

**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 Monday, June 3, 2019, beginning at approximately 8:30 a.m., at VEA’s headquarters in Pahrump, Nevada.

Mr. Hall appointed Mr. Weber as Parliamentarian. He then called the roll of Directors present: Dave Hall, President; David Dawson, Vice President; and Kathy Keyes, Secretary and Treasurer. Rick Johnson, Assistant Secretary, attended by phone.

Also present were: Steve Morrison, Chief Financial Officer; Bart Thurgood, Chief People Officer; Doug Maughan, Manager, Power Supply; Nate Johnson Executive Vice President (“EVP”), Broadband Operations; Mike Hengel, EVP, Communications; Amy Carlson, Executive Assistant; Cassie Potter; and Bob Sweetin and Josh Weber, Davison Van Cleve, General Counsel. A number of members were also present, including Mr. Lily, Mr. Blatchford, Mr. Dubin, Ms. Williams, and Ms. Cullen.

Mr. Hall announced that the Directors had not yet reached a decision regarding the open seat for District 1. He explained that there was a very large pool of qualified applicants, and, as a result, further time would be taken to conduct additional interviews.

Mr. Hall called the meeting to order at 8:30 a.m.

1. Approval of the Agenda. Mr. Hall asked Mr. Peck if there were any amendments to the Agenda. Mr. Peck noted that there was a correction to the minutes, and asked that consideration of Corporate Policy 136 be removed. Mr. Dawson **moved** to approve the agenda as modified. The motion was **seconded** by Mr. Johnson, and it was **approved** 4-0.
2. Member Comment. Mr. Dwight Lily thanked Mr. Peck for his transparency. He noted he is interested in net metering and asked for continued transparency. He also noted that getting better information will help members’ decision-making. Mr. Blatchford asked for information regarding committee membership and timing of those decisions. Mr. Peck noted that the first Committee meetings would take place in late July or early August. Mr. Dubin commented regarding net metering, the importance of green energy, and the importance of planning early to meet State goals. Ms. Karen Williams asked about Mr. Peck’s contract. He stated that he would be getting a 4-month extension. Ms. Williams also stated that she was unable to speak to an actual person. Mr. Hall noted that VEA is trying to improve the automated system. Mr. Peck also commented that he could be called directly at any time. Ms. Janice Cullen stated that she was unable to call directly. She also commented regarding the committees, and the annual fill-the-bucket campaign. Mr.

Hengel noted that August 3<sup>rd</sup> was the target date for the fill-the-bucket campaign and VEA was working with the local grocery stores to get permission.

3. Director Comment. Mr. Dawson thanked the members present for coming to the meeting.
4. Approval of the Minutes. Corrections to the minutes were discussed and adopted. Mr. Dawson **moved** to approve the minutes of the Friday, January 30, 2019, Board Meeting as corrected. The motion was **seconded** by Ms. Keyes, and it was **approved** 4-0.
5. Financials. Mr. Morrison presented the consolidated financial and statistical reports. Mr. Morrison began a year-over-year analysis demonstrating the significant reductions in cash outlay over 2018. He then presented the consolidated monthly results and focused on costs, including transmission. Mr. Morrison explained the peaking system and the resultant negative margin. He also stated that legal fees had increased significantly as VEA responded to certain member-driven issues. He then presented the consolidated income statement and the consolidated balance sheet. He discussed uses of cash. Mr. Morrison then moved to the VETA financials and the 3-month equity report. Mr. Morrison then presented sales data for the month and year to date. Mr. Dawson asked whether the bankers were receiving regular reports and had feedback. Mr. Morrison noted that they did receive regular updates and they have offered positive feedback.

Mr. Dawson **moved** that the unaudited financials be accepted for review by the Auditor. Mr. Johnson **seconded** the motion. The motion was **approved** 4-0.

6. Unfinished Business. There was no unfinished business.
7. New Business.
  - a. Early Capital Credits Retirement. There were twenty requests for early capital credit retirements for a total amount of \$81,021.29, with a net present value of \$27,550.62. Mr. Johnson **moved** to approve the early capital credit retirement requests as presented. The motion was **seconded** by Mr. Dawson, and it was **approved** 4-0.

Mr. Dawson made a comment regarding a call that had been made regarding capital credits, which was resolved by Mr. Peck and Staff.
  - b. Contributions Report. There were no requests for contributions this month.
  - c. Chamber of Commerce proposal. Mr. Sweetin noted that the Chamber was running late, but would be here to present shortly. The Board held this item open.
  - d. NCSC Voting Delegates. Mr. Peck and Ms. Carlson presented the voting delegate request. Mr. Dawson nominated Mr. Johnson for the position. Mr. Dawson was nominated to serve as the back-up, and both were unopposed. Both candidates were appointed.

