

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, November 17, 2016

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 10:00 a.m. on November 17, 2016. Chairman Dean Brosious reconvened the recessed meeting of October 20, 2016. Upon calling roll, it was reported that the following Directors were present: Dean Brosious, Pat McClelland, Frank Roitsch, Russell Garrity, Mike Brinks, Scott McGill, Tom Fox and Glynda Sheehan. Also present were General Counsel Levi Williamson and Bryson Fredregill, 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, Pat McClelland, Frank Roitsch, Russell Garrity, Mike Brinks, Scott McGill, Tom Fox and Glynda Sheehan. Also present were General Counsel, Levi Williamson and Bryson Fredregill; General Manager, Diane Johnson; Chief Operating Officer, Steve Johnson; Manager of Accounting Services and Warehouse and Facilities, Amy Mahon; Board Secretary, Larissa Wilson; Human Resources Manager, Randi Owens; Member Relations Manager, Kathy Bertrand; Communications and Public Relations Manager, Tammi Strickland.

2. Open Director Discussion

After the Chairman declared the meeting open, a motion was made, duly seconded, and passed unanimously that the board of directors go immediately into open director discussion to discuss and consider various topics as decided upon by the directors. Board members and Diane Johnson, General Manager, were in attendance during such discussion. Such discussion convened at approximately 10:00 a.m., and the board ended the discussion at approximately 11:00 a.m.

3. Executive Session

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, pending or threatened litigation, and consultations with special counsel regarding pending member bankruptcies. Board members, General Counsel, Levi Williamson and Bryson Fredregill, and Diane Johnson, General Manager, 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.

4. 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.

5. Member-Owner Comments

There were no member-owners present.

6. Director Comments

Mr. Fox extended his compliments to the union negotiations committee, and noted that he was happy to spend the time on that committee. Mr. Roitsch thanked Mr. Fox for his time spent on the committee.

INFORMATION ITEMS

7. Staff Reports

A. Finance

Discussion was held around demand charges, coincidental peak, and non-coincidental peak charges, and the relationship of these charges to rate calculations.

B. Operations

I. Safety

Mr. McGill expressed his concern regarding near misses. Mr. Johnson explained that staff is working to improve the safety program in ways such as establishing protocols and performing continuity tests.

II. Operations

Board members and staff discussed service orders. Mr. Johnson explained a service order is created for existing construction, while a work order is created for new construction. There have been a higher number of service orders this year, compared to last year, and many of the current service orders are pertaining to the AMI project. Mr. Johnson will provide an annual analysis of service orders to the board in January 2017.

Mr. Johnson noted that AMI meters have been installed and are fully operational in various areas, including Airport substation, Brooklyn substation, and south to Statebridge. Crews are finishing up network communications and deployment. Ms. Johnson added that all aspects of the AMI project are on schedule.

Ms. Bertrand noted that a few members have opted-out of the program under the misconception that a meter will not be installed on their property. Staff has worked with Mr. Sharp to adjust the language to show that a meter will need to be installed on the property in order to receive service.

Mr. Roitsch inquired about the GPS locator on the Association's fleet of trucks. Mr. Johnson noted that the GPS locator, along with crews checking in and out, has been effective at keeping crews safe and on task. Mr. Fox added that the installation of the GPS locators was not a required union discussion.

III. Engineering

There were no questions.

IV. IT

Mr. Johnson noted that staff is through the preliminary phases of completing a cyber security audit. Once the audit is complete, staff will have recommendations as to how equipment and devices are managed.

C. Human Resources

Ms. Owens reminded board members and staff to RSVP for the upcoming holiday party.

D. Communications & PR

Ms. Strickland briefly talked about the United Way holiday exchange markets taking place in Routt and Moffat counties.

Ms. Sheehan thanked the Association for helping sponsor the Snake River Barbeque.

E. Member Relations

Ms. Johnson extended her thanks to Ms. Bertrand for spearheading the rules and regulations update project with the Wyoming PSC.

General discussions were held regarding service territory in Colorado and Wyoming.

Ms. Bertrand noted CEC has two new members. They are now up to 81% sold, and 105 members.

F. Facilities and Warehouse

Ms. Mahon explained that large storage pods are now being used to store items that are needed in the far or remote areas of our territory. Conex storage pods are located near remote substations, including Maybell, Hamilton, Clark, and Baggs. Warehouse staff will regularly replenish items in the storage pods.

8. AMI

AMI was discussed under Item B. II. Operations.

9. CREA

Mr. McGill provided a comprehensive update of the business conducted at the regular CREA board meeting.

10. Western United

Mr. McGill provided a comprehensive update of the business conducted at the regular Western United board meeting.

ACTION ITEMS

11. Acceptance of the Financial and Statistical Reports for October

Questions regarding rate of return were addressed. Ms. Mahon will include rate of return information in future monthly financial and statistical reports.

A motion accepting the financial and statistical reports for October was made by Ms. Sheehan, duly seconded by Mr. Brinks, and carried with a unanimous vote.

PENDING APPROVAL ITEMS

12. 2017 Draft Budget

Mr. Brosious noted the Regular Meeting of the Board of Directors will be moved to fourth (4th) Tuesday of each month, starting in January, 2017. The meetings will begin at 10:00 a.m.

Ms. Mahon presented the updated 2017 draft budget for board approval. Questions and discussion followed. Consideration was given to capital credits, expense management,

and economic development initiatives. Ms. Mahon noted she will bring the cost of equity formula and calculations to the December board meeting for further discussion.

A motion accepting the 2017 draft Budget with the proposed adjustments as presented, and with extending capital credit retirement years from 15 to 22 years was made by Mr. McClelland, and duly seconded by Mr. Fox. Discussion followed regarding extending capital credit retirement years from 15 to 22 years.

The motion was then amended by Mr. McClelland to approve the 2017 draft budget as presented, with no change in the timeframe of capital credit retirement years. Mr. Fox duly seconded the amended motion, and the motion passed with Mr. McGill opposed.

OTHER ITEMS

13. Unfinished Business

There was no Unfinished Business.

14. New Business

Mr. Brosious noted the topics for December's open director discussion will be: 1. The temperature for economic development, and; 2. Financial assistance initiatives for member-owners.

15. Recess

A motion to recess this regular meeting of the directors of Yampa Valley Electric Association, Inc., until 10:00 am on Thursday, December 15, 2016 was made, duly seconded, and passed unanimously. The Chairman then declared this regular meeting recessed at 3:37 p.m.

Chairman of the Board

Dated: December 15, 2016

Secretary of the Board

Dated: December 15, 2016