

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, February 25, 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 11:00 a.m. on February 25, 2016. Chairman Dean Brosious reconvened the recessed meeting of January 21, 2016. Upon calling roll, it was reported that the following Directors were present: Dean Brosious, Pat McClelland, Frank Roitsch, Russell Garrity, Mike Brinks, Larry Ellgen, Tom Fox, Scott McGill and Glynda Sheehan. Also present were General Manager, Diane Johnson, and Board Secretary Larissa Wilson. 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, Larry Ellgen, Tom Fox, Scott McGill and Glynda Sheehan. Also present were General Manager, Diane Johnson; Chief Operating Officer, Steve Johnson; Manager of Accounting Services and Warehouse and Facilities, Amy Mahon; Board Secretary Larissa Wilson; Member Relations Manager, Kathy Bertrand; Communications and Public Relations Manager, Tammi Strickland; Engineering Supervisor, Jason Hall was present beginning at item 8; and Member-owner Jeff Troeger was present beginning at item 14a.

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 Larissa Wilson, Board Secretary 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 December Meeting was made, duly seconded, and passed unanimously.

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

There were no Member-owners present during this item.

5. Director Comments

Mr. Roitsch thanked staff for publishing the article on the life of Sam Haslem in the Colorado Country Life magazine. The article covered Mr. Halem's life well, and Mr. Roitsch was thrilled to see the recognition.

Mr. Brinks noted the NRECA annual meeting felt different with a smaller group of directors in attendance, but the meeting was educational.

Mr. Brosious noted the content of this year's NRECA annual meeting was much improved over previous years. NRECA listened to member comments, and the annual meeting is beginning to have more substance than in previous years. This year in particular, the speaker on disruptive convergence was one of the more interesting presentations.

Mr. Fox inquired as to the plan for the replacement of current CEO of NRECA, Jo Ann Emerson. Mr. Brosious noted Jeffrey Connor, Chief of Staff to Ms. Emerson, is the current Interim CEO. Mr. Connor is well-spoken and tuned to the issues, and is well known on Capitol Hill.

Mr. McClelland noted the general sessions were shorter this year at the NRECA annual meeting, allowing for more sessions at the meeting. At the CFC annual meeting, there was a statement and picture of Ms. Johnson. Ms. Johnson explained that Chip Marks has replaced Kathy Buhl, and will be the Association's contact at CFC. Mr. Marks may attend the board meeting in March or April.

Mr. Garrity discussed shifting philosophy of Engie after speaking with its head of operations. The company is focusing on renewables in its new strategy and has sold a significant amount of its North American power generation assets in order to adjust to changing conditions affecting its business.

Mr. Ellgen noted that he also enjoyed the NRECA annual meeting. The presentation on Disruptive Convergence, the concept that technology is evolving faster than society is able to accept it, was particularly fascinating.

Mr. McGill provided an update on the member service issue he encountered last month. The dissatisfied member met with Ms. Bertrand and the issue has been resolved. The member then contacted Mr. McGill and was ecstatic with the service Ms. Bertrand provided.

ACTION ITEMS

6. Acceptance of the Financial and Statistical Reports for January

Ms. Mahon provided financial highlights from the month of January, noting balance and cash flow calculations are pending final audit approval. A motion accepting the financial and statistical reports for January will be made and recorded once the 2015 financial audit is final.

PENDING APPROVAL ITEMS

There were no Pending Approval Items.

INFORMATION ITEMS

7. Staff Reports

A. Finance

Ms. Mahon noted cost of service Request for Proposal responses have been received from potential consultants. Seven responses have been received and will be reviewed in the coming week. Two consultants will be selected for interviews. Interviews will be conducted during the first week of March. The schedule for the study will be distributed once a consultant has been chosen.

Mr. Roitsch requested to receive the consultant's report earlier than the scheduled monthly meeting. Ms. Johnson will provide the report a week prior to the scheduled monthly meeting.

