

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”) was held on Tuesday, August 6, 2019, beginning at approximately 8:35 a.m., at VEA’s headquarters in Pahrump, Nevada.

Directors Dave Hall and Rick Johnson were excused. Mr. Dawson appointed Mr. Sweetin as Parliamentarian. He then called the roll of Directors present: David Dawson, Vice President, and Kathy Keyes, Secretary and Treasurer. Also present were Michelle Caird and Terrie D’Antonio.

Also present were: Richard “Dick” Peck, Chief Executive Officer; Bart Thurgood, Chief People Officer; Doug Maughan, Manager, Power Supply; Nate Johnson Executive Vice President (“EVP”), Broadband Operations; Mike Hengel, EVP, Communications; James Andresen, Manager of Operations; Mindy Morrow, VEA Controller; Amy Carlson, Executive Assistant; Bill Perna, Manager of Customer Service; Joe Fieldsted Manager of Safety; and Bob Sweetin, Davison Van Cleve, General Counsel.

The meeting was called to order at approximately 8:35 a.m.

A motion was sought for approval of the Agenda. It was noted that the WDAT revisions were to be tabled and that Board Resolution 2019-004 would not be considered. Ms. D’Antonio **moved** to approve the Agenda, the motion was **seconded** by Ms. Caird, and it was unanimously **approved**.

The Board opened the Member comment period. There was one comment from Sandy Valley, after which the Member comment period was closed.

The Board opened the Director comment period. Director Michelle Caird expressed approval and appreciation for the Policy Committee taking up the net metering issue and thanked those who participated in the Town Hall meeting. Director Terrie D’Antonio expressed thanks to Staff for assisting Sandy Valley so that they could participate in the Town Hall meeting. Director Dawson expressed thanks for the Town Hall meeting and discussed the need to work on Policy Rule #20 regarding net metering.

Ms. Caird then **moved** to approve the minutes from the June 26, 2019 meeting. The motion was **seconded** by Ms. Keyes, and was unanimously **approved**.

1. Presentation of Financial and Statistical Reports.

Mindy Morrow presented the Financial Report. She **moved** to accept the presentation-motion by Michelle Caird. The motion was **seconded** by Terrie D’Antonio, and was unanimously **approved**.

2. Unfinished Business (WDAT and 2019-004 removed from Agenda).

a. Policy #127. Dick Peck presented Policy #127 with redline edits. He explained that the policy incorporates the previous fee schedule sheet with amendments to pricing. Mr. Dawson sought proposed changes or a motion to accept the policy as revised. Ms. D'Antonio **moved** to accept the revised policy, the motion was **seconded** by Ms. Keyes, and it was unanimously **approved**, to be implemented on September 1, 2019 (consistent with policy document).

b. There was comment and discussion on Policy #136 and Rule #20. There was no further discussion.

c. Community Center Letter of Intent. Mr. Peck provided background on the Letter of Intent and proposed adjusting the language for a one-year timeline. Mr. Dawson moved to approve Letter of Intent. Ms. Caird **moved** for approval, and Ms. Keyes **seconded** the motion. Discussion ensued on a proposal by Ms. D'Antonio regarding the RFP process and the desire for an RFP. There was further discussion on whether to issue an RFP. No amended motion was raised to amend the motion on the table. The motion was unanimously **approved** subject to Board approval of the final draft, with minor corrections. (*Document was corrected and approved later during the meeting.)

d. Other Items. Mr. Peck raised the issue of the CEO job description. Mr. Peck sought a motion to accept the CEO job description. Ms. D'Antonio **moved** to accept the presented CEO job description, the motion was **seconded** by Ms. Caird, and it was unanimously **approved**.

3. New Business

Gary Saliba and Gayle Tibone gave the EES presentation. The presentation concluded at 9:44 a.m. After various comments thanking the presenters, the meeting was recessed at 9:52 a.m.

The meeting called back to order at 10:02 a.m.

a. Second Quarter Bad Debt Write-off. Mr. Peck provided an explanation of the bad debt write-off and also explained how capital credits are actually used to retire the debt. Ms. Caird **moved** to approve the motion, it was **seconded** by Ms. D'Antonio, and it was unanimously **approved**.

b. Mr. Peck presented an Early Capital Credit Retirement proposal in the amount of \$32,827.99. Ms. Keyes **moved** to approve the proposal, and the motion was **seconded** by Ms. D'Antonio. Ms. Keyes, Ms. D'Antonio, and Mr. Dawson voted to approve, while Ms. Caird abstained; it was **approved** 3-1.

c. Monthly Contribution Report presented by Mr. Hengel. Discussion ensued on how donations are requested from VEA and submitted to the Board for final decision, and which donations should be approved by the Board. Ms. D'Antonio **moved** that all donations for \$500 or more shall be approved by the Board, while any donation under \$500 shall be approved by the CEO and the VEA foundation. The motion was **seconded** by Ms. Caird, and it was unanimously **approved**.

