

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 21, 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 May 21, 2015. Chairman Dean Brosious reconvened the recessed meeting of March 19, 2015. Upon calling roll, it was reported that the following Directors were present: Dean Brosious, Mike Brinks, Frank Roitsch, Russell Garrity, Pat McClelland, Glynda Sheehan, and Scott McGill. Also present were General Counsel, Tom Sharp and General Manager, Diane Johnson. 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.

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, Glynda Sheehan, and Scott McGill. Also present were General Counsel, Tom Sharp; General Manager, Diane Johnson; Chief Operating Officer, Steve Johnson; Manager of Accounting Services and Warehouse and Facilities, Amy Mahon; Human Resources Manager, Randi Owens; Board Secretary Larissa Wilson; Member Relations Manager, Kathy Bertrand; Communications and Public Relations Manager, Tammi McKenzie, Engineering Supervisor, Jason Hall, member-owners John Spezia and Jeff Troeger, guests Kent Singer, Executive Director, CREA; Bill Leung, William Y Leung, LLC.; Keith Kramer and Brandon Owens, Yampa Valley Data Partners.

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 Tom Sharp, 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.

3. Approval of Minutes

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

4. Member-Owner Comment

Member-Owner John Spezia commented on changes the Department of Interior has made to royalties for the extraction of coal. Currently, royalties are 12% in the eastern United States, 4.9% in the west. The Department of Interior is currently deciding how to increase

royalties. This decision will have an impact on Routt and Moffat counties and the cost of electricity.

Mr. Tim McCarthy of Brightside Solar expressed his concern for his customer whose energy needs won't be offset by the current limits imposed on homes with residential solar panels. Mr. McCarthy requested an exception to the current standard of 10kw/25kw limits for residential solar for the customer. Ms. Johnson replied the limits the Association follows are required by law, however consideration will be given to the request.

5. Guest: Kent Singer, CREA

Mr. Kent Singer, Executive Director, CREA, provided a summary of the NRECA 2015 Legislative Conference. Mr. Singer provided the board with updates on Senate Bill 46, Senate Bill 252, House Bill 1377, and House Bill 1364. Mr. Singer added that bipartisan support of these bills has been the key to their progress.

Mr. Singer also updated the board on CREA's commitment to providing job safety training to its members. Training offered to Association staff will be held in August.

Ms. Johnson added the Association is pleased to be part of a growing, evolving concept of who cooperatives are and who the Association wants to be as well.

6. Director Comments

Mr. Roitsch complimented Ms. Johnson on filling all direct report positions with intelligent, hardworking individuals who all get along. Ms. Johnson echoed Mr. Roitsch's compliments.

Mr. McGill noted he appreciated the Electricity 101 class presented by RMEL. He found the class very helpful. Ms. Johnson added RMEL did record the class and will provide the recording upon request.

Mr. Garrity added he is pleased with the new furniture in the Community Room. Ms. Johnson thanked Mr. Johnson, Ms. McKenzie, Ms. Wilson and staff for completing the project.

Mr. McClelland thanked Mr. Johnson for the impromptu tour of YVEA equipment during the lunch break of the Electricity 101 class.

ACTION ITEMS

7. Acceptance of the Financial and Statistical Reports

Ms. Mahon presented April financials. An updated version of the expense form with active formulas will be distributed to the board. Ms. Mahon will email and distribute hard copies, and add an electronic version to Dropbox for board access. A motion accepting the financial and statistical reports for April was made by Mr. McClelland, seconded by Mr. Brinks, and carried with a unanimous vote.

INFORMATION ITEMS

8. Staff Reports

A. Finance

Questions around financial reporting and trending were addressed. Ms. Johnson explained one year of data is being collected and will be analyzed and reported on but will be a work in progress until enough data can be collected to create a trend. Mr. Garrity offered to help Ms. Mahon and staff develop a scorecard. Ms. Mahon added the agenda for the annual CREA Accounting conference is available and will be emailed to the board.

B. Operations

I. Safety

Mr. Brosious complimented the Operations team on their rapid response to the recent outage in Craig.

II. Operations

Mr. Johnson noted there have been several outages in Maybell. In response to these outages, 24 structures have been replaced.

III. Engineering

There were no questions.

IV. IT

Mr. Johnson noted the first data review of the GIS program is taking place ahead of schedule. A snapshot of the data will be available for the board's review in the coming months. AMI testing is also taking place. A complete system analysis will be available in the next 60 days. Ms. Johnson added that a significant amount of the Technology Plan has been accomplished by the recent progress made on both AMI and GIS projects. Mr. Garrity questioned the risk management aspect of the programs. Ms. Johnson replied that risk management and policy management have been addressed, and information will be made available as the projects evolve.

C. Human Resources

There were no questions.

D. Communications & PR

There were no questions.

