

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, May 15, 2014

32 Tenth Street

Steamboat Springs, Colorado

The Board of Directors of Yampa Valley Electric Association, Inc., reconvened at 32 Tenth Street, Steamboat Springs, Colorado, at 11:00 a.m. on May 15, 2014. Chairman Dean Brosious reconvened the recessed meeting of April 17, 2014 (the "Recessed Meeting"). Upon calling roll, it was reported that the following directors were present: Dean Brosious, Mike Brinks, Larry Ellgen, Tom Fox, Frank Roitsch, Russell Garrity, Pat McClelland, Glynda Sheehan, and Scott McGill. After the Chairman declared that the Recessed Meeting was re-opened, there was no further business. The Chairman declared that all business of the Recessed Meeting was concluded and called for a motion to adjourn. Upon motion being made, duly seconded, and passed unanimously, the Recessed Meeting was adjourned.

The Board of Directors then immediately convened at 32 Tenth Street, Steamboat Springs, Colorado, at 11:05 a.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, Tom Fox, Frank Roitsch, Russell Garrity, Pat McClelland, Glynda Sheehan, and Scott McGill. Also present were General Manager, Diane Johnson; COO Steve Johnson; Managers Lisa Myers, Robert Miller, and Melissa Watson; Randi Owens, and member Jeff Troeger.

2. Executive Session

After the Chairman declared the meeting open, a motion was made, duly seconded, and passed unanimously that the board of directors go immediately into an executive session under "new business" to consider documents and testimony given in confidence, and the general topics of such executive session will be to discuss and consider pending and potential property acquisitions, personnel matters, contract negotiations and pending or threatened litigation. Board members, Diane Johnson, General Manager and Randi Owens were in attendance during such executive session. Such executive session convened at approximately 11:06 a.m., and the board ended the executive session and returned to its public meeting session at approximately 1:00 p.m.

3. Approval of Minutes

A motion approving the minutes from the Recessed Meeting (other than the reconvened portion of such meeting this day) was tabled until the minutes could be amended and reviewed.

4. Member-Owner Comment

Mr. Troeger expressed his hope that the directors would pass a resolution approving the Qualifying Facilities and the Total Avoided Energy Cost tariff that applies to net-metered members. He believes these rates to be fair and he feels that these net-metered members will help the association meet statutory requirements. Mr. Troeger described a Telsa program that installed charging stations for electric cars across the country. Mr. Troeger asked that the board consider participating in an initiative to get an electric car charging station installed in Steamboat.

5. Director Comments

Mr. McClelland briefed the board on the four major items addressed during the legislative conference: (1) FEMA has made some discretionary rulings on how they do things in different regions; they are encouraging directors to advocate that FEMA treat all regions the same, (2) the EPA is currently trying to regulate existing coal-fired energy plants and it is believed these actions are beyond the authority of the EPA, (3) with respect to the Endangered Species Act, directors are encouraged to request transparency with respect to how species are selected and added to this list, (4) the International Rural Electrification Act passed through the House yesterday.

Mr. Brosious noted that in the Colorado Country Life newsletter, there was a letter from a member who lives in Missouri, but has a house in Colorado. The letter described how the focus of the Missouri newsletter was what the future of the industry would be if they lose coal as an energy source, whereas the Colorado version of the newsletter focused on renewable energy.

6. ACTION ITEMS

a. Acceptance of the Financial and Statistical Report

Mr. Miller presented the financial and statistical report. Mr. Brinks asked about the fuel cost increase from Xcel that was going to be distributed for the next few months. Ms. Johnson explained that it is being passed through to all members and if you are residential, it will most likely be a small amount. A motion accepting the financial and statistical report for April was made by Mr. Ellgen, seconded by Mr. Brinks, and carried with a unanimous vote.

b. Rate Adjustments- Set Direction

Ms. Johnson detailed the proposed adjustments to rates for irrigation, residential, and net-metered members based on the need for infrastructure improvement, to increase reliability of service to our members, and based upon the results of the cost-of-service study, These rate adjustments would be officially presented for the board to approve at the July board meeting and would be effective August 1st of this year. Ms. Johnson noted that staff is currently working on preparing a recommendation for street and security lighting.

Mr. Garrity asked why his customer charge did not match the charge on the tariff sheet. Mr. Johnson explained that the proration on the billing charges accounts for the difference. Over the course of the year, your customer charge would match the tariff sheet, but it will not always match month-to-month. Staff is working to get the charge to be applied as flat rate each month. Mr. McGill noted that there was an error on Tariff sheet 24. Ms. Johnson assured the board that this error would be corrected on the website and submitted to the board corrected for approval in July.

i. Irrigation Rate

Mr. Brosious noted that the change to this rate was actively debated by the board. The change in tariff is a rate increase of 6.5% for irrigation. A motion giving staff direction to proceed with posting the tariff for the new irrigation rate was made by Mr. Ellgen, seconded by Mr. Fox, and carried with a unanimous vote.

ii. Residential Rate

The change in tariff is a rate increase of 6.5% for residential members. A motion giving staff direction to proceed with posting the tariff for the new residential rate made by Mr. Roitsch, seconded by Mr. McGill, and carried with a unanimous vote.

iii. Net-Metering Rates

A motion giving staff direction to proceed with posting the Qualifying Facilities-RECS and the Total Avoided Energy Cost tariffs for net-metered members was made by Mr. McClellan, seconded by Mr. Roitsch, and carried with a unanimous vote.

