

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, December 19, 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 10:00 a.m. on December 19, 2017. Chairman Tom Fox reconvened the recessed meeting of November 28, 2017. Upon calling roll, it was reported that the following Directors were present: Tom Fox, Dean Brosious, Larry Ellgen, Pat McClelland, Frank Roitsch, Russell Garrity, Glynda Sheehan, Scott McGill, and Jean Stetson. 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: Tom Fox, Dean Brosious, Larry Ellgen, Pat McClelland, Frank Roitsch, Russell Garrity, Glynda Sheehan, Scott McGill, and Jean Stetson. Also present were General Counsel, Bryson Fredregill; General Manager, Diane Johnson; Finance Manager, Amy Mahon; Member Services Manager, Kathy Bertrand; Human Resources Manager, Randi Owens; Board Secretary, Larissa Rock.

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 negotiations, personnel matters, contract negotiations, pending or threatened litigation, and consultations with special counsel. Board members, General Counsel, General Manager, and guests, Ms. Allison Faeder, and Mr. Stuart Thomas, via telephone, were in attendance during such executive session. Such executive session convened at approximately 10:00 a.m. A motion was made, duly seconded, and passed unanimously that the board of directors exit the executive session and return to open session at approximately 1:00 p.m.

3. Open Director Discussion

There was no Open Director Discussion.

4. Approval of Minutes

A motion approving the 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 complimented staff on a successful holiday party at Three Peaks restaurant. Directors also discussed the remodeled Steamboat campus. Directors complimented Ms. Stetson on obtaining her Certified Credentialed Director designation. Ms. Stetson noted she would like to discuss the level of detail provided in board meeting minutes.

ACTION ITEMS

7. Acceptance of the Financial and Statistical Reports for November

Ms. Mahon presented financial highlights from the month of November to the board for approval. Ms. Johnson noted that the proposed amendment adjusting the 2017 budget, Amendment 17-07, will not be presented to the board until after year-end. A motion accepting financial and statistical reports for November as amended was made by Mr. Brosious, duly seconded by Mr. Ellgen, and carried with a unanimous vote.

8. Approval of Write-off of Uncollectible Accounts

Discussion was held around the accounting for uncollectible accounts and whether this amount could be recovered from capital credits. A motion approving the write-off of uncollectible accounts was made by Mr. McGill, duly seconded by Ms. Stetson, and the motion passed unanimously.

Ms. Johnson explained to board members that Mr. Johnson was currently on a conference call with a working group with CREA regarding 811 Call Before You Dig. The goal of the working group is to rewrite legislation that will propose standardization of 811 Call Before You Dig enforcement in Colorado.

9. Approval of 2018 Budget

Ms. Mahon presented the draft 2018 budget for approval. Ms. Johnson noted that the documents presented during the meeting were the capital and operations and maintenance adjustments that had been discussed during the previous meeting. A motion accepting the 2018 budget was made by Mr. McClelland, duly seconded by Mr. Ellgen, and carried with a unanimous vote.

10. Approval of 2018 Board Committees

Mr. Fox explained that the board would like to establish two committees beginning in 2018. The two committees will be the Policy Committee and the Finance Committee.

Mr. Fox nominated Mr. McGill to chair the Policy Committee. Mr. Fox nominated Mr. Roitsch, Ms. Sheehan, Mr. Fox, Mr. Garrity and Ms. Johnson to serve on the Policy Committee. Mr. McGill noted that he would prefer that the committee meet often for a long period of time to catch up for the years that board policies have not been reviewed. Ms. Sheehan respectfully declined the nomination. Mr. Roitsch suggested that the committee potentially hold meetings on Saturdays. Mr. Fox noted that the meetings will be called depending on when all others are available. Mr. Fox opened the floor for any volunteers to serve on the Policy Committee. There were no volunteers.

Mr. Fox then appointed Mr. McGill, Mr. Roitsch, Mr. Fox, Mr. Garrity and Ms. Johnson to the Policy Committee for a term ending at the next annual meeting of Yampa Valley Electric Association. A motion accepting the appointment was made by Mr. Roitsch, duly seconded by Mr. Ellgen, and carried with a unanimous vote.

Mr. Fox nominated Ms. Stetson, Mr. Brosious, Mr. Ellgen, Mr. Fox, Ms. Johnson, and Ms. Mahon to serve on the Finance Committee. Ms. Stetson volunteered to serve as the Chair of the Finance Committee. Mr. Fox opened the floor for any volunteers to serve on the Finance Committee. There were no volunteers.

Mr. Fox then appointed Ms. Stetson, Mr. Brosious, Mr. Ellgen, Mr. Fox, Ms. Johnson, and Ms. Mahon to serve on the Finance Committee for a term ending at the next annual meeting of Yampa Valley Electric Association. A motion accepting the appointment was

made by Mr. Brosious, duly seconded by Mr. McClelland, and carried with a unanimous vote.

Mr. McGill noted that any board member is welcome to attend these committee meetings. Board members discussed the philosophy of these committees.

