

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

Tuesday, April 18, 2017
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 9:00 a.m. on April 18, 2017. Chairman Dean Brosious reconvened the recessed meeting of March 28, 2017. Upon calling roll, it was reported that the following Directors were present: Dean Brosious, Larry Ellgen, Pat McClelland, Frank Roitsch, Russell Garrity, Mike Brinks, Scott McGill, Tom Fox and Glynda Sheehan. Also present were General Counsel 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, Larry Ellgen, Pat McClelland, Frank Roitsch, Russell Garrity, Mike Brinks, Scott McGill, Tom Fox and Glynda Sheehan. Also present were General Counsel, Bryson Fredregill; General Manager, Diane Johnson; Finance Manager, Amy Mahon, Board Secretary, Larissa Wilson; Operations Manager, Steve Johnson; and Member Services Manager, Kathy Bertrand.

2. 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, and Diane Johnson, General Manager, were in attendance during such executive session. Such executive session convened at approximately 9:00 a.m., and the board ended the executive session and returned to its public meeting session at approximately 12:30 p.m.

3. Open Director Discussion

There was no Open Director Discussion.

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

Directors discussed their experiences at the recent NRECA Director's Conference, held in Tampa from April 1-4, 2017.

Mr. Brosious reminded board members of the board retreat scheduled for May 10, 2017.

INFORMATION ITEMS

7. Staff Reports

A. Financial Stability

The Financial Stability report was discussed. Board members reviewed the report and provided their recommendations to staff.

B. Customer Service

The Customer Service report was discussed. Board members reviewed the report and provided their recommendations to staff.

C. Workforce Planning

The Workforce Planning report was discussed. Board members reviewed the report and provided their recommendations to staff.

D. Operational Stability

The Operational Stability report was discussed. Board members reviewed the report and provided their recommendations to staff.

E. Safety

The Safety report was discussed. Board members reviewed the report and provided their recommendations to staff.

8. Demand Communication Plan

Ms. Megan Moore-Kemp presented a communication plan that will be discussed with members who have meters that will be moving to the demand rate classification. The presentation explains the details of the rate change and offers strategies for managing energy usage.

Questions and discussion was held around coincidental and non-coincidental peak energy demand. Board members offered communication strategies and recommendations.

A motion directing staff to merge the large general service demand classes, eliminate the large general service demand rate, and rename the merged class to Large General Service Demand, and move implementation out one year was made by Mr. McGill, duly seconded by Mr. Brinks, and the motion passed unanimously.

Ms. Moore-Kemp left the meeting.

9. GRID Production Demonstration

Mr. Johnson and Ms. Bertrand offered a demonstration of the operation and system performance of the solar array located on the Steamboat Springs campus. Board members reviewed a sample member bill and discussed the project status to date.

10. CREA

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

Ms. Johnson provided a summary of the recent CREA Manager's meeting held in Denver, Colorado.

11. Western United

Mr. McGill noted that there was no regular Western United board meeting.

ACTION ITEMS

12. Approval of Allocation of Capital Credits

Ms. Mahon presented capital credit retirement and allocation information. Questions and discussion followed. Consideration was given to the Association's current financial position and forecasting of potential future financial fluctuations.

A motion approving capital credit allocations in the amount of \$3,359,147.52 from the 2016 margins, and capital credit retirement in the amount of \$1,315,826 or 37% of unretired capital credits, being retired from a portion of the unpaid capital credits accrued for the calendar year 2000 and 2001.the allocation of 2016 margins to assigned capital credits was made by Mr. McClelland, duly seconded by Mr. Ellgen, and the motion passed unanimously.

13. Resolution 17-02B: In Consideration of Bylaw Change: Director Districts

**RESOLUTION APPROVING
AMENDMENT 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 desires 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 language in Article XVI of the Bylaws:

“District One shall consist of the area served by the Association in the State of Wyoming and that portion of Moffat County, Colorado, north of Township 9 North and that portion of Routt County, Colorado, north of Township 10 North.

District Two shall consist of that portion of Moffat County, Colorado, north of Township 6 North and south of Township 10 North and including the City of Craig, Colorado.

District Three shall consist of the City of Craig, Colorado.

District Four shall consist of the City of Craig, Colorado and that portion of Moffat County, Colorado, south of Township 7 North, and that portion of Rio Blanco County, Colorado, served by the Association in Township 3 North, Range 90 West and in Township 3 North, Range 91 West.

