

**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, April 21, 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 April 21, 2016. Chairman Dean Brosious reconvened the recessed meeting of March 17, 2016. Upon calling roll, it was reported that the following Directors were present: Dean Brosious, Pat McClelland, Frank Roitsch, Russell Garrity, Mike Brinks, Tom Fox, Scott McGill and Glynda Sheehan. Also present were General Counsel, Tom Sharp, 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, Tom Fox, Scott McGill and Glynda Sheehan. Also present were General Counsel, Tom Sharp; General Manager, Diane 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; and Member-owner John Spezia.

**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, pending or threatened litigation, and consultations with special counsel regarding pending member bankruptcies. Board members, Diane Johnson, General Manager, Larissa Wilson, Board Secretary, Kathy Bertrand, Member Relations Manager, and Mr. Glenn Merrick, Senior Attorney, GW Merrick and Associates 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**

Mr. Spezia commented that he enjoyed the weather and biked to the meeting. The community solar garden recognized a 53KW surplus last month, which was returned to the Association.

Ms. Mahon introduced Mr. Randy Robbins from Bolinger, Segars, Gilbert & Moss, LLP.

## 5. Director Comments

Mr. Roitsch noted there was an article published in The Denver Post regarding a solar farm agreement between GRID Alternatives and the city of Denver.

Mr. Garrity noted Peabody and Sun Edison filed bankruptcy within ten days of each other.

Mr. Fox noted he attended the NRECA director's conference in early April and found it interesting that NRECA improved its classes on emerging energy technologies. Mr. McClelland also noted that the labs at the conference were educational. Ms. Sheehan attended the conference as well and felt it was overwhelming to try to absorb so much information on emerging technology. Ms. Sheehan attended "The Emotionally Intelligent Director", presented by Rodney Patterson, and enjoyed that the lab focused on human emotional intelligence.

Ms. Johnson noted all employees attended marijuana drug and alcohol training with Ms. Gene Henderson, a colleague the Association has contracted with for drug testing in the workplace. Ms. Johnson noted employees need to be very conscious with what they do as marijuana is more potent today than in the past. Ms. Johnson explained that Ms. Henderson instructed employees that there is no guarantee that they won't test positive after breathing second-hand marijuana smoke, as one joint today is the equivalent of 13 joints of the past. Ms. Sheehan added that marijuana grow houses present a load gross paradox where the energy demand is good for system but it's difficult to manage. Mr. Garrity noted that there are currently 128 liquor licenses in the area, resulting in approximately \$900,000 in sales tax revenues. There are three marijuana retailers resulting in roughly \$450,000 in sales tax revenues.

## ACTION ITEMS

### 6. Approval of 2015 Audit

Ms. Mahon introduced Mr. Randy Robbins from Bolinger, Segars, Gilbert & Moss, L.L.P. Mr. Robbins provided the board and staff with a detailed explanation of the 2015 audit report. The report analyzed the financial statements of the Association through the year 2015. Questions around the capital credit allocation were discussed. The motion approving the 2015 Audit Report was made by Mr. Fox, duly seconded by Mr. Brinks, and passed with a unanimous vote.

Mr. Brosious noted the board is pleased to continue to receive improved financial information from Ms. Mahon and staff.

### 7. In Consideration of Bylaw Change:

#### **RESOLUTION APPROVING**

#### **AMENDMENTS TO BYLAWS**

WHEREAS, the Board of Directors for Yampa Valley Electric Association, Inc. ("YVEA") is empowered pursuant to Section 1 of Article XIV of the Bylaws of YVEA to alter or amend certain of such Bylaws by the affirmative vote of a majority of the Directors at any regular or special meeting of the Board of Directors, provided that the notice of such Board of Directors meeting shall have contained a copy of the proposed Bylaw alteration or amendment; and

WHEREAS, the Board of Directors of YVEA now desire to alter and amend certain provisions of the Bylaws as noted and stated below.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby alters and amends the Bylaws of YVEA as follows:

1. DELETE the following from the third paragraph of Section 2 of Article VIII of the Bylaws:

“In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of making such retirements. The Board shall have the power to adopt rules providing for the separate retirement of capital credits from affiliated organizations. The Board of Directors shall also have the power, exercisable in its sole discretion, to retire all or a portion of the capital credit of patrons prior to the time such capital would otherwise be retired under the provision of these bylaws or the policies of the Board of Directors, on a discounted and fair value basis, upon such terms and conditions as the Board of Directors shall adopt, provided that the financial condition of the Cooperative will not be impaired thereby, and provided, further, that the acceptance of payment in retirement of capital credits on a discounted and fair value basis shall be voluntary, not mandatory, for patrons. The Cooperative shall deduct and retain from such payment to a patron all monies owed by such patron to the Cooperative at that time, together with accrued interest on such owed amount. The discounted portion of the capital credit of a patron which is not paid to such patron shall conclusively be deemed donated to, and retained by, the Cooperative and shall not thereafter be reassigned to any member, patron or person. Any policy of the Board to retire the capital credit of patrons and implement the foregoing provisions of these bylaws shall be uniform and applied in a non-discriminatory fashion.”

