

YAMPA VALLEY ELECTRIC ASSOCIATION, INC.
ANNUAL MEETING OF MEMBERS

The Annual Meeting of Members of Yampa Valley Electric Association, Inc. hereinafter called the "Association" was held at the Hayden High School Auditorium in Hayden, Colorado at 6:00 p.m. on Thursday, June 26, 2014.

Dean Brosious, Chairman of the Board, called the meeting to order and announced that 58 members were registered, which constituted a quorum for the transaction of all business.

Mr. Brosious introduced the Board of Directors; Mr. Tom Sharp, the Association's attorney; and General Manager, Ms. Diane Johnson. Mr. Sharp was appointed as parliamentarian for the meeting.

Mr. Brosious introduced special guests: Chuck McConnell, Colorado State House of Representatives District 26 candidate; Terry Carwile, Mayor of the City of Craig; Ray Beck, former YVEA employee and current Craig City Council member; John Svensk, Wholesale Sales Account Manager of Xcel Energy; Kent Singer, the Executive Director from CREA; Ms. Kathy Buhl from CFC; and Mr. Andy Glover from CoBank. Mr. Brosious also welcomed Sam Haslem; former YVEA board member. Mr. Brosious also recognized former YVEA employees: Neil Forsyth, Billy Greenwood, Lois Stoffle, and Burt Clements.

Ms. Randi Owens read the Affidavit of Mailing the Notice of the Annual Meeting and the Proof of Publication.

Members then recited the Pledge of Allegiance.

Next, the invocation was given by Mr. Chris McCombs of Euzoa Bible Church in Steamboat Springs, CO.

The podium was returned back to the Chairman who then called for the selection of a Teller Committee. Mr. Brosious informed the audience that a Teller Committee was needed because the votes are not counted ahead of time. Kathy Bertrand, Tammi McKenzie, and Kim Truong were appointed. Upon motion being made and seconded, the Teller Committee was approved and asked to begin the count of ballots.

Mr. Brosious then gave candidates for the District #3 election the opportunity to speak. Each candidate addressed the membership with their comments and summarized their editorials as provided in the 2013 Annual Report. Once the candidates finished speaking, the members then marked their ballots for the Director Elections of District #3. The remaining ballots were collected from the audience by Ms. Lisa Myers to be combined with those returned by mail. Mr. Brosious declared the election process as closed.

Mr. Brosious called on Ms. Owens to present the Secretary's report. A motion was made, seconded and carried to dispense with the reading of the minutes from the 2013 meeting of the Members. Upon motion being duly made and seconded, the following resolution was unanimously adopted:

RESOLVED that the minutes of the 2013 Annual Meeting of Members are approved.

Mr. Brosious called upon Ms. Johnson to present the Treasurer's report in lieu of having a Finance Manager. Ms. Johnson referred members to their copies of the Financial Report as of December 31, 2013 as presented in the Annual Report. The Balance Sheet and the Receipt and Expense Report were then reviewed. Ms. Johnson also presented the favorable audit opinion from the CPA audit firm of Schmidt and Company. Upon motion being duly made and seconded the following resolution was unanimously adopted:

RESOLVED that the Treasurer's Report be accepted as presented.

Mr. Brosious welcomed the members to the 73rd annual meeting and thanked them for their participation. He then informed members that instead of giving a report as Chairman of the Board, he would instead provide members the opportunity to ask questions.

Mr. Jack Taylor noted the requirements around Senate Bill 252 and asked how members' bills might be impacted by the legislation. Mr. Brosious noted that distribution utilities have to utilize up to 1% of renewable energy per the bill. Mr. Brosious noted that staff is constantly trying to project costs associated with meeting these requirements. He did note that the rate adjustments for residential and irrigation members do address some of the funding needed to be in compliance. Another part of meeting the mandate is the partnership with Clean Energy Collective (CEC) to create a solar garden. This project will help meet requirements, but is not enough to satisfy the entire requirement. Mr. Brosious also noted that CEC has launched several solar gardens and has found that YVEA has been the most difficult project they've experienced to date. Mr. Brosious then detailed some of the obstacles the project has faced with respect to getting the land needed to for the garden.

One member asked how big of a footprint this project will leave. Mr. Brosious explained that the ideal location would provide up to five acres with the hope of adding more to the garden or developing another garden location in the future.

