

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, January 15, 2015
2211 Elk River Road
Steamboat Springs, Colorado

The Board of Directors of Yampa Valley Electric Association, Inc., reconvened at 2211 Elk River Road, Steamboat Springs, Colorado at 11:00 a.m. on January 15, 2015. Chairman Dean Brosious reconvened the recessed meeting of December 18, 2014.

1. Call to Order

Upon calling roll, it was reported that the following Directors were present: Dean Brosious, Mike Brinks, Frank Roitsch, Russell Garrity, Pat McClelland, Larry Ellgen, Glynda Sheehan, Tom Fox, and Scott McGill. Also present were General Manager, Diane Johnson; General Counsel, Tom Sharp; COO, Steve Johnson; Interim CFO, Frank Skube; Manager of Accounting Services, Amy Mahon; HR Manager and Board Secretary, Randi Owens; Member Relations Manager, Kathy Bertrand; Facilities and Warehouse Supervisor, Ed Pierce; Administrative Assistant Larissa Wilson; and YVEA member-owner, 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, General Manager, and General Counsel were in attendance during such executive session. Such executive session convened at approximately 11:00 a.m., and the board ended the executive session and returned to its public meeting session at approximately 1:00 p.m. Upon closing the executive session, 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 Chairman then called to order the January 15, 2014, board of directors meeting at 1:00 p.m.

3. Approval of Minutes

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

4. Member-Owner Comment

Mr. Troeger noted Laney Brown presented on Advanced Metering (AMI) earlier this month. He requested feedback from the board. Mr. Garrity responded that Laney’s presentation offered the best information on AMI. The real life experience was beneficial. Mr. Brosious suggested members be informed of the benefits of AMI before it’s implemented.

5. Director Comments

Mr. McGill offered his condolences on Mr. Simos' passing. Mr. Brinks added Mr. Simos' passing is a great loss, he was an asset to the community. Ms. Sheehan requested employees be commended on move to new campus, they all did a great job! Mr. Garrity complemented Ms. Wilson for the expanded menu in Executive Session.

ACTION ITEMS

6. Appointment of Board Secretary

Ms. Johnson explained that as Ms. Owens was promoted to HR Manager, Ms. Wilson was promoted to Executive Secretary. Ms. Johnson recommended Ms. Wilson be appointed to Board Secretary. The motion was made by Mr. McGill, duly seconded by Ms. Sheehan, and passed unanimously.

7. Employee Short-Term Disability Coverage

This item was deleted from the agenda because discussion and approval was not necessary.

8. Schedule of Fees

Ms. Bertrand and Mr. Johnson presented a list of new and updated fees for services. Fees levels were recommended to cover all or partial costs associated with the services and to encourage appropriate member response to such issues as non-payment. Ms. Bertrand noted many of these fees will be eliminated or decrease as AMI is implemented. There was discussion around possible modifications to the schedule. A motion was made by Mr. Roitsch, duly seconded by Mr. McClelland to approve the schedule with no modifications or adjustments.

9. Acceptance of the Financial and Statistical Report

Mr. Skube presented the Financial and Statistical Report for the month of December 2014. Mr. Skube explained that a significant year-to-date adjustment to the Power Cost Adjustment resulted in a \$1.9 million loss for the month of December. The adjustment was the result of a combination of accounting for power cost billing true-ups from Xcel (\$471,300 carried over into 2014 from October 2013, and \$1.1 million in July 2014) and recent proceeds from the settlement of the lawsuit in which YVEA participated against Xcel (\$608,722, received in December 2014). The reduction in the cost of power will be returned to YVEA's members as a reduction in the monthly PCA billing adjustment, which in turn results in a reduction in revenues. Mr. Skube explained the accounting treatment which led to the correction and informed the Board of the recent reductions to the PCA surcharge in the December and January billings. The Board confirmed its approval of the process of attempting to keep the per Kwh energy charge consistent, and recognized that there is considerable volatility and unpredictability associated with the cost of power on a month to month basis.

