

**Yampa Valley Electric Association, Inc.**  
Conclusion of Recessed Regular Meeting of the Board of Directors from Prior Month  
and Regular Meeting of Board of Directors  
Thursday, November 20th, 2014  
32 Tenth Street  
Steamboat Springs, Colorado

The Board of Directors convened at 32 Tenth Street, Steamboat Springs, Colorado, at 1:00 p.m. for its regular board meeting.

**1. Call to Order**

Upon calling roll, it was reported that the following Directors were present: Dean Brosious, Mike Brinks, Larry Ellgen, Frank Roitsch, Russell Garrity, Pat McClelland, Glynda Sheehan, Tom Fox, and Scott McGill. Also present were General Manager, Diane Johnson; COO, Steve Johnson; Interim CFO, Frank Skube; HR Manager, Randi Owens; Supervisors, Kathy Bertrand and Ed Pierce; Marketing Coordinator, Tammi McKenzie; and YVEA member-owners, Jeff Troeger and John Spezia.

**2. Approval of Minutes**

A motion approving the minutes presented from the October board meeting was made by Ms. Sheehan, duly seconded by Mr. Brinks and passed unanimously.

**3. Member-Owner Comment**

Mr. Spezia requested a copy of the cost-of-service study's executive summary. Ms. Johnson explained that upon further review of the study there was no executive summary. She offered to get a copy of the table of contents to Mr. Spezia if he wished.

**4. Director Comments**

Mr. Brosious noted that the CEC Solar Garden was 56% sold out.

Mr. Roitsch thanked Ms. McKenzie for distributing the 2014 YVEA Accomplishments to the board. Mr. Roitsch also noted that he attended a class that discussed how to improve energy efficiency and he specifically noted a company called Coolardo. They specialize in air-conditioning like units that might be worth utilizing at the new headquarters as they can help reduce the amount of money used to generate cool air.

**ACTION ITEMS**

**6. Resolution 14:14 – RUS Loan Payoff**

Ms. Johnson shared her belief that paying off the RUS load is advantageous to the Association and referred the directors to her cover letter that details the benefits of paying off this loan before the end of the year. There was some discussion as to which borrower to utilize and it was recommended to use CFC due to complexity and expediency. A motion approving Resolution 14-14 was made by Mr. McClelland, duly seconded by Mr. Fox, and passed unanimously.

**7. Acceptance of the Financial and Statistical Report**

Mr. Brosious noted the late arrival of the Xcel bill that impacted the bottom line positively by approximately \$370,000. Ms. Johnson shared that it continues to be a struggle for staff to produce these reports as the timing of that bill does not coincide well with our reporting schedule. Mr. Skube also noted that this historically was a transitional month that usually is budgeted for a loss. Mr. Ellgen complimented Mr. Skube on his

ability to summarize his report. A motion approving the financial and statistical report for August was made by Mr. Ellgen, duly seconded by Ms. Sheehan, and passed unanimously.

## **INFORMATION ITEMS**

### **7. Excel Settlement Overview**

Ms. Johnson directed the board to review the settlement document provided and noted that at the next meeting questions could be asked regarding this settlement. Ms. Johnson also noted that the Association was not actively engaged in a lawsuit at this time, but is participating in a filing against Xcel.

### **8. 2013 Tax Return**

Ms. Johnson noted that this return was submitted so that directors would know that this had been handled and filed on October 31, 2014. Mr. Skube described some of the obligations that go along with the Form 990. Mr. Skube explained why there is a negative number produced on the first page of the document, which is due to the allocation of capital credits. There were some questions regarding highly compensated employees to which Mr. Skube explained that these figures include health insurance, retirement plans, and vested interest in the pension plan. Mr. McGill noted that perhaps section O that says directors are nominated by a committee should be corrected to reflect the way directors are voted onto the Association board. It was noted that in subsequent years this change would be made.

### **9. Staff Reports**

#### **A. Operations**

##### **I. Safety**

Mr. Johnson noted that one vehicle accident did occur, but that there was no damage to the Association truck. A meeting was held to review the incident and new procedures were developed to prevent this type of incident occurring in the future.

##### **II. Operations**

Mr. Johnson noted that several projects were being finalized as winter is coming and asked if there were any questions. There were no questions.

##### **III. Engineering**

Mr. Johnson noted that the three year construction work plan has been finalized. Now, the department is working on goal setting for the system and creating work plans that extend beyond the three years. Mr. Garrity asked about the project on Highway 131, south of Yampa. Mr. Johnson said there was an issue with a recloser that was being addressed.

##### **IV. IT**

Mr. Johnson noted that right now IT's main focus is getting the building prepared for the move.

#### **B. Human Resources**

Ms. Owens summarized the progress on filling vacancies for 2014. She also noted progress on open enrollment for all employee benefits.

#### **C. Communications**

Ms. McKenzie highlighted important aspects of the upcoming Colorado Country Life issue. Ms. Sheehan shared that she feels the Colorado newsletter is better done than the Wyoming newsletter. Mr. Garrity noted that he thought the last President's Report was exceptional.