- e. Corporate Policy 113. Mr. Peck noted that Review of the Bylaws, section B.1.3 of the policy, should be moved from Policy Committee to the Member Liaison Committee and put in Section C. The Board discussed this move. Ms. Keyes noted that the version available online is the correct version that should be amended. Ms. Keyes **moved** to approve the amendment to Policy 113. Mr. Johnson **seconded** the motion. The Motion was **approved** 4-0.
- f. Corporate Policy 127. Mr. Peck presented the proposed administrative changes to Policy 127. The Board asked questions regarding the policy. Mr. Weber stated that the changes came from VEA staff, but had been reviewed for consistency by Legal. Ms. Keyes **moved** to adopt the new Policy 127. Mr. Dawson **seconded** the motion. The motion **passed** 4-0.
- g. Corporate Policy 129. Mr. Peck presented the administrative updates to Policy 129, Meter Installations. Ms. Keyes asked for an explanation of the voltage levels in Section D. Mr. Andreason addressed the Board, explaining the CT transformers and the meter ratings that VEA uses. Mr. Dawson **moved** to adopt the amended Policy 129. Mr. Johnson **seconded** the motion. The motion was **approved** 4-0.
- h. Corporate Policy 132. Mr. Peck presented the proposed updates to proposed Policy 132. The Board discussed the policy. Mr. Dawson **moved** to adopt the amended Policy 132. Mr. Johnson **seconded** the motion. The motion was **approved** 4-0.
- i. Mr. Hall noted that the Net Metering Policy is still under review.

8. CEO and Staff Reports.

- a. CEO Report. Mr. Peck presented his CEO report. He commented on his recent discussions with Mr. Cannon, CEO of NV Energy. Mr. Peck also reported on power supply and GridLiance projects. He noted that several critical reports and studies will soon be presented. He also noted that in late June there would be two meetings because of the number of items that will need to be considered.

Mr. Peck and Mr. Hall noted that further review of the community center would occur during the month.

Mr. Dawson expressed thanks for Staff's work, and stated that he is very excited about the Committee structures.

Mr. Peck also commented on an article regarding innovations that will revolutionize the power industry. He presented a summary of these issues to the Board. Mr. Hall followed up with some comments regarding operations and power supply and how VEA's communications system enables these innovations. Mr. Johnson also provided an overview of cybersecurity and critical infrastructure protection.

The Board took a break at 9:58 a.m. and returned to session at 10:11 a.m. A majority of the members present left the meeting during the break. Ms. Caird with the Chamber of Commerce joined the meeting.

- b. New Business. The Board returned to New Business to hear the Proposal from the Pahrump Valley Chamber of Commerce. Ms. Caird, from the Chamber, presented the Chambers proposal to operate the VEA Conference Center in cooperation with VEA. Mr. Peck provided additional comments recommending that the Board review and move forward with a partnership. The Board asked several questions.
- c. Human Resources and Compliance. Mr. Thurgood reported an additional training and reporting obligations.

Ms. Caird and most remaining members left the meeting at 10:20 a.m.

- d. Mr. Morrison did not have additions to most of the reports within his areas of responsibilities. He did note that he is focusing on the customer-service issues discussed earlier. He noted that Staff is working on a plan to address the current backlog of customer service calls related to net metering and the lower staffing levels.

Mr. Dawson asked a number of questions about the issue, and the Board discussed load growth and economic opportunities.

- e. Power Resource Report. Mr. Maughan presented the Power Resource Report. He discussed the monthly resource mix and costs. He also discussed CAISO revenues and industry expectations for renewables. Mr. Weber answered a question regarding the community solar plant.
- f. Communications and Community Relations Reports. Mr. Hengel reported on the committee structure and Staff's efforts at recruitment.

Mr. Hengel also commented on the district meetings, as well as updates regarding the legislative matters.

- g. Engineering Report and Operations Report. Mr. Andreason reported on compliance and discussed the large number of work orders VEA is now facing.
- h. Safety Report. Mr. Andreason updated the Board regarding the month's safety report.

The Board entered executive session at 11:15 a.m.

9. Power Purchase Agreements. The Board rejoined regular session at 1:10 p.m., continuing the consideration of the proposed power purchase agreement offered by Capital Dynamics.

After continued discussion with Staff, Mr. Dawson **moved** to accept the contract offered by Capital Dynamics, as amended to include the Resource Adequacy terms sheet for up to 90 MW of CAISO Resource Adequacy product. Mr. Johnson **seconded** the motion. The motion was **approved** on a vote of 4-0. Mr. Peck and the attorneys were directed to prepare an execution copy with the RA terms included, and the Board directed Mr. Peck and Mr. Hall to arrange for execution.


The Board then considered the contract offered by the Colorado River Commission for VEA's allocation of power from the Salt Lake City Area Integrated Projects. Staff reviewed the terms of the contract for low-cost federal hydropower.

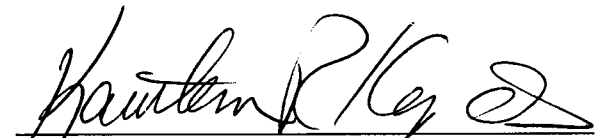
Ms. Keyes **moved** to accept and execute the contract with the Colorado River Commission, No. P08SLCESC, as presented. Mr. Dawson **seconded** the motion. The motion was **approved** on a vote of 4-0.

It was determined that the next meeting of the Board of Directors would be held on Wednesday, June 26, 2019.

There being no further business to come before the Board, Mr. Dawson **moved** to adjourn the meeting. The motion was **seconded** by Ms. Keyes, and it was **approved** 4-0. The meeting was adjourned at 10:58 p.m.

DATED this 26th day of June, 2019.

  
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Dave Hall, President

  
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Kathleen Keyes, Secretary and Treasurer