

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, August 21, 2014

32 Tenth Street

Steamboat Springs, Colorado

The Board of Directors of Yampa Valley Electric Association, Inc., reconvened at 435 Mack Lane, Craig, Colorado, at 11:00 a.m. on August 21, 2014. Chairman Dean Brosious reconvened the recessed meeting of July 17, 2014 (the "Recessed Meeting"). 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. 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 435 Mack Lane, Craig, Colorado, at 11:00 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, Frank Roitsch, Russell Garrity, Pat McClelland, Glynda Sheehan, Tom Fox, and Scott McGill. Also present were General Manager, Diane Johnson; General Counsel, Tom Sharp; COO, Steve Johnson; Board Secretary, Randi Owens; and YVEA employees, Ed Pierce; and Larissa Wilson.

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, General Manager, General Counsel, COO, and Board Secretary 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 2:00 p.m.

3. Approval of Minutes

A motion approving the amended minutes from the July Recessed Meeting (other than the reconvened portion of such meeting this day) was made by Mr. McClelland, duly seconded by Mr. McGill, and passed unanimously.

4. Member-Owner Comment

There were no member-owners in attendance.

5. Director Comments

Mr. McClelland expressed that he felt the YVEA Employee Appreciation event successful and that he enjoyed getting to spend time with employees.

ACTION ITEMS

6. Acceptance of the Financial and Statistical Report

Ms. Johnson presented the June and July financials for board review and approval. Ms. Sheehan noted that she was pleasantly surprised to see the revenue increase from last year to this year. Ms. Johnson explained that staff regularly experienced timing issues with respect to the calculation of purchased power. She noted that the board will continue to receive financials in a timely manner with the understanding that that line item of the report will be estimated. Mr. Ellgen made a motion to approve the financial and statistical

report for June and July; the motion was seconded by Mr. Roitsch, and passed with a unanimous vote.

INFORMATION ITEMS

7. Staff Reports

i. Safety

Mr. Johnson introduced his new employee, Larissa Wilson. Larissa will serve as a support to Operations, Engineering, and IT. Mr. Garrity requested to see the reports from the RESAP and Federated safety inspections.

ii. Technology

Mr. Johnson shared that IT was working to prepare the new facility for the move; this included building a new network infrastructure at the new location. There was a brief discussion about the ability to access fiber. Mr. Johnson also shared that the team was finishing RFPs for the phone and security systems for the new headquarters. Ms. Johnson noted that these projects were not on the work plan for 2014 because we were not anticipating being able to move into a new facility this quickly. Ms. Johnson complimented the IT department for being able to do a great job accomplishing projects that were not planned for this year.

iii. Operations.

Mr. Johnson shared that radio communications has been installed on Storm Mountain and that they are working to get licensing set-up for Harper Hill. He noted that both locations were tested and were found to have much better reception. Mr. Johnson advised the board that there were 26 underground faults last month and 17 outages reported due to trees on the line. He noted that these types of occurrences are unnecessary and this is why the board will see recommendations for large system improvement projects for the future.

iv. Engineering

Mr. Johnson noted that the three-year construction work plan is complete. There is a meeting scheduled to finalize with internal staff before those recommendations are brought to the board. Mr. Johnson also shared that Pete Montes, our current system engineer, is retiring at the end of the month.

v. Member Services

Ms. Johnson explained that in the future the reports from customer service and communications will be reported separately. Historically, both of these functions had been combined, but that this is not a typical or successful approach. Mr. Garrity noted that he enjoyed seeing YVEA in full force at community events.

vi. Human Resources

There were no questions or comments regarding the human resources report.

8. CREA Report

Mr. McGill shared that a special meeting was called to determine CREA's response to the Clean Power Plan. He noted that the final decision was to remain neutral. Ms. Johnson noted that as a distribution coop, we are always in the position of having to adjust to regulations in a way that is best for our members and that YVEA will continue to do so. Our influence on some of the current issues is quite small since we do not actually generate power.

Ms. Johnson shared that she has been asked to attend an EPA meeting in Craig and wanted the board to provide direction on if YVEA should take a public position at the meeting. Mr. Brosious shared that he believes the best stance for the Association is to not take a strong position either way. The directors concurred with Mr. Brosious.

9. Western United Report

Mr. McGill shared that this committee did not meet and there is nothing new to report.

10. BTA Report

Mr. McGill shared that they are close to finalizing a contract with Xcel.

11. Paradigm Report

Mr. McClelland stated that they are in the due diligence phase and believe that the contact will be finalized soon. Mr. McClelland noted that there were several potential offers and that there is hope for all assets to be sold in the near future.

12. CEC Solar Garden

Mr. Johnson shared that the solar array is 43% reserved and that CEC is advertising in the Craig and Steamboat Springs papers.

DISCUSSION ITEMS

13. Budgeting for Fleet Purchases

Ms. Johnson explained that staff faces a dilemma when it comes to purchasing trucks. The vehicle budget (capital budget) is approved in late December, but trucks can take 250-300 days to purchase and receive. Therefore, completed trucks often get delivered a year after they were approved to be purchased. This causes the budget to not be accurate and staff to regularly have to ask the board for budget amendments concerning fleet purchases. Further, due to budget approval and purchasing timing, trucks usually get delivered when they are not needed. For example, the Association can receive a truck in January that then sits for several months unused.

Mr. Ellgen recognized the dilemma staff faces, but shared that he was not comfortable with approving budget items that far in advance. He suggested that a possible solution would be to create a carry-over component of capital spending. After some discussion, the board directed Ms. Johnson to create a plan for truck purchasing for 2015 and 2016 to be presented in September.

OTHER ITEMS

14. Unfinished Business

There was no unfinished business.

15. New Business

Mr. McGill explained that there could be a potential conflict of interest for him as he is representing a telecommunications company in a situation concerning easements that could involve YVEA.

Ms. Johnson explained a few scheduling issues with respect to the September and October board meetings. After some discussion, the board decided to move the September meeting to Wednesday the 17th and the October meeting to Friday the 17th.

Ms. Johnson noted that not all directors had made contributions to CARE and that if they desired to do so, they would need to submit those contributions soon.

16. Recess

A motion to recess this regular meeting of the directors of Yampa Valley Electric Association, Inc., until 11:00 am on Wednesday, September 17th, 2014 was made by Mr. Brinks, seconded by Mr. Ellgen, and passed unanimously. The Chairman then declared this regular meeting recessed at 3:57 p.m.

Chairman of the Board

Dated: September 17, 2014

Secretary of the Board

Dated: September 17, 2014