4. Reports

a. CEO Report by Dick Peck. Mr. Peck spoke of the need to adjust the power supply cost adjustment policy. He explained that ACES/AEPCO were on site to provide a presentation on that subject later in the day. He stated that August 23 would be the next Member policy committee meeting.

b. Human Resources Report by Bart Thurgood. Mr. Thurgood provided his report on the back-up materials. He also provided explanations on legal changes to drug testing.

c. CFO Report by Mindy Morrow. Ms. Morrow submitted her presentation on the back-up materials and asked if there were any questions. There were no questions.

d. Accounting Report by Mindy Morrow. Ms. Morrow submitted her presentation on the back-up materials and asked if there were any questions. There were no questions.

e. Power Resources Report by Doug Maughan. There was significant discussion on the implementation of a power cost adjustment to offset variability in power costs and allow for full collection of those costs. There were no questions from the Board. The meeting broke for recess at 11:03 a.m.

The meeting reconvened at 11:13 a.m. Mr. Dawson called the meeting back to order, and Ms. Caird expressed thanks for the fill-the-bucket campaign.

f. Communication and Public Affairs Report. Mr. Hengel presented the report. He stated that the fill-the-bucket campaign went well. He then covered information provided in the back-up materials. There were no questions.

g. Engineering Report. Mr. Andresen presented the engineering report. He discussed VEA substation construction and stated that engineering has completed over 180 work orders this month, and over 900 work orders so far this year. He stated they could possibly hit 2,000 work order by year's end. There was discussion of reliability, especially in Fishlake Valley. Mr. Andresen stated that he has a phone call planned with SoCal Edison to verify some of the issues regarding supply in Fishlake Valley.

h. Safety Report. The report was presented by Joe Fieldsted. He discussed efforts to keep linemen safe. One near-miss was reported. He stated that a Director performs about 100 site visits a month to ensure safety. He discussed a plan to have a company appreciation lunch for purposes of employee morale. There were questions related to

defensive driving and whether managers need to take the course. Mr. Fieldsted stated that managers are required to complete a defensive driving course.

i. Broadband Services Report. The report was presented by Nate Johnson. He asked if there were any questions regarding his report. With no questions, he began a presentation on the back-up materials presented to the Board. There were no questions. Ms. Caird **moved** to approve Staff reports, Ms. D'Antonio **seconded** the motion, and it was unanimously **approved**.

Ms. Caird **moved** to adjourn the open meeting for lunch, the motion was **seconded** by Ms. Keyes, and it was unanimously **approved**. The meeting adjourned at 11:58 a.m., with all other matters of business to be heard in Executive Session commencing at 1:30 p.m.

Closed Session commenced at 1:10 p.m.

Directors Present: Michelle Caird, Kathy Keyes, Terrie D'Antonio, and David Dawson.

Staff Present: Dick Peck, Robert Sweetin, Amy Carlson, Mike Hengel, Bart Thurgood, Joe Fieldsted, James Andresen, Chris Tomchuck, Mindy Morrow, and Doug Maughan.

Others Present: Representatives of ACES/AEPCO.

AEPCO representatives gave a presentation on long-term power supply planning. After the presentation, a recommendation was made to procure the Flex resource adequacy requirement, as presented at today's market rate (rather than wait for prices to continue increasing). Doug Maughan explained that it is paid monthly. The Board engaged in discussion with Mr. Dawson on current hedging policy, and it was noted that there would be further discussion of the policy at the upcoming policy committee meeting.

The presentation was concluded.

Mr. Peck recommended approval of the proposed authority matrix. Mr. Dawson sought a motion to approve the authority matrix. Ms. Keyes so **moved**, the motion was **seconded** by Ms. Caird, and it was unanimously **approved**.

Mr. Peck recommended approval of the 2020 Resource Adequacy ("RA") proposal for \$2 million and that they sign the agreement for RA. Mr. Peck also stated he wanted a commitment to a January 1, 2020 power cost adjustment. Various Board members voiced concern regarding the implementation of the power cost adjustment. Discussion ensued with Mr. Hengel regarding the power cost adjustment and how to communicate it to members.


Ms. Caird **moved** to approve the RA agreement, the motion was **seconded** by Ms. D'Antonio, and it was unanimously **approved**.

There was a comment that there will be further discussion on Power Cost Adjustment at next month's meeting.


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There being no further matters to discuss, Ms. Caird **moved** to close regular session, the motion was **seconded** by Ms. D'Antonio, and it was **unanimously approved**.

Closed session adjourned at 2:47 p.m.

DATED this 22nd day of August, 2019.



feiz Dave Hall, President



Kathleen Keyes, Secretary and Treasurer