcome of Guest(s)

Cleave Simpson of the Rio Grande Water Conservation District (RGWCD) was introduced.

Member Communication

Mail was circulated among the board members.

Approval of Agenda

Motion to amend the agenda to include a presentation by Cleave Simpson was approved unanimously by those present.

Simpson presented up-to-date information on the Valley's water situation in several subdistricts and potential impacts on irrigation for the upcoming years.

Break: 10:40 a.m.

Reconvene: 10:55 a.m.

Corporate Review

Loren Howard reviewed the submitted department and financial summary reports.

Approval of Minutes

Motion to approve the November minutes was approved unanimously by those present.

Approval of Amend the NRECA 125 Cafeteria Flex Spending Plan

Motion to approve the Resolution to Amend the 125 Cafeteria Flex Spending Plan was approved unanimously by those present.

WHEREAS, San Luis Valley Rural Electric Cooperative, Inc. (the "Employer") sponsors the 125 Plan, which is a cafeteria plan under Section 125 of the Internal Revenue Code of 1986, as amended ("Code") that provides one or more of the following benefits; a premium-only plan that allows employees to pay for insurance premiums on a pre-tax basis, a health flexible spending account under Section 105 of the code (the "Health FSA"), a dependent care assistance program under Section 129 of the code, a limited-use health flexible spending account under Section 105 of the Code (the "Limited-Use Health FSA"), a cash benefit option that allows employees to receive cash in lieu of health benefits, and/or a health savings account benefit that allows employees to fund HAS contributions on a re-tax basis;

WHEREAS, the 125 Plan is administered by Cooperative Benefit Administrators, Inc. ("CBA"), a subsidiary of the National Rural Electric Cooperative Association ("NRECA");

WHEREAS, the terms of the 125 Plan, as amended, provide that a participant in the Health FSA and/or Limited-Use Health FSA may only contribute up to \$2,550 ("Participant Contribution Limits"), as provided by the Patient Protection and Affordable Care Act and as announced by the Internal Revenue Service ("IRS") on October 30, 2014 (IR-2014-104);

WHEREAS, The IRS announced on November 7, 2016 (IRB-2016-45) that the Participant Contribution Limit would be adjusted for inflation and the 125 Plan sponsors may increase the Participant Contribution Limit to \$2,650 effective as of January 1, 2019; and

NOW, THEREFORE, BE IT RESOLVED, that the officers of the Employer are authorized to adopt this amendment to the 125 Plan, in the form attached hereto, to increase the Participant Contribution Limit, Effective as of January 1, 2019.

IN WITNESS WHEREOF, the Employer has caused the 125 Plan to be amended by approval of the Board of Directors and signed by the duly authorized officer.

Approval of 2019 Electric Rate Tariffs

Motion to approve the 2019 Electric Rate Tariffs was approved unanimously by those present.

Approval of 2019 Schedule RI – Residential Internet Rate Tariff

Motion to approve the 2019 Schedule RI – Residential Internet rate tariff was approved unanimously by those present.

Approval of 2018 Write-offs

Motion to approve the 2018 Write-offs in the amount of \$37,140.67 was approved unanimously by those present.

Operating Statistics & Financial Review

Loren Howard reviewed the submitted statistical graphs and financial detail. Further, Howard discussed the use of a drone contractor to fly the line for inspection from the Waverly Substation to the San Acacio Substation and then from Highland Substation to Creede Substation. We have a goal to get several operations personnel licensed to fly our company owned drone for line inspection purposes.

Safety Report

The submitted report was reviewed and discussed. (Copy attached hereto and made a part hereof.)

Acceptance of Safety Report

Motion to accept the safety report was approved unanimously by those present.

Agreements for Purchase of Power

The Agreements for Purchase of Power were reviewed and discussed.

Lunch: 11:52 a.m.

Reconvene: 12:40 p.m.

Ciello Report:

Loren Howard reviewed and discussed the submitted report and further mentioned that the upgrade in Denver last month went very well with no service interruptions for our fiber customers.

ATTORNEY'S REPORT

Corporate Attorney - Gregg Kampf

Kampf reviewed his submitted report and provided an update in the DMEA complaint against Tri-State.

BOARD COMMITTEE REPORTS:

Colorado Rural Electric Association – K. Cole Wakasugi

Wakasugi reported on current legislation CREA is working on that has potential impact on the energy industry for Colorado Cooperatives. He encouraged the board members to reach out to local legislators to help them understand the cooperative position and possible impacts to our customers.

Western United – K. Cole Wakasugi

Wakasugi reviewed the submitted report and further discussed a possible strategic opportunity to expand into Montana with the testing program only.

Tri-State – Scott Wolfe

Wolfe reviewed the submitted report and stated they had a 2-day strategic planning session to consider a bylaw amendment to allow for multiple classes of membership rather than the existing uniform Class A rate full requirements contract. A contract committee will be formed to consider details of this full versus partial requirements contract matter. He briefly discussed the DMEA complaint against Tri-State and the board's process for a CEO search.

Unfinished Business

None

New Business

None

Future Dates

The CREA Annual Meeting is scheduled for February 10-12, 2019 in Denver.
The next regularly scheduled board meeting is February 26, 2019 at 9:30 a.m.
The NRECA annual meeting will be held in Orlando, FL in March 7-13, 2019.

Board Comments:

Discussion was held regarding whether or not it was possible to put a link on our website over to the RGWCD website as a quick reference to current water situations. It was decided that we will not put a link to the RGWCD to avoid confusion with our members and additional calls into our customer service department.

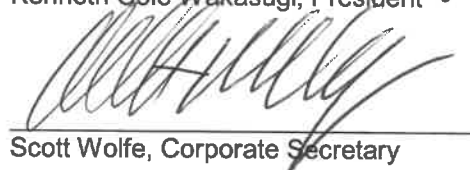
A member brought up a concern with the PG&E bankruptcy due to fires in California and how SLVREC could mitigate some of these concerns. Loren Howard explained some of the things SLVREC is currently working on in this area of concern.

Motion to Adjourn

Motion to adjourn the regular meeting at 2:19 p.m. was approved unanimously by those present.

SEAL


Kenneth Cole Wakasugi, President


Scott Wolfe, Corporate Secretary


Michelle Trujillo, Recording Secretary