

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, October 24, 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 September 26, 2017. Chairman Tom Fox reconvened the recessed meeting of September 28, 2017. Upon calling roll, it was reported that the following Directors were present: Dean Brosious, Larry Ellgen, Pat McClelland, Frank Roitsch, Russell Garrity, Jean Stetson, 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, Larry Ellgen, Pat McClelland, Frank Roitsch, Russell Garrity, Jean Stetson, Scott McGill, Tom Fox and Glynda Sheehan. Also present were General Counsel, Levi Williamson and Bryson Fredregill; General Manager, Diane Johnson; Operations Manager, Steve Johnson; Finance Manager, Amy Mahon; Member Services Manager, Kathy Bertrand; Human Resources Manager, Randi Owens; Board Secretary, Larissa Wilson.

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, and Diane Johnson, General Manager, 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 12:00 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 discussed the recent NRECA regional meeting, held in Denver, Colorado.

Directors also discussed the Colorado Country Life Magazine article showcasing Mr. Brosious.

Mr. Roitsch noted that both Craig and Steamboat communities are adding walk-in Emergency Rooms.

Mr. McGill noted that he met with the property manager and chairman of the board of directors at Sunday Meadows in Steamboat Springs. The condo complex had an issue with a dig-in that the locate company hadn't found. They were very complimentary about how YVEA dispatch and crews responded.

INFORMATION ITEMS

7. Staff Reports

Board members discussed CREA's Pot and Power conference, held in Denver, Colorado in September. Ms. Johnson noted that YVEA has not and will not disclose the usage information of its members. Ms. Johnson added that, as growers consolidate on the front range they take one more industry away from the mountains, and she has urged CREA to consider legislatively that this shift may affect economic development in rural cooperative territories. Ms. Stetson suggested that the Association train staff so that they are properly prepared to handle crucial conversations.

Ms. Sheehan inquired as to the status of accepting credit card payment for work orders. Ms. Bertrand explained that staff is researching the possibility of accepting credit card payment for work orders but due to the complexity of the issue, and typically large dollar amount of the work orders, currently the Association is unable to accept credit card payment for work orders.

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. Quarterly Department Update

Ms. Bertrand provided board members with an update on the organizational structure and department initiatives of the Members Services department. Ms. Bertrand provided an update on member satisfaction, employee engagement, and other department initiatives.

Member Outreach Supervisor, Mr. Jim Jennings, joined meeting.

Journeyman Lineman, Mr. Rex Stafford, joined the meeting.

9. Customer Satisfaction Survey

Mr. Jennings presented the results of Touchstone Energy's 2016 Residential Customer Satisfaction survey. The Association was compared to similar cooperatives across the nation. The intent of the survey is to assess member impressions on core services, image, and level of involvement in community. The Association's rating does compare favorably with benchmarks. Board members discussed the survey results and suggested that staff research other survey providers.

Ms. Owens left the meeting.

IT Supervisor, Ms. Kelli Root, joined the meeting.

10. Security – Vulnerability Assessment

Ms. Root presented the results of the vulnerability assessment and security audit which was conducted from December 2016, through February 2017. Power Systems Engineering (PSE) was chosen via RFP to conduct the audit. The firm found that, overall, cyber security at YVEA is good with no alarming vulnerabilities and a robust internet perimeter. Ms. Root added that YVEA was one of the first out of thirteen cooperatives that PSE audited where they were unable to access domain administrator credentials. Ms. Root noted that the results of the audit were presented to all employees, and employees were trained on creating a secure and safe workplace with regards to data and cyber security. Staff will develop a blanket information security policy for board approval. Mr. Fox requested that staff assist in updating the operating systems of all board members' iPads at November's regular board meeting.

Ms. Root left the meeting.

Ms. Owens returned to the meeting.

Mr. Fox declared a short break. Board members returned to the meeting after a short break of ten minutes.

11. CREA

Mr. McGill noted there was no regular CREA board meeting.

12. Western United

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

13. Xcel Energy and the Clean Power Plan

Ms. Johnson provided board members with an update on the position of the Association with regards to the current Colorado Clean Power Plan regulations. Ms. Johnson noted that YVEA is continuing to work with Xcel to research how the regulations will impact energy costs.

ACTION ITEMS

14. Resolution to Approve Change of Monthly Board Meeting Date

A motion to approve the change of the monthly regular board meeting date as presented, was made by Mr. Brosious, duly seconded by Mr. Ellgen, and the motion passed unanimously. Monthly board meetings will be held on the third Wednesday of each month, beginning in 2018.

