A General Session of the Board of Directors was held on October 27, 2016, at the Lower Valley Energy Afton office. The meeting was called to order at 10:00 a.m. by Board Chairman, Rod R. Jensen.

BOARD MEMBERS PRESENT: Fred Brog, Rod R. Jensen, Ted Ladd, Dean S. Lewis, Linda Schmidt, and Nancy Winters. Peter Cook was excused.

OTHERS PRESENT: James R. Webb, President/CEO; Steve Duerr, Attorney; Rick Knori, Director of Engineering; Bill Spaulding, Director of Operations; Brian Tanabe, Communications Manager; Angela Jennings; BEC District Manager, Gay Petersen, Executive Assistant/HR.

Minutes of the August 25, 2016, September 14, 2016, and the September 29, 2016, General Session were accepted as presented.

Chairman Jensen presented Linda Schmidt with a plaque and gift for her years of service as the Lower Valley Energy Board Chairman.

Chairman Jensen presented a NRECA Board Certification certificate to Nancy Winters for receiving her board member training certification from NRECA.

James R. Webb reviewed the President/CEO report.

Craig Coles gave a presentation on alternative routes for the Afton natural gas pipeline with connections from Northwest Pipeline in Idaho.

James R. Webb discussed the NESC Master Resources Agreement. He recommended signing the agreement which would enable LVE to purchase Tier 2 power through NESC if necessary.

A motion was made and seconded to authorize James R. Webb to sign the Master Resources Agreement. Motion carried. Voting was unanimous.

Steve Duerr reviewed the restated LVE Bylaws. He informed the Board of corrections needed to the Lower Valley Energy Articles of Incorporation and reviewed the action needed.

A motion was made and seconded to allow LVE to file the Articles of Correction. Motion carried. Voting was unanimous.

Steve Duerr discussed the modifications to Lower Valley’s Bylaws and presentation ideas to members at the next annual meeting.

A motion was made and seconded to approve presenting the revised bylaws to the members with a Board review of the final packet in April. Motion carried. Voting was unanimous.

Nancy Winters reviewed the September 22, 2016, Audit Committee Meeting. Discussion was held regarding cost of director attendance at meetings.

A motion was made and seconded to approve writing off accounts receivable in the amount of $15,946.70 and applying patronage capital credits of $5,972.76 towards the bad debt resulting in a net write off of $9,973.94. Motion carried. Voting was unanimous.

James R. Webb reviewed the September 2016 financial statements.

A motion was made and seconded to accept the 2016 September financial statements. Motion carried. Voting was unanimous.
James R. Webb reviewed the Key Ratio Trend Analysis.

James R. Webb reviewed the proposed patronage capital retirement in the amount of $2,549,208.67 for the balance of 1998 and 25% of 1999. A motion was made and seconded to approve paying patronage capital back to members for the balance of 1998 and 25% of 1999 in the amount of $2,549,208.67. Motion carried. Voting was unanimous.

James R. Webb reviewed the proposed 2017 Vehicle Budget in the amount of $383,000. Bill Spaulding discussed the problems and aging of the proposed changes to equipment. A motion was made and seconded to approve the proposed 2017 Vehicle Budget in the amount of $383,000. Motion carried. Voting was unanimous.

James R. Webb reviewed the natural gas balancing accounts. He recommended a rate increase in the amount of 5.54% for residential/small commercial, a 6.39% for large commercial and a 6.76% for summer interruptible as of December 1, 2016. A motion was made and seconded to approve a natural gas rate increase, after 30 days notice, in the amount of 5.54% for residential/small commercial, a 6.39% for large commercial and a 6.76% for summer interruptible as of December 1, 2016. Motion carried. Voting was unanimous.

James R. Webb discussed the recent meeting with the Swift Creek Board. He reviewed the LIBOR rates and the positive impact these rates have made on the Swift Creek debt to date.

James R. Webb reviewed the proposed changes to Administrative Policy #612 Medical Insurance. A motion was made and seconded to approve the proposed changes to Administrative Policy #612 Medical Insurance. Motion carried. Voting was unanimous.

A motion was made and seconded to allow management to renew medical insurance for the 2017 year according to the best value for Lower Valley Energy and its employees. Motion carried. Voting was unanimous.

Bill Spaulding reviewed the outage and safety report. A motion was made and seconded to approve the October 11, 2016, Safety Meeting Minutes. Motion carried. Voting was unanimous.

Discussion was held regarding options for better communication to members during massive power outages. A motion was made and seconded to approve a request for refund of patronage capital from Origin Incorporated in the amount of $866.47. Motion carried. Voting was unanimous.

Nancy Winters reviewed the recent conference call with the ICUA Board. Linda Schmidt discussed the WREA Annual Meeting that was held in Jackson Wyoming. Linda and Dean reported that at the Region IX NRECA Meeting costs of training for NRECA classes was brought up for review. They also discussed the merits of the new NRECA administrator, Jim Matheson.

Meeting adjourned at 1:15 p.m.
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<td>Rod R. Jensen, Chairman</td>
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