District Five shall consist of that portion of Routt County, Colorado, south of Township 11 North and west of Range 86 West of the 6th Principal Meridian.

District Six shall consist of that portion of Routt County, Colorado, located north of Township 5 North, and south of Township 11 North, and east of Range 87 West, all of the 6th P.M., but excepting and excluding from said portion that part of Township 6 North, Range 84 West, lying south of the north line of Sections 31 through 36, inclusive, of Township 6 North, Range 84 West, all of the 6th P.M., BUT plus and together with all of the City of Steamboat Springs, Colorado.

District Seven shall consist of the City of Steamboat Springs, Colorado.

District Eight shall consist of the City of Steamboat Springs and that portion of Township 6 North, Range 84 West of the 6th Principal Meridian lying south of the north line of Sections 31 through 36, inclusive of Township 6 North, Range 84 West of the 6th Principal Meridian; and Township 5 North, Range 84 West; Township 5 North, Range 85 West; Township 5 North, Range 86 West of the 6th Principal Meridian.

District Nine shall consist of all of the service area of the Association south of Township 5 North and east of Range 87 West of the 6th Principal Meridian in Routt County, and all of Eagle, Summit and Grand Counties of Colorado in the service area and that portion of Township 3 North, Range 86 West in Rio Blanco County served by the Association.”

2. INSERT the following language in Article XVI of the Bylaws in the same location within such Article XVI as was located the language deleted under Paragraph 1 above:

“District One shall consist of the area served by the Association in the State of Wyoming and that portion of Moffat County, Colorado, served by the Association north of Township 9 North and that portion of Routt County, Colorado, north of Township 10 North.

District Two shall consist of that portion of Moffat County, Colorado, served by the Association north of Township 6 North and south of Township 10 North and including the City of Craig, Colorado.

District Three shall consist of the City of Craig, Colorado.

District Four shall consist of the City of Craig, Colorado and that portion of Moffat County, Colorado, served by the Association south of Township 7 North, and that portion of Rio Blanco County, Colorado, served by the Association in Township 3 North, Range 90 West of the 6th Principal Meridian and in Township 3 North, Range 91 West of the 6th Principal Meridian.

District Five shall consist of that portion of Routt County, Colorado, south of Township 11 North and west of Range 86 West of the 6th Principal Meridian and that portion of Rio Blanco County, Colorado, served by the Association in Township 3 North, Range 87 West of the 6th Principal Meridian.

District Six shall consist of that portion of Routt County, Colorado, located north of Township 5 North, and south of Township 11 North, and east of Range 87 West, all of the 6th Principal Meridian, but excepting and excluding from said portion that part of Township 6 North, Range 84 West, lying south of the north line of Sections 31 through 36, inclusive, of Township 6 North, Range 84 West, all of the 6th Principal Meridian, BUT plus and together with all of the City of Steamboat Springs, Colorado.

District Seven shall consist of the City of Steamboat Springs, Colorado.

District Eight shall consist of the City of Steamboat Springs and that portion of Township 6 North, Range 84 West of the 6th Principal Meridian lying south of the north line of Sections 31 through 36, inclusive of Township 6 North, Range 84 West of the 6th Principal Meridian; and Township 5 North, Range 84 West; Township 5 North, Range 85 West; Township 5 North, Range 86 West of the 6th Principal Meridian.

District Nine shall consist of that portion of Routt County, Colorado south of Township 5 North and east of Range 87 West of the 6th Principal Meridian, and those portions of Eagle, Summit and Grand Counties of Colorado served by the Association, and that portion of Township 3 North, Range 86 West of the 6th Principal Meridian in Rio Blanco County served by the Association.”

APPROVED AND ADOPTED by the Board of Directors of the Yampa Valley Electric Association, Inc., this 18th day of April, 2017.

YAMPA VALLEY ELECTRIC ASSOCIATION, INC.

By: _____

ATTEST:

Secretary

The motion to approve the bylaws as amended was made by Mr. Ellgen, duly seconded by Mr. Brinks, and the motion passed with a unanimous vote.

14. Acceptance of the Financial and Statistical Reports for March

Ms. Mahon presented financial highlights from the month of March to the board for approval. A motion accepting financial and statistical reports for March was made by Ms. Sheehan, seconded by Mr. Ellgen, and carried with a unanimous vote.