B. Operations

I. Safety

Mr. Johnson provided the 2015 State of Safety report and noted the Association's DART rating is higher in comparison to similar cooperatives. Mr. Johnson noted that while the number of accidents was relatively low, three of the four accidents resulted in lost work days which affects the Association's DART rating unfavorably. Questions and discussion followed. Mr. Johnson noted the intent is to provide this report on an annual basis.

II. Operations

There were no questions.

III. Engineering

There were no questions.

IV. IT

There were no questions.

C. Human Resources

There were no questions.

D. Communications & PR

Mr. Fox noted that it was nice to see Craig area children chosen for the Youth Tour. Mr. Garrity asked if the number of Operation Round Up program opt-outs was perceived to be higher than expected. Ms. Strickland responded that roughly 10% opt-outs was expected.

E. Member Relations

Mr. Garrity inquired as to the general response to initial meetings held with the Association's key accounts. Ms. Johnson explained that the meetings that Key Accounts Representative, Megan Moore-Kemp has been holding with the Association's key accounts have been upbeat, resetting expectations with both members and staff, and members have been very excited that the Association is taking this step to help better serve its members.

Mr. McGill inquired about the refund on net metering. Ms. Bertrand responded that both refunds per member and refund amounts have been higher than in recent years.

F. Facilities and Warehouse

There were no questions.

8. Reliability Report

Mr. Johnson presented the 2015 Reliability report. The report reviews the Association's service reliability on its distribution system in 2015. The report analyzes the Association's system using operations history over previous years and compares it to industry IEEE standards. Questions and discussion followed. Engineering Manager,

Jason Hall, was available to provide insight into equipment replacements and reliability analyses.

9. Building Update

Ms. Johnson noted that the building committee is proceeding with Gensler Architects to finish the master plan for the remodel. A building blocking plan will be presented in March, showing a 3-D concept of the remodel. The next step in the process will be to contract with Gensler to provide design work for the office buildings. The project will be phased, with the warehouse and garage being phased-in, in future years.

10. AMI

Mr. Johnson provided highlights of the AMI project. All equipment has been queued for full scale deployment. Deployment is scheduled for mid-April. Meter deployment services are available for help with equipment deployment.

11. CREA

Mr. McGill noted the meeting last month was spent discussing CREA's position on various bills that were coming up, or are coming up, through legislature.

Mr. McGill also noted the CREA annual meeting will be held in Denver from February 27 through March 1, 2016.

12. Western United

Mr. McGill presented highlights from the monthly meeting. Western United sales are lower in comparison to 2015 but better than budgeted. Western United has noticed members are confused about the definition of net metering and are using more energy.

Mr. McGill also noted the majority of cooperatives are increasing their service charges or fees.

13. CEC

Mr. Brosious noted that CEC continues to battle their service issues.

DISCUSSION ITEMS

14. Open Director Discussion

A. Utility Sale Battery Storage Concept

Engineering Manager, Jason Hall, provided a presentation on utility scale battery storage. Mr. Hall noted that battery storage that the Association would control and operate would allow for better peak demand management and increased reliability. Members with high demand charges would be able to offset some of their charge with battery storage. Questions and discussion followed. Staff will continue to research this concept.

OTHER ITEMS

15. Unfinished Business

There was no Unfinished Business.

16. New Business

Mr. Brinks noted that the IRS Mileage decreased from \$0.575, to \$0.54. Ms. Mahon will adjust mileage calculations on director expense reports for this month and a new form will soon be made available for all directors.

17. Recess

A motion to recess this regular meeting of the directors of Yampa Valley Electric Association, Inc., until 11:00 am on Thursday, March 17, 2016 was made, duly seconded, and passed unanimously. The Chairman then declared this regular meeting recessed at 3:26 p.m.

Chairman of the Board

Dated: March 17, 2016

Secretary of the Board

Dated: March 17, 2016