INFORMATION ITEMS

c. Staff Reports

i. Safety

Mr. Johnson reported there were no OSHA recordable incidents in April and that we still had one employee out due to an injury. Mr. Johnson reported that we did have one employee get into a vehicular accident with a deer. Ms. Johnson explained that when we have an employee out of work that it places a large burden on the rest of the employees and that staff is currently thinking about how to rework staffing to alleviate some of the strain. Mr. Garrity asked if operations became fully staffed if it was possible to bring on two apprentices. Mr. Johnson explained that it has been discussed and, ideally, when we become fully staffed and our current employees are fully trained that we would hope to bring on two apprentices for each office.

ii. Technology

Mr. Johnson reported that the technology plan is nearing completion. Mr. Johnson recognized Kelli Root for all of her hard work spearheading this project. Mr. McGill asked if the technology plan was contingent on getting into a new facility. Mr. Johnson shared that the technology plan largely identified what technologies would be most beneficial to implement and that several of those new devices would not be contingent on the building infrastructure. Mr. Johnson shared that the IT department has hired a new employee from the area that will begin working for the Association May 27th.

iii. Operations.

Mr. Johnson shared that the Association is still borrowing thermal energy cameras and several issues have been identified and corrected. Ms. Sheehan asked if there were any issues where not having the camera could have resulted in a bigger issue for the Association. Mr. Johnson confirmed that there was blockage in one of the transformers that would have caused over-heating and damage if we hadn't caught it early enough. Ms. Johnson recognized Mr. Steve Pennebaker and Mr. Heath Pack as being instrumental in completing this project.

iv. Engineering

Mr. Johnson explained that the relocation of a state bridge meant that the Association had to relocate our facilities as well, but that this is not at the cost of our members. Mr. Johnson reported that WAPA had two equipment failures at the Maybell and Baggs substations, which will result in a two-hour outage for those members next week.

Ms. Johnson noted that Ms. Sheehan found a discrepancy in the way outages were taken over the weekend. Ms. Johnson clarified that we do not have a final outage report of the incident over the weekend, but that wet snow and high winds contributed to six failed structures.

v. Member Services

Mr. Garrity commented that "talking points" had a negative connotation and might be better received if it was formatted at a FAQ. Ms. Johnson shared that YVEA was donating \$10,000 to an energy efficiency program that will produce rebates that partners quite well with the rate increases.

vi. Human Resources

Ms. Myers noted that she was continuing to work with Mercer to complete the Compensation and Benefits study. She informed that board that August 16th was Employee Appreciation day for the Association. Ms. Myers also noted that our apprentice, Jack Hockett, has graduated and will

be returning to the Association to work full-time. Ms. Myers noted that he is from the community.

vii. Finance

Mr. Miller reported that the allocation letter has been mailed and the capital credit retirement checks would be mailed during the 1st week in June. Ms. Johnson recognized Mr. Miller's hard work on the rate workshop.

Mr. McClelland made a motion to accept staff reports; the motion was seconded by Mr. Brinks, and passed with a unanimous vote.

d. Board Planning Session Information

The board planning session will take place May 20th and 21st on the Colorado Mountain College campus. The end of the first day will allow time for member comments and the second day will be held in executive session as matters of contract and personnel will be addressed.

e. CREA Report

Mr. McGill shared that Xcel is trying to get the PUC to change their net-metering requirements. CREA is concerned that if Xcel and the PUC cannot come to an agreement that this issue will go to legislature.

Mr. McGill shared that CREA was working on a policy that dealt with the position CREA takes on political issues. Previously, CREA has advocated with the simple majority. However, the policy has been reworded to express that CREA will take the position directed by the 2/3rds majority.

Mr. McGill announced that the fall meeting would take place October 27th and 28th with classes starting the Saturday before the meeting.

