

VALLEY ELECTRIC ASSOCIATION, INC.

**REGULAR MEETING
OF THE
BOARD OF DIRECTORS**

A regular meeting of the Board of Directors of Valley Electric Association, Inc. ("VEA") for conducting the business of Valley Communications Association, LLC ("VCA"), was held on Tuesday, February 26, 2019, beginning at approximately 11:30 p.m., at VEA's headquarters in Pahrump, Nevada.

Ken Derschan called the roll of Directors present: Ken Derschan, President; Rick Johnson, Vice President; Dave Hall, Secretary; Peter Gazsy, Assistant Secretary; and David Dawson, Treasurer.

Also present were: Angela Evans, Chief Executive Officer ("CEO"); Steve Morrison, Chief Financial Officer ("CFO"); Nate Johnson, Executive Vice President ("EVP") of Broadband; Mike Hengel, EVP of Communications & Regulatory Affairs; Amy Carlson, Executive Administrative Assistant; Josh Weber, Davison Van Cleve, PC, General Counsel. Ms. Heather Johnson, member, was also present.

Mr. Derschan called the meeting to order at 11:27 p.m.

1. Approval of the Agenda. Ms. Evans asked that the agenda item related to Intercompany Agreements be removed from the agenda. Mr. Gazsy **moved** to approve the Agenda as modified. The motion was **seconded** by Mr. Hall, and it was **approved** unanimously.
2. Member Comment. There was no member comment.
3. Director Comment. There was no Director Comment.
4. Approval of the Minutes. Mr. Gazsy **moved** to approve the minutes of the Friday, January 30, 2019 minutes of the Board Meeting for discussing the affairs of VCA. Mr. Johnson **seconded** the motion, and it was **unanimously approved**.
5. Financial and Statistical Reports. Mr. Morrison presented the financial and statistical reports for the broadband business, reporting on sales by product. He presented trends for sales during the past month, and other metrics.

Ms. Johnson was recognized by the Board. She asked a question regarding the broadband price increase. Mr. Morrison discussed the strategy to avoid subsidization by VEA, due to market penetration. Ms. Johnson asked whether any studies were done regarding losing customers. Mr. Morrison replied that VEA did studies and is carefully watching churn rates, which still have not changed. Ms. Johnson asked whether there are retroactive rate increases. Mr. Morrison noted that VCA/VEA charges in arrears, meaning that billing will occur on March 1. Ms. Johnson noted that some members may not be aware of the increase prior to institution. Mr. Morrison thanked her for this note.

6. Unfinished Business. There was no unfinished business.
7. New Business. There was no new business.
8. CEO and Staff Reports.
 - a. CEO Report. Ms. Evans noted that there will be upcoming information regarding products and expansion of the business. She noted that the intercompany agreements would be discussed at a future meeting.
 - b. Human Resources Report. Mr. Thurgood had no additions to his written report.

Ms. Johnson asked to be recognized. Ms. Johnson asked what the date of the hiring freeze was. Ms. Evans noted that it was approximately in July that the cooperative began filling only critical positions.

- c. CFO Report. Mr. Morrison did not have any additions to his written report.
- d. Communications Report. There were no additions to the Communications Report.
- e. Broadband Services Report. Mr. Nate Johnson presented the broadband services report. He reported on the status of new applications. He also discussed the limited visibility that VCA has into customer premises, and discussed certain technology options that could save truck rolls by allowing improved trouble shooting, enabled by mobile app technology that would permit temporary access if members wished to enable the service.

Mr. Johnson also reported on an outage, and the impact of weather on the system. Mr. Johnson discussed this at length. He also reported on the impacts of an excavator incident that damaged VCA's cable. He noted that certain circuits were affected, but general internet services were not. VEA's partner, Switch, was more directly affected. Mr. Johnson noted that this involved coordination with Switch, and both parties were very satisfied with the successful repair, and have since met to discuss strategies for refining procedures even further. For example, a conference bridge will be set up to facilitate immediate communication.

Mr. Johnson introduced Mr. Matt King to provide a presentation regarding IPTV. Mr. King noted that he was part of the group studying the issue, and was presenting the group's final recommendation. Mr. King provided an overview of the current product, its capabilities, and its costs. Mr. King noted that over the top technology was selected as the best technology currently available for VCA's system. Mr. Matt presented the recommendation that VCA move to an OTT format, and provided details regarding the services and devices available. He also presented the group's proposed path forward to manage the transition.

Mr. Dawson asked a question regarding how he, as an early subscriber should proceed. He noted that many subscribers would prefer to keep the devices they have. Mr. Johnson discussed the options that would be available. Mr. Gazsy asked whether the problem was choosing Tangerine. Mr. Johnson noted that Tangerine has had significant problems delivering the product they promised. Mr. Gazsy asked whether the recommendation to choose Tangerine was bad advice. Mr. Johnson replied that moving ahead with the current product did not appear to be a good business decision.

Ms. Johnson asked what the price of service calls is. Mr. King provided the pricing.

It was determined that the next meeting of the Board of Directors to consider the affairs of VCA would be held on Thursday, March 28, 2019, beginning immediately following the VEA Board Meeting.

There being no further business to come before the Board, Mr. Gazsy **moved** to adjourn the meeting. The motion was **seconded** by Mr. Dawson, and **approved** unanimously. The Board adjourned the meeting at approximately 12:34 p.m.

DATED this 28th day of March, 2019.



Ken Derschan, President



Dave Hall, Secretary