

**YAMPA VALLEY ELECTRIC ASSOCIATION, INC.
REGULAR MEETING OF THE BOARD OF DIRECTORS**

The Board of Directors of Yampa Valley Electric Association, Inc. convened at 32 Tenth Street, Steamboat Springs, Colorado at 11:00 a.m. on December 21, 2012 for the regular meeting.

Chairman Dean Brosious reconvened the meeting of November 16, 2012, declared all business was concluded and upon motion being duly made and seconded, the November 16th meeting was adjourned. The Chairman then called the December 21st meeting to order.

Upon calling the roll, it was reported that the following directors were present: Mike Brinks, Dean Brosious, Larry Ellgen, Tom Fox, Russ Garrity, Pat McClelland, Scott McGill, Frank Roitsch and Glynda Sheehan.

After the Chairman declared the December meeting of the Board open and the agenda for the meeting was approved, a motion was made and duly seconded and passed unanimously that the Board of Directors go immediately into an executive session pursuant to CRS §40-9.5-108 for consideration of documents and testimony given in confidence, and for the general topic of personnel matters. Only Board members were in attendance during such executive session. Such executive session convened at approximately 11:10 a.m., and the board ended the executive session and returned to its public meeting session, after a lunch break, at approximately 12:35 p.m.

General Manager Larry Covillo, Attorney Tom Sharp, Bill Caynor, Todd Chapman, Marty Hinson, and Robert Miller were also in attendance. Guests in attendance included Jeff Troeger, Sarah Jones and Deb Metscher.

The