

Y-W ELECTRIC ASSOCIATION, INC.
REGULAR MEETING OF THE BOARD OF DIRECTORS
November 20, 2018

A regular meeting of the Board of Directors of Y-W Electric Association, Inc. was held at the office of the Association in Akron, Colorado at 1:00 p.m. on November 20, 2018.

ROLL CALL

President Roger Schenk called the meeting to order. Directors present were:

Bob Bledsoe	Chet Gebauer
Craig Lambley	Larry Winger
Roger Schenk	Steven Schoenfeld
Jim Soehner	

Manager Hall and Attorney Fredregill were also present. Joneal Young and Stuart Travis were absent. Attorney Fredregill recorded the minutes of the meeting.

PUBLIC COMMENT

There was no public comment.

SEVEN COOPERATIVE PRINCIPLES

President Schenk presented the seven cooperative principles; open and voluntary membership; democratic member control; members' economic participation; autonomy and independence; education training, and information; cooperation among cooperatives; and concern for community.

AKRON VOLUNTEER FIRE DEPARTMENT

James Ziebarth entered the meeting. Mr. Ziebarth inquired as to Y-W's plans for the east half of the property where the Y-W headquarters is currently located. Mr. Ziebarth mentioned that the Akron Volunteer Fire Department may have some interest in acquiring said property for fire department operations. The board discussed the suitability of the property for various purposes.

APPROVAL OF MINUTES

It was properly moved, seconded and carried that the minutes of the regular meeting for the Board of Directors of October 16, 2018 be approved as presented.

REVIEW BILLS

The list of bills paid by the Association in the month of October 2018 was reviewed and discussed.

APPROVE NEW MEMBERS

It was properly moved, seconded and carried that the following persons be accepted into full membership in Y-W Electric Association, Inc.:

Lorenz, Douglas
Orona, Anna J
Stretch Body and Restoration LLC
Quicken Loans
Ward, Ezequeil
Williams, Thomas

MANAGER EVALUATION

The board discussed whether or not to conduct an evaluation given Mr. Hall's pending retirement. The board decided to forgo the evaluation but requested an update on the long-term goals.

FINANCIAL REPORT

Brandee Bullard and Manager Hall presented the third quarter financial report. Bullard reviewed investments, the loan rate comparison, and the September Statement of Operations. Manager Hall presented the Operating Forecast, Consumer Sales & Revenue, Income Statement, and Balance Sheet for September. He also presented the Cash Flow Statement and power bill for October. He reviewed graphs of demand and energy and cost per kWh through October 2018.

WRITE-OFFS

Bullard presented the list of delinquent accounts for write-off. The board requested that Bullard make further attempts to collect on a couple of accounts before those accounts are written off. It was properly moved, seconded and carried to write-off \$2,593.30.

PRELIMINARY 2019 BUDGET

Hall presented a preliminary operations budget for 2019. Hall presented the kWh Operating Forecast, the Power Cost Forecast, Financial and Statistical Report, and Forecast of Operation. Hall discussed the effect on the budget of various rate increases and with no rate increase. President Schenk tabled further discussion of the 2019 Budget to allow staff time to ensure that all loan payments were included in the budget.

President Schenk recessed the meeting at 2:19 p.m. and resumed the meeting at 2:30 p.m.

JACKSON THORNTON AGREEMENT

Hall presented an engagement agreement for accounting services with Jackson Thornton. Y-W's current accountant merged with Jackson Thornton, necessitating a new engagement agreement. It was properly moved, seconded, and carried to enter into the engagement agreement with Jackson Thornton.

POLICY 6-4

Manager Hall presented Policy 6-4. It was properly moved, seconded, and carried to approve the policy as presented.

POLICY 6-5

CONTINUE PRELIMINARY 2019 BUDGET

Hall presented an updated 2019 Forecast of Operations. Hall discussed the effects on the budget of various rate increases. Hall discussed that if the board approved a rate increase, the increase would be to service charges and the demand charge.