2. INSERT the following in lieu of the deletion described in Paragraph 1 above, to be and become the third paragraph of Section 2 of Article VIII of the Bylaws:

“In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. The Cooperative shall deduct and retain from payment to a patron of retired capital credits all monies owed by such patron to the Cooperative at that time, together with accrued interest on such owed amount. The Board of Directors shall determine the method, basis, priority and order of making such retirements. The Board shall have the power to adopt rules providing for the separate retirement of capital credits from affiliated organizations. The Board of Directors shall also have the power, exercisable in its sole discretion, to retire all or a portion of the capital credit of patrons prior to the time such capital would otherwise be retired under the provision of these bylaws or the policies of the Board of Directors, on a discounted and fair value basis, upon such terms and conditions as the Board of Directors shall adopt, provided that the financial condition of the Cooperative will not be impaired. The discounted portion of the capital credit of a patron which is not paid to such patron, after debiting any monies then owed by such patron to the Cooperative, shall conclusively be deemed donated to, and retained by, the Cooperative and shall not thereafter be reassigned to any member, patron or person. Any policy of the Board to retire the capital credit of patrons and implement the foregoing provisions of these bylaws shall be applied in a non-discriminatory fashion within each separate class of members, but may be different for different classes of members.”

APPROVED AND ADOPTED by the Board of Directors of the Yampa Valley Electric Association, Inc., this 21st day of April, 2016.

YAMPA VALLEY ELECTRIC ASSOCIATION, INC.

By: \_\_\_\_\_

Dean Brosious, Chairman of the Board

ATTEST:

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Secretary

A motion adopting the resolution that approves the amendments to the Association bylaws was made by Mr. Roitsch, duly seconded by Mr. McGill, and the motion passed unanimously.

**8. Approval of Board Policy 3-5 Capital Credits and Equity Management Plan**

A motion approving Board Policy 3-5 as amended was made by Mr. McClelland, duly seconded by Mr. McGill, and the motion passed with a unanimous vote.

**9. Approval of Phase 1 Building Contract**

Approval of the Phase One building contract was tabled. A special meeting may be held before the next regular monthly meeting, if necessary. The purpose of this meeting will be to discuss and approve the Phase One building contract, should the contract be received before the next regularly scheduled board meeting. A poll was taken and consensus to move forward with a special meeting, if necessary, was unanimous.

**10. Acceptance of the Financial and Statistical Reports for March**

Ms. Mahon provided highlights from the financial and statistical reports for the month of March. A motion accepting the financial and statistical reports for March was made by Mr. McClelland, duly seconded by Mr. Brinks and carried with a unanimous vote.

**PENDING APPROVAL ITEMS**

There were no Pending Approval Items.

**INFORMATION ITEMS**

**11. Staff Reports**

**A. Finance**

Ms. Mahon presented capital credit retirement allocation information. Capital credit retirement checks will be mailed by June 2016. The allocation will occur in June 2016. Questions regarding the retirement of capital credits were addressed. Mr. Sharp expressed that the Association consider two items of note: 1. The Association cannot discriminate within a rate class, but does not have to be uniform between rate classes; and 2. If the Association's equity is above 20%, there is no restriction on the amount to be distributed.

**B. Operations**

**I. Safety**

There were no questions. Ms. Sheehan noted the crew who repaired and restored service to her residence during the recent storm outage provided exceptional service. The crew made certain Ms. Sheehan's residence was safe before moving on to other outages. Ms. Johnson noted that Mr. Cromer reported his crew did an exceptional job of being safe.

## **II. Operations**

There were no questions. Ms. Johnson, directors, and staff, discussed the recent storm outage and the technical intricacies of the outage management system currently in place. Mr. Spezia noted he observed crews making multiple trips to the same area. Ms. Johnson clarified that, especially in a heavy storm such as the one which recently occurred, one area could experience multiple outages during the storm. In this case, the outages would each be addressed as they were reported, resulting in the crew making multiple trips to the same area to resolve each issue.