Another member wanted to know how much participants in the solar garden were getting paid for the electricity their panels generate. Mr. Brosious answered that those members would be paid ten cents per kilowatt, which is three cents more than what we pay Xcel for power. He explained that the board felt that paying three cents more for power was necessary in order to begin to meet regulatory compliance. Mr. Brosious explained that since the garden alone will not be enough to meet requirements the directors are looking into other projects that could help the Association be in compliance. He gave the example of Stagecoach Reservoir.

Mr. Clements noted that he did not think that water generated electricity did not count toward those renewable requirements. Mr. Brosious explained that if a project generates ten megawatts or over it is not considered renewable (REVERSE????). However, the projects that YVEA is looking into would count as renewable sources.

Ms. Johnson then presented her report as General Manager of the Association. Ms. Johnson explained that the reason the Association chose CEC for the solar panel project was primarily because the Association cannot claim any tax credit as a non-profit. CEC embeds the ability to receive the tax-credit in their business model. Ms. Johnson noted that she is sometimes asked why the Association did not choose to pursue this project on their own. Ms. Johnson explained that CEC has the expertise and experience that makes them a valuable partner in this venture. Participating with CEC also helps the Association provide options to members as well as helping the coop to begin steps toward meeting compliance regulations.

Ms. Johnson noted that she is also often asked what a member would do with a panel if they were to move away from YVEA territory. Ms. Johnson clarified that as the owner of the panel you could sell the panel to another YVEA member or return it to CEC. Ms. Johnson also addressed the question as to why the solar garden would be based in Craig and not Steamboat Springs. Ms. Johnson noted that the decision was a good business decision as there is 20% more solar activity in Craig than in Steamboat Springs.

Continuing with the General Manager's report, Ms. Johnson explained aspects of the rate changes that would affect residential and irrigation members starting in August. She explained that the reasons why the increase was necessary included the increased price of purchased power, necessary to cover costs of supplying power, there hasn't been a rate increase in many years, and it has become necessary to make improvements to the current infrastructure. Ms. Johnson explained that the Association is a not-for-profit company, which means the Association only operates at cost and any excess revenue is returned to members in the form of capital credits. Ms. Johnson also explained that improving the current infrastructure will dramatically increase reliability for members. Ms. Johnson asserted that it is the Association's desire to deliver reliable service in a responsive and

member-centered way. Ms. Johnson then explained how the increase would affect members' bills on average.

Finally, Ms. Johnson reiterated that the Association is striving to instill a culture of excellence and quality service. She noted that she understands that some members might feel as though the Association has lost touch with our values and commitment to deliver quality service in a friendly manner. However, several changes are going into effect that will help the Association with the reliability of service as well as how that service is provided to members. Ensuring that proper staff is employed, the appropriate number of employees with the right expertise, will help improve the Association's ability to provide good service. Implementing new technologies will also improve the Association's ability to deliver good service. This includes applications that will help us better locate and track outages, which would allow for crews to already be en route when members call to report an outage. Finally, a new headquarters location to help solidify the change in culture and improve internal communications as departments coordinate better to provide a better member experience.

Door prize drawings were called for by Chairman Brosious. Ms. Melissa Watson and Ms. Tammi McKenzie presented the winning tickets with either a \$25 or \$50 dollar bill-credit. One winner received a \$100 Visa gift card sponsored by Xcel Energy.

Mr. Brosious conducted the director election for Districts #2, #3, & #6.

In Director District #2, representing Craig & South of Craig, Mr. Larry Ellgen petitioned and ran unopposed and according to By-Laws of the Association was therefore declared reelected.

Mr. Brosious reported two petitions were received for the position in Director District #3, representing the City of Craig. Incumbent, Mr. Mike Brinks petitioned and Ms. Kathryn Deitz petitioned for the Director District #3 position.

For Director District #6, representing Steamboat Springs, Mr. Tom Fox petitioned and ran unopposed and according to By-Laws of the Association was therefore declared reelected.

Mr. Brosious went on to announce the results of the director election.

The Teller Committee returned the director election results to the meeting:

* In District 3, Mr. Mike Brinks received 1,274 votes and Ms. Kathryn Deitz received 554 votes. Therefore, Mr. Brinks was re-elected in District #3.

Mr. Brosious invited the members to a catered dinner in the school cafeteria down the hall from the Auditorium to be served after the close of the meeting.

Chairman Brosious called for any unfinished business. There was none.

Chairman Brosious called for any new business. There was none.

Mr. Brosious announced the conclusion of the regular business meeting for 2014 and asked for any questions. There being no further business he asked for a motion to adjourn and upon motion being duly made, seconded and unanimously approved, the meeting adjourned at 7:18 p.m.

Secretary

APPROVED:

Chairman of the Board