11. Property Transactions

Ms. Johnson noted there are no property transactions to discuss. This item will be a standing item and will be used as a meeting placeholder in the event property transactions or discussions regarding such transactions should arise.

PENDING APPROVAL ITEMS

There were no Pending Approval Items.

OTHER ITEMS

Mr. Steve Johnson, Operations Manager, joined the meeting.

12. Unfinished Business

Ms. Johnson provided board members with information regarding what fee amounts will be incurred by the Association should members be allowed to pay large invoices, \$1,500.00 to \$60,000.00 and over, via credit card. Ms. Johnson asked if the board would prefer that staff change the current practice and allow any and all payments by credit card. Board members discussed the financial impact to the member and the Association under different scenarios and various limits to the amount allowed to be paid via credit card. Mr. Fredregill will research other cooperatives' best practices. Ms. Johnson suggested that staff could potentially allow members to pay large invoices via credit card through the first quarter of 2018, and provide cost analysis to the board in April 2018.

Ms. Mahon noted there is the potential of a \$20,000.00 increase in cost to the Association, should members be allowed to pay large invoices via credit card. Ms. Bertrand noted the process of how credit card payments would be handled would not change, regardless of the decision to allow credit card payment for large invoices.

Mr. Fox called for a motion allowing any and all payments by credit card. A motion accepting any and all payments made to the Association to now include credit card payment was made by Mr. Brosious, duly seconded by Mr. McGill. Ms. Stetson requested an amendment to the motion to include the review of the financial impact of the decision at the end of 2018. A motion accepting the decision to accept credit card payments, as amended, was made by Mr. Brosious, duly seconded by Mr. McGill, and carried with a unanimous vote.

Ms. Johnson described at length a meeting that was held between Xcel wholesale cooperatives and legal representatives from the Federal Energy Regulatory Commission. The meeting was held to discuss various scenarios and steps the wholesale cooperatives could take depending on the various decisions made by Xcel or the Colorado Public Utilities Commission, regarding Colorado Clean Energy Plan requirements.

Ms. Johnson provided an overview of the Southwest Power Pool, its members, and its mission.

Ms. Owens left the meeting.

Ms. Johnson provided an update of the decision-making philosophies of the members of the Southwest Power Pool, and the financial effects they have or may have on the Association. Ms. Johnson noted that Mr. Bill Leung will attend all 2018 Southwest Power Pool meetings on behalf of the Association.

Ms. Owens rejoined meeting.

Ms. Johnson discussed the opportunities that Southwest Power Pool provides for cooperatives, with respect to strategic planning and communications, and providing member service.

INFORMATION ITEMS

13. Staff Reports

Mr. Fox called for a motion to table the staff reports until the January 2018 meeting. Mr. McClelland complimented staff on their performance. A motion to accept the staff reports for December as written was made by Ms. Stetson, duly seconded by Mr. McClelland, and the motion passed with a unanimous vote.

14. CREA

Mr. McGill provided a comprehensive update of the business conducted at the regular CREA board meeting. Mr. McGill noted that the CREA Annual Meeting will be held February 10 – February 13, 2018, at the Brown Palace in Denver, Colorado. Free director classes and a new director orientation will be held during the event.

15. Western United

Mr. McGill provided a comprehensive update of the business conducted at the regular Western United board meeting. Board members discussed state representation versus regional representation at the Western United board level. Mr. McGill will discuss these levels and commitments with Western United representatives.

16. RMEL

There was no RMEL report.

17. New Business

Board members and staff discussed potential 2018 Annual meeting dates and locations. Consideration was given to various potential locations such as Craig, Hayden, Baggs, and Yampa. Board members and staff agreed on June 20, 2018, as the date of the annual meeting. Board members and staff agreed that the regular monthly meeting will be held in the morning, followed by the annual meeting in the afternoon, with snacks and coffee being provided to attendees. Ms. Rock will research potential locations based upon board recommendations.

Ms. Mahon presented resolution 17-09 to the board for approval. Ms. Mahon explained that accepting the resolution would allow a line of credit to be established with Powerline Vision Loan, and that line of credit would be drawn upon for various necessary system improvements. A motion accepting resolution 17-09 was made by Mr. Brosious, duly seconded by Mr. Ellgen. Ms. Stetson asked for clarification regarding any balance sheet implications that may arise when drawing on the line of credit. Mr. Ellgen noted that this was anticipated as part of the budget when the budget was presented. The motion was amended to allow authorization by the General Manager in addition to the board Chair and Secretary. The motion accepting resolution 17-09 as amended was made by Mr. Brosious, duly seconded by Mr. Ellgen, and the motion passed unanimously.

Ms. Johnson noted that requests of this nature will now be submitted to the Finance Committee, and the Finance Committee will bring their recommendation to the board for approval.

18. Recess

A motion to recess this regular meeting of the directors of Yampa Valley Electric Association, Inc., until 10:00 am on Tuesday, January 17, 2018 was made, duly seconded, and passed unanimously. The Chairman then declared this regular meeting recessed at 3:10 p.m.

Chairman of the Board

Dated: January 17, 2018

Secretary of the Board

Dated: January 17, 2018