E. Member Relations

Ms. Bertrand informed the board that the redesigned bill is being mailed. The Key Accounts position has been awarded to Steamboat local Megan Moore Kemp. Ms. Moore Kemp will begin June 1.

F. Facilities and Warehouse

Ms. Johnson informed the board that, as the Association continues to create a safe and secure environment for staff and members, the decision has been made to not allow employees and retirees to deposit personal trash in Association dumpsters.

9. Annual Meeting Overview & Process for 2015

Ms. Wilson presented the board with details of the 2015 Annual Meeting.

10. CREA

Mr. McGill complimented Mr. Singer for helping to reestablish CREA's credibility with state legislature. Mr. McGill noted a computer program called Field ID is being implemented in various cooperatives around the state. Mr. McGill also noted the minutes from the previous CREA meeting stated that the Association buys electricity from Stagecoach and that statement is incorrect. The Association is interested in purchasing, but has not purchased, electricity from Stagecoach.

11. Western United

Mr. McGill explained Western United is currently above budget. Sales are up year to date due to United Power and Tri State growth in the Denver area. One transmission and two distribution cooperatives have applied for membership to Western United.

12. CEC

Mr. Brosious noted he is pleased to see monthly billing is starting to show consistency. Mr. Johnson noted CEC did have one seven-hour outage; a transformer failed, possibly due to lightning.

13. NRECA Legislative Conference

Mr. Brosious and Mr. McClelland briefed the board on the NRECA Legislative Conference in Washington, DC, held May 4 and 5. They did not meet house members as they were on break, but did meet with both senators. The legislative conference introduced forums into the program this year, similar to the NRECA Annual Meeting. Mr. McClelland found the forums interesting, one was on the ABC's of section 111D. Mr. Brosious added they did meet with the staffers for all representatives and a lot was accomplished during their discussions.

14. AMI

Ms. Johnson noted AMI is a large portion of the Technology Plan. In order to implement this program well, equal parts of multiple departments are involved. Ms. Bertrand and Mr. Johnson have been selected to co-lead the interdepartmental team. Mr. Johnson noted that deploying the program with an open and well-communicated effort is essential to the program's success. Ms. Bertrand added, five potential vendors have been evaluated and a decision will be made by the end of May. Ms. Johnson noted the AMI team will make sure board and staff are educated on the subject in order to speak intelligently to public. Cyber security will be addressed and the AMI Team is well skilled at addressing risk and policy issues.

DISCUSSION ITEMS

15. Generation Resource Analysis

Ms. Johnson, Mr. Leung, Mr. Kramer and Mr. Owens presented the board and member-owners present with a presentation describing the Association's present standing as related to Senate Bill 252 requirements. Discussion and clarification around terms and definitions followed. Mr. McGill congratulated Ms. Johnson and staff on their presentation. Mr. Garrity added the information was extremely well packaged and delivered. Mr. Brosious asked the board to give serious consideration to Ms. Johnson's presentation and continue thinking philosophically about how the Association wants to move forward.

16. Future Rate Changes

There was no update.

17. EV Vehicles/Charging Stations

Ms. Johnson reported that staff continues to work with the city of Steamboat to install two electric vehicle charging stations at one location in the city of Steamboat. Staff is working at the city's pace to ensure this happens.

18. Headquarters Reconstruction

Ms. Johnson noted an RFP will be released for design and architectural services. Visioning and programming with the board will take place before any design and construction begins.

OTHER ITEMS

19. Unfinished Business

Mr. McGill noted BTA just filed notice of dissolution with the Secretary of State.

20. New Business

Ms. Johnson requested that the board be aware of multiple downtown Steamboat Springs improvements. The City has decided to do a number of downtown underground and street lighting projects.

Discussion was held around the recent claim brought by WildEarth Guardians against the US Department of Interior's Office of Surface Mining, Reclamation and Enforcement. Ms. Johnson noted Colowyo's indirect involvement in the suit could have an impact on the Craig mine, which would affect the power plant as well. Ms. Johnson added, she has been asked to be a part of supporting conversations in order to rectify the situation and requested the board give direction with regard to participating in these discussions. It was unanimously agreed upon that Ms. Johnson will craft a letter, signed by Mr. Brosious and Ms. Johnson, to be mailed to all Colorado representatives urging them to pursue all options that would continue operations of the mines.

Mr. Garrity complimented Ms. Bertrand on the note card she created with talking points explaining upcoming rate increases.

21. Recess

A motion to recess this regular meeting of the directors of Yampa Valley Electric Association, Inc., until 11:00 am on Thursday, June 18, 2015 was made, duly seconded, and passed unanimously. The Chairman then declared this regular meeting recessed at 4:04 p.m.

Chairman of the Board

Dated: June 18, 2015

Secretary of the Board

Dated: June 18, 2015