PENDING APPROVAL ITEMS

There were no Pending Approval Items.

OTHER ITEMS

15. Unfinished Business

Mr. Brosious provided board members with an update on recovering funds from the Peabody bankruptcy. Discussion was held regarding offsetting fees with capital credits. Board members were polled and the consensus was to research the possibility of offsetting legal fees with capital credits. Legal counsel will research and recommend to staff options, and staff will return with their recommendation next month.

Board members continued discussion regarding the request from the Craig and Moffat counties broadband team to partner in funding an Assistant to Executive Director position.

16. New Business

There was no new business.

17. Recess

A motion to recess this regular meeting of the directors of Yampa Valley Electric Association, Inc., until 9:00 am on Wednesday, May 10, 2017 was made, duly seconded, and passed unanimously. The Chairman then declared this regular meeting recessed at 3:30 p.m.

18. Open Director Discussion

The Board of Directors of Yampa Valley Electric Association, Inc., reconvened at 2211 Elk River Road, Steamboat Springs, Colorado, at 9:00 a.m. on Wednesday, May 10, 2017. Chairman Dean Brosious reconvened the recessed meeting of Tuesday, April 18, 2017 (the "Recessed Meeting"). Upon calling roll, it was reported that the following directors were present: Dean Brosious, Frank Roitsch, Russell Garrity, Pat McClelland, Tom Fox, Larry Ellgen, and Scott McGill. Also present were General Counsel, Levi Williamson and Bryson Fredregill, General Manager, Diane Johnson, and Board Secretary, Larissa Wilson. After the Chairman declared that the Recessed Meeting was re-opened, a motion was made, duly seconded, and passed unanimously that the board of directors go immediately into open director discussion. Such discussion convened at approximately 9:00 a.m.

Board members discussed the current process of electing officers. A poll was taken and the consensus was to hold an annual vote for Chair and Vice Chair, with board members self-nominating, as opposed to being nominated by secret ballot. Mr. Brosious requested that any board member interested in becoming Chair and/or Vice Chair, please notify him before May's regular board meeting on Thursday, May 18, 2017. Open discussion will

then be held at the May meeting, with the vote and election taking place at the July regular board meeting.

Mr. Brosious also requested that any board member wishing to attend the regional meeting, please contact him to discuss details and be registered as a voting delegate.

Ms. Johnson provided a brief update of the union contract negotiations.

A motion was made, duly seconded, and passed unanimously that the board of directors go immediately into an executive session to consider 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, Board Secretary, General Counsel, and Diane Johnson, General Manager, were in attendance during such executive session. Such executive session convened at approximately 10:00 a.m., and the board ended the executive session and returned to its public meeting session at approximately 10:15 a.m.

Ms. Johnson provided an overview of what communication technology exists in our territory today with respect to broadband, and expectations and ideas for the territory and projects in the future.

Mr. Josh Nowak, Sales and Support Manager for Zirkel Wireless, joined the meeting.

Ms. Johnson introduced Mr. Nowak from Zirkel Wireless. Mr. Nowak provided board members with a comprehensive overview of Zirkel Wireless, the wireless internet technology, and various project concepts. Questions and discussion followed. Topics included service territory, frequency disruption, and various project concepts.

Mr. Nowak left the meeting.

Board members discussed industry trends in and around the city of Craig, as well as Moffat county.

Board members discussed the Northwest Colorado Broadband entity, joint use agreements, and key stakeholder involvement in the entity.

Board members discussed industry trends, and various approaches to providing service to members.

Board members discussed the cost of service study, and both current and future rate structures.

Board members discussed the public meeting scheduled for June 5, 2017, at 6:00pm in Craig, to discuss irrigation rate structure.

Board members resumed discussions on broadband and the recent request from Craig Moffat Economic Development to assist in the staffing of an assistant for the group.

Board members discussed the current vision and strategy of the Association.

17. Recess

A motion to recess this special meeting of the directors of Yampa Valley Electric Association, Inc., until 10:00 am on Thursday, May 18, 2017 was made, duly seconded, and passed unanimously. The Chairman then declared this regular meeting recessed at 2:30 p.m.

Chairman of the Board

Dated: May 18, 2017

Secretary of the Board

Dated: May 18, 2017