Mr. McGill noted that OSHA has been working to change the requirements for fall-restraints and wanted to know where the Association was with respect to being in compliance on this issue. Mr. Johnson shared that the Association has been working since January to get in compliance.

f. Western United Report

Mr. McGill reported sales have been steadily increasing. He also reported that Morgan County and Holy Cross have joined the inventory management program. There was also a large discussion concerning budget: to be accurate or to be conservative. It was decided that Western United would continue to budget conservatively.

g. BTA Report

A proposed sale contract has been submitted, but it will not be signed by Xcel until the FCC approves.

h. Paradigm Report

Mr. McClelland shared that Mike McBride with Gunnison County has explained that there is a contract out on the remainder of the plant block and is scheduled to close on June 5th. Mr. McClelland also noted that there were some problems with the convenient store and the roof required repair.

i. CEC Solar Garden

Mr. Johnson shared that CEC will not be able to build the solar array on the intended sight in Craig and they are currently looking at a number of locations from Milner to Craig. She shared that CEC's intent is to build as soon as possible.

7. OTHER ITEMS

a. Unfinished Business

i. USDA Grants

There was a recent news release describing this USDA grant program for renewable energy systems due by July 7th. Ms. Johnson noted that if anyone is aware of projects that would meet the grant requirements to encourage those members to apply. Mr. Roitsch commented that this program might help those irrigation members affected by the rate increase.

b. New Business

i. Steamboat Springs/Routt County Housing Panel

Mr. Fox detailed the troubles many employers face with respect to the high cost of housing in Steamboat Springs. He shared that Tyler Gibbs from the City has been putting together a housing forum to address this issue in hopes of finding some solution. YVEA has been invited to speak on this issue in addition to SmartWool, Peabody, Ski Corp, and other large employers in the area. The forum will take place June 20th and anyone with ideas should attend.

c. Recess

A motion to recess this regular meeting of the directors of Yampa Valley Electric Association, Inc., until 9:00 am on Wednesday, May 21st, 2014, was made, duly seconded, and passed unanimously. The Chairman then declared this regular meeting recessed at 3:16 p.m.

8. Executive Session

The Board of Directors of Yampa Valley Electric Association, Inc., reconvened at 1330 Bob Adams Drive, Steamboat Springs, Colorado, at 9:00 a.m. on May 21, 2014. Chairman Dean Brosious reconvened the recessed meeting of May 15, 2014 (the "Recessed Meeting"). Upon calling roll, it was reported that the following directors were present: Dean Brosious, Mike Brinks, Larry Ellgen, Tom Fox, Frank Roitsch, Russell

Garrity, Pat McClelland, Glynda Sheehan, and Scott McGill. After the Chairman declared the meeting open, a motion was made, duly seconded, and passed unanimously that the board of directors go immediately into an executive session under “new business” to consider documents and testimony given in confidence and the general topics of such executive session will be to discuss and consider pending and potential property acquisitions, personnel matters, contract negotiations and pending or threatened litigation. Board members, Diane Johnson, General Manager, Managers Steve Johnson, Melissa Watson, Lisa Myers, and Robert Miller and Randi Owens were in attendance during such executive session. Such executive session convened at approximately 4:06 p.m., and the board ended the executive session and recessed the May 15th meeting.

9. Executive Session

The Board of Directors of Yampa Valley Electric Association, Inc., reconvened at 32 Tenth Street, Steamboat Springs, Colorado, at 9:00 a.m. on May 30, 2014. Vice Chairman Patrick McClelland reconvened the recessed meeting of May 15, 2014 (the “Recessed Meeting”). Upon calling roll, it was reported that the following directors were present: Pat McClelland, Frank Roitsch, and Scott McGill. Russell Garrity, Larry Ellgen, Tom Fox, and Glynda Sheehan were present via phone. General Manager Diane Johnson and Executive Secretary Randi Owens were also present.

After the Chairman declared the meeting open, a motion was made, duly seconded, and passed unanimously that the board of directors go immediately into an executive session under “new business” to consider documents and testimony given in confidence and the general topics of such executive session will be to discuss and consider pending and potential property acquisitions, personnel matters, contract negotiations and pending or threatened litigation.

Such executive session convened at approximately 9:00 a.m., and the board ended the executive session and returned to its public meeting session at approximately 9:30 a.m.

10. Resolution Granting Ms. Johnson Authority to Negotiate and Execute Contracts

Mr. Tom Fox moved that the Board (i) approve the property purchase contract (including counter offer) signed by the manager, and ratifies the manager’s execution of such contract on behalf of the Association, and (ii) authorizes the manager to take all actions and execute all documents and make all payments from the Association funds necessary or proper to complete performance of the contract and acquisition of the property, including making any non-material changes to the contract (without increasing purchasing price) which become reasonably necessary to complete the acquisition. This motion was seconded by Mr. Ellgen and passed with a unanimous vote.

11. Recess

A motion to recess this regular meeting of the directors of Yampa Valley Electric Association, Inc., until 1:00 p.m. on Thursday, June 19, 2014, was made, duly seconded, and passed unanimously. The Chairman then declared this regular meeting recessed at 9:46 a.m.

Chairman of the Board

Dated: June 19, 2014

Secretary of the Board

Dated: June 19, 2014