## **III. Engineering**

There were no questions.

## **IV. IT**

There were no questions.

## **C. Human Resources**

Ms. Owens noted an offer will be extended to a lineman in Craig, and a phone interview will be conducted with another lineman, in hopes of filling two open positions.

## **D. Communications & PR**

There were no questions. Ms. Johnson noted that while recognizing many of our members don't utilize Facebook, local radio stations prefer following and sharing the Association's posts on Facebook as well as on the air, and this creates an additional avenue to reach members.

## **E. Member Relations**

There were no questions.

## **F. Facilities and Warehouse**

There were no questions.

## **12. Building Update**

The building update was discussed under item 9. Ms. Johnson noted the Association will utilize Blue Sage Ventures to obtain plan design services from Gensler Architects. Internal staff, Facilities and IT have done an amazing job preparing the property for the move into temporary headquarters in July 2016, where operations will continue until the renovation of the northern buildings is complete.

## **13. AMI**

Ms. Bertrand provided an update on the AMI project. Ms. Bertrand noted meter deployment is underway. Meter installers are utilizing the App Suite application which allows for a paperless installation. It automatically loads information into the system. There have been no issues with meter installations to date.

Ms. Bertrand noted another member information session was held on April 13. Six members attended the session, which was held at the Steamboat Springs office. Mr. Fox suggested staff work with the local newspaper to publish a story on the meter deployment phase of the project.

## **14. CREA**

Mr. McGill noted two items from the CREA meeting last month: 1. NRECA has rolled out a "Co-ops Vote" campaign to increase awareness of rural issues and encourage all members to vote; and 2. NRECA has rolled out an online assessment tool to help directors identify gaps in their training and gain access to educational resources.

**15. Western United**

Mr. McGill noted there was no regular meeting of the board.

**16. CEC**

Mr. Brosious noted that the solar array was again experiencing technical difficulties. A full recommissioning of the array is schedule for the future.

**DISCUSSION ITEMS**

**17. Open Director Discussion**

Mr. Garrity noted that he, along with Mr. Ellgen and Mr. Brosious attended a meeting with staff and representatives from Prime Group to discuss the Cost of Service study. Mr. Garrity added that he is optimistic the study will enable the Association to set appropriate rates and rate structure for the world we're heading toward in the future.

**OTHER ITEMS**

**18. Unfinished Business**

There was no Unfinished Business.

**19. New Business**

Mr. Roitsch requested that staff decrease the budget for the solar garden project, bringing it more in line with actual projected costs. Ms. Johnson suggested that an amendment may be presented if the variance is significant.

A motion was made by Mr. Fox, directing legal counsel to draft the necessary bylaw amendment(s) that would bring the bylaws inline and current with new state laws. The motion was duly seconded by Mr. McClelland, and the motion passed with a unanimous vote. The proposed amendment(s) will be published in the agenda for the August board meeting and the amendment(s) will be presented for adoption at the August board meeting.

A motion was made by Mr. McClelland, to authorize the general manager and board of directors to engage special counsel to represent the Association in the Peabody bankruptcy hearings. The motion was duly seconded by Mr. McGill, and the motion passed with a unanimous vote.

Mr. McGill noted that the CREA board of directors voted to instruct lobbyists to have legislators submit a bill to clarify that commercially managed properties are required to pay sales tax, noting that these properties may be required to prove they are actually residences in order to avoid the commercial sales tax. Legislature is anticipated to pass this bill.

Ms. Johnson provided an update on the Northwest Colorado Broadband partnership and project. The Association agreed to partner with Northwest Colorado Broadband and its partners and offer an in-kind contribution to the project. Questions and discussion regarding trunk line installation, easements, and right of way followed. Mr. Sharp urged Ms. Johnson and staff to continue to operate within the best interest of the Association.

Mr. McGill also noted that the NRECA pension plan is evolving into a two-tier system. Some members continue to contribute to a defined benefit plan while others are choosing to contribute to a defined contribution plan.

**20. Recess**

A motion to recess this regular meeting of the directors of Yampa Valley Electric Association, Inc., until 11:00 am on Thursday, May 19, 2016 was made, duly seconded, and passed unanimously. The Chairman then declared this regular meeting recessed at 3:38 p.m.

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Chairman of the Board

Dated: May 19, 2016

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Secretary of the Board

Dated: May 19, 2016