#### **D. Member Relations**

Ms. Bertrand noted that time has been spent preparing for the move and recruiting for two the open Member Relations Representative positions. Ms. Bertrand also shared that a recent visit to DMEA to refine the call-out services for afterhours work was quite successful. They are now currently in the process of updating the schedule of fees to appropriately account for the time and resources it takes to accomplish certain tasks after hours. Ms. Johnson noted that she had tasked Ms. Bertrand with getting a sense of our rates, tariffs, and cost of service.

#### **E. Facilities**

Mr. Pierce shared that much of the current work going on is to get the new headquarters ready for the move. He noted that he hopes all the equipment is moved out of the Brooklyn storage area. Mr. Pierce is hopeful that a large portion of the move will take place gradually over the next few weeks before the office officially shuts down for the move. Ms. Johnson confirmed that the office will be closed December 19<sup>th</sup> and 21<sup>st</sup> and will re-open on Tuesday the 22<sup>nd</sup>. This timeline was solely based on the ability of the phone provider to facilitate this change for us.

#### **10. Bill Rangitsch Presentation of Proposed New Headquarters Master Plan**

Ms. Johnson introduced Mr. Bill Rangitsch who has created a master plan concept for the new headquarters based on feedback from staff. Mr. Rangitsch was selected because he had helped with the sale of the 32 Tenth Street property and therefore had a learned quite a bit about the Association and current needs. Mr. Fox noted that quite a bit of pressure was put on Mr. Rangitsch to produce these drawings quickly. He also noted that it was necessary to create some plan to provide a sense of the spacing needs and potential for the new headquarters. Mr. Rangitsch will have an equal opportunity as other contractors to submit his bid on the detailed architectural work.

#### **10. 2015 Budget Presentation**

Ms. Johnson shared that staff would like feedback on the directors' thoughts on the budget presented so that appropriate changes can be made, if necessary, before the final presentation in December. Ms. Johnson believes that staff has created a better budget this year than last year as they were forced to start from the ground. Ms. Johnson also noted that the directors might note different budget allocations from prior years as it became necessary to correct inappropriate categories and distributions. Mr. Skube continued that new codes were created to better describe how money for each department was being budgeted. Mr. Skube also presented several reports to help define the financial state of the Association and predict how this budget might impact the future financial state of Association. Staff, then, took turns presenting their budgets and highlighting key increases or decreases in spending proposed for 2015.

Mr. Roitsch noted the severe problem with underground cabling and recommended that staff create an alternate budget that adds an additional \$2 million for 2015 toward correcting this problem. He noted this would be consistent with the equity position the board would like to see and get the Association to a place that feels more financially appropriate.

Ms. Johnson pointed directors to the general fund forecast and noted that this figure does not reflect the sale of any of the Association's other properties or the potential lease of the Brooklyn property. It is a conservative assessment of where the Association might be if this budget is approved. Ms. Johnson also noted that if another rate increase was not implemented around 2017, the margins would trend in a way that is not desirable. Ms. Johnson asserted that this is in line with the financial forecast that was presented with last year's budget proposal. This budget also reflects an emphasis on employee expertise and retention as well as more comfortable place with respect to equity.

After some discussion, Mr. Fox complimented staff on their presentation. A few directors voiced concern about the amount of funds requested for 2015, but recognized that the

budget presented addresses the goals for the Association that the directors had requested. Ms. Johnson validated these concerns and detailed areas that directors could change (i.e. technology and construction work plans). Ms. Johnson stated that she does feel that with that being said, the budget is as prudent as it can be while also addressing the goals set forth previously by the directors. Mr. Brosious polled the directors and conceptually all directors approve the proposed budget for 2015.

#### **11. CREA**

Mr. McGill noted that he attended the CREA Energy Innovation Summit. He shared one topic that he felt the board needed to be aware of with respect to financials. Mr. McGill noted that changes to safety and regulatory services that CREA offers that the Association are changing for 2015 and the Association can expect the spread of those costs to be differently allocated. Ms. Johnson shared that the Association opted out of those regulatory services provided by CREA for 2015.

#### **12. Western United**

Mr. McGill stated that there was nothing material to report to the board.

#### **13. BTA**

Mr. Brosious noted that they were waiting for the dissolution of this entity to be finalized.

#### **14. Paradigm**

Mr. McClelland noted that the first part of November they had closed on the Take-Away property. It is anticipated that they will close on the Crested Butte property by the end of the month, which would conclude the real estate holdings for Paradigm. December 8<sup>th</sup> the board will meet to decide on the distribution of funds. The hope is to dissolve this entity by the end of the year if not early 2016.

#### **15. CEC**

Ms. Johnson noted that there were some complications with respect to the billing process. It has not been a smooth transition and she noted that some members have voiced frustration with CEC for not being forth coming in providing the contract. Ms. Johnson stated that she and Ms. Bertrand will be meeting with CEC to discuss these concerns that staff and members are experiencing.

#### **16. Unfinished Business**

There was no unfinished business to address.

#### **18. New Business**

Tom Fox noted that Caring Consumers is undergoing major revisions, which will be presented to the board in December.

#### **19. Recess**

A motion to recess this regular meeting of the directors of Yampa Valley Electric Association, Inc., until 1:00 pm on Thursday, December 18th, 2014 was made by Mr. McClelland, seconded by Mr. Ellgen, and passed unanimously. The Chairman then declared this regular meeting recessed at 5:00 p.m.

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Chairman of the Board

Dated: December 18, 2014

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Secretary of the Board

Dated: December 18, 2014