CAPITAL CREDIT REFUND

Brandee Bullard and Manager Hall discussed the various capital credit retirement scenarios. Staff recommended a retirement of \$1,701,846.34, representing the balance of unretired Tri-State 1997 capital credits and 41% of unretired Y-W capital credits for 1998. The board discussed the effects of the various retirement schedules on O.T.I.E.R. The board also discussed equity management and the capital credit retirement goals.

It was properly moved, seconded, and carried to authorize a rate increase of approximately 3.01% as presented.

It was properly moved, seconded, and carried to authorize retirement of \$1,701,846.34 as recommended by staff.

ENERGY CAMP AND D.C. YOUTH TOUR SELECTION COMMITTEE

Andy Molt asked for a volunteer from the Board to serve on the selection committee for the energy camp and D.C. youth tour. The board volunteered Stuart Travis to serve on the committee.

SCHOLARSHIP COMMITTEE

Andy Molt asked for volunteers to serve on the Scholarship Committee. The Scholarship Committee will consist of Stuart Travis, Bob Bledsoe, Larry Winger, and Levi Williamson.

COBANK SUPPLEMENTAL MORTGAGE AND SECURITY AGREEMENT

Hal presented a Supplemental Mortgage and Security Agreement between Y-W Electric Association Inc., United States of America Rural Utility Service, CoBank, ACB, and National Rural Utilities Cooperative Finance Corporation, dated as of October 17, 2018. It was properly moved, seconded, and carried to authorize Y-W to enter into the Supplemental Mortgage and Security Agreement as presented.

COLORADO ASSOCIATION OF COMMERCE & INDUSTRY

Hall presented a request for member investment in the Colorado Association of Commerce & Industry in the amount of \$1,118.00. It was properly moved, seconded, and carried to authorize membership investment in CACI in the amount of \$1,118.00.

DONATION REQUESTS

Hall presented a donation request from the National Right to work Legal Defense Foundation. The board took no action. Hall presented a donation request from Baby Bear Hugs. The board took no action.

WRAY WIND REPORT

Manager Hall presented the October Wray Wind Report.

COLORADO CORN ADMINISTRATIVE COMMITTEE & GROWERS ASSOCIATION INVITATION

Hall presented an invitation from the Colorado Corn Administrative Committee & Growers Association to the 40th Anniversary Celebration and Annual Dinner.

WESTERN UNITED REPORT

Director Steve Schoenfeld reported that he was unable to attend the regular meeting of the Western United Board of Directors.

CREA REPORT

There was no CREA report.

TRI-STATE REPORT

Jim Soehner reported on his attendance at the regular meeting of the Tri-State Board of Directors. The Tri-State Board discussed the long-term financial forecast and the continued use of deferred revenue. They received a presentation on fiduciary duty. The Tri-State Board voted to affirm its decision to deny DMEA's request for confidential information. The Tri-State Board received a presentation on cybersecurity.

MIDWEST ELECTRIC REPORT

There was no Midwest Electric report.

BASIN ELECTRIC ANNUAL MEETING

Craig Lambley reported on his attendance at the Basin Electric Annual Meeting. There was a significant rise in capital investments from 2017 to 2018. Basin anticipates a 21% workforce reduction. Basin has asked for an extension on \$1.1 billion in short term debt. Depreciation and interest expense have led to a rate increase.

MANAGER'S REPORT

Manager Hall presented the delinquent account report. He presented thank you notes. He reported on the status of AMI implementation. He also presented the executive search calendar, CFC Integrity Fund Balances, and CFC Newsletter.

MEETING ATTENDANCE

The board discussed who would be attending upcoming meetings and seminars.

CAPITAL CREDIT REFUNDS

After consideration of the financial condition of the Cooperative, it was properly moved seconded and carried that the board authorize the assignment and refunding of capital credits for the following deceased members:

ADJOURNMENT

There being no further business to come before the meeting, the meeting was adjourned at 4:45 p.m.

Jorene Young

SECRETARY

Ray Self

PRESIDENT