Mr. Skube assured the Board that, while the impact of this adjustment was disappointing, management of net margins would never take precedence over the priority of providing electricity at the cost to our members as provided in the tariffs.

Due to the early Board meeting in February, January financial statements will be distributed electronically to the Board. The Board will be updated on the progress of the audit at that meeting. In March, Finance Manager Amy Mahon will present both January and February results to the Board for their approval.

The Financial Report for December is preliminary and unaudited so the Board deferred its approval until the audit results are reported at the March Board meeting.

INFORMATION ITEMS

10. Staff Reports

A. Operations

I. Safety

Mr. Johnson noted that even with the move to the new campus, no accidents, injuries, or near misses occurred. Mr. McGill reminded the board safety was made a priority a year ago, and staff should be congratulated.

II. Operations

There were no questions.

III. Engineering

There were no questions.

IV. IT

Mr. Johnson explained the tremendous amount of work that was completed by IT during the move to new campus and requested the board please congratulate IT staff and Facilities staff on their work performed before, during and after the move.

B. Human Resources

Ms. Owens reported that the company's shift to bi-weekly payroll will begin January 16. Mr. Skube added there was a significant amount of work to convert to bi-weekly payroll and he commended Ms. Owens, Ms. Tammi Esslinger from UtiliBiz Solutions, and Ms. Mahon on their push to complete payroll, W-2's and the move to the new campus.

C. Communications & PR

There were no questions.

D. Member Relations

Ms. Bertrand noted February invoices will include CEC billing for the month of January. Member-owner Mr. Troeger commented CEC's website and app are currently under repair. Ms. Johnson replied YVEA will look into the problem and work to have the apps available before billing goes live.

E. Facilities and Warehouse

Mr. Pierce noted Warehouse and Facilities' moves to new campus are complete. Signage around campus for members and board is being updated in order to provide ease in negotiating the new campus. The warehouse and laborer positions will be posted internally and externally.

11. SB-252 Compliance

Ms. Johnson noted that the board requested this item be added as a standing item, adding any update is welcome. Mr. Brosious explained that it is time for the board to start strategizing about how the Association plans to be in compliance with this bill by 2020. Mr. Brosious noted that the CEC Solar Garden only addresses a small portion of the requirement, so it is incumbent of the board to provide staff with direction. Mr. McGill offered clarification as to the changes of some of the stipulations of the bill. Mr. Garrity noted two members received a letter from a solar company in Denver. Mr. Garrity asked the board if there is value in having this company or other vendors present to YVEA. Ms.

Johnson added staff should vet these vendors before they present to the board. Ms. Johnson suggested YVEA staff could host a "Renewable Energy Day" to gather information to present to Board and add approved presentations to months with light agendas. Mr. McGill reminded board members to look at renewable energy as a philosophical platform instead of motivated by 252 requirements. He and Mr. Garrity added staff doesn't need to host a "Renewable Energy Day" but should research as opportunities arise. Mr. Sharp mentioned that Stagecoach's contract with Xcel renews in October.

12. CREA

Mr. McGill noted that CREA new director orientation is January 29 and is open to all new directors. The Annual membership meeting is February 9 and 10, with classes February 7 and 8 and an opportunity to meet legislative representatives and mingle the night before. Ms. Johnson reminded the board about the NRECA annual meeting and asked that they contact Ms. Wilson if they need assistance with registration, hotel, etc.

13. Western United

No new updates.

14. CEC

No new updates.

15. Allocation of Funds for Deceased Members' Capital Credits

There were no questions.

16. Unfinished Business

There was no unfinished business discussed.

17. New Business

There was no new business.

18. Recess

A motion to recess this regular meeting of the directors of Yampa Valley Electric Association, Inc., until 1:00 pm on Thursday, February 12, 2015 was made by Mr. McClelland, seconded by Mr. Ellgen, and passed unanimously. The Chairman then declared this regular meeting recessed at 3:00p.m.

Chairman of the Board

Dated: February 12, 2015

Secretary of the Board

Dated: February 12, 2015