15. Approval and Ratification of Extension of Time to Close on Sale of Property

Ms. Johnson explained that the closing for the sale of a parcel of YVEA-owned property was set for October 3, 2017. Prior to this closing the buyer requested an extension of the time to close the transaction. The Board of Directors of Yampa Valley Electric Association was unable to meet prior to the original closing date. In lieu of meeting and believing it to be in the best interest of the cooperative, the Board of Directors directed the General Manager via informal e-mail vote to execute a 30-day extension of the time to close the transaction, the consideration for which was an additional non-refundable earnest money deposit and an increase to the purchase price of the property.

A motion to ratify the 30-day extension of the time to close the sale of the YVEA-owned property as executed by General Manager Diane Johnson, was made by Ms. Sheehan, duly seconded by Mr. Ellgen, and the motion passed unanimously.

16. Acceptance of the Financial and Statistical Reports for September

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

Staff presented Resolution 17-07, a proposed amendment to the 2017 budget, to board members for approval. Ms. Johnson noted that the amendment request is not suggesting that the current budget will be exceeded, however it will allow to account for a maximum, should the budget be exceeded, due to repair and restoration efforts as a result of the Pine Tree and Winter Valley fires. Discussion followed regarding the decisions and methodology behind the requested amendment to the 2017 budget.

A motion to approve Resolution 17-07 as presented was made by Mr. Brosious, duly seconded by Mr. McClelland. Discussion continued. Ms. Johnson suggested that the decision to approve the resolution amending the 2017 budget be postponed until staff is able to present an amendment that is tied to all invoices and expenses incurred as a result of the fires. Mr. Ellgen stated that he will be shocked if the Association doesn't come in under budget on its total capital spending, opposing the resolution. A vote on the motion was taken and the result was 3 ayes, 6 opposed. The motion failed due to lack of votes. Mr. Fox called for any other motion about this issue. There was no other motion. Mr. Ellgen requested that staff return with additional data supporting the amendment request.

PENDING APPROVAL ITEMS

17. 2018 Preliminary Budget Presentation

Ms. Mahon presented the preliminary 2018 budget, highlighting key increases or decreases in spending proposed for 2018. Ms. Johnson explained that this is the preliminary draft budget, staff will return with any requests for modifications in November, and the final approval of the budget will take place in December.

Ms. Owens left the meeting.

Engineering Supervisor, Mr. Benj Hoffner joined the meeting.

Mr. Garrity left the meeting.

OTHER ITEMS

18. Unfinished Business

There was no Unfinished Business.

19. New Business

Mr. Ellgen requested a motion authorizing the General Manager to execute a contract including additional options for an employee engagement survey. The motion authorizing the General Manager to execute a contract including additional options for an employee

engagement survey was made by Mr. Brosious, duly seconded by Ms. Sheehan, and the motion carried with a unanimous vote.

Ms. Stetson requested the addition of the topic of internet voting be added to the November board meeting agenda.

20. Recess

A motion to recess this regular meeting of the directors of Yampa Valley Electric Association, Inc., until 10:00 am on Tuesday, October 24, 2017 was made, duly seconded, and passed unanimously. The Chairman then declared this regular meeting recessed at 5:10 p.m.

21. New Business

The Board of Directors of Yampa Valley Electric Association, Inc., reconvened at 2211 Elk River Road, Steamboat Springs, Colorado at 8:00 a.m. on November 20, 2017. Chairman Tom Fox reconvened the recessed meeting of October 24, 2017. Upon calling roll, it was reported that the following Directors were present: Dean Brosious, Larry Ellgen, Pat McClelland, Russell Garrity, Jean Stetson, Scott McGill, Tom Fox and Glynda Sheehan. Also present were General Manager, Diane Johnson; Board Secretary, Larissa Rock; Finance Manager, Amy Mahon; Accounting Supervisor, Emily Meek; and Operations Manager, Steve Johnson.

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 an open session under “new business” and the general topics of such open session will be to discuss and consider the Association 2018 budget. Board members, Board Secretary, Finance Manager, Accounting Supervisor, Operations Manager, and General Manager were in attendance during such open session. Board members and staff heavily debated matters pertaining to capital spending, financial forecasting, and strategic planning priorities. Such open session convened at approximately 8:10 a.m.

22. Recess

A motion to recess this meeting of the directors of Yampa Valley Electric Association, Inc., until 10:00 am on Tuesday, November 28, 2017 was made, duly seconded, and passed unanimously. The Chairman then declared this meeting recessed at 12:00 p.m.

Chairman of the Board

Dated: November 28, 2017

Secretary of the Board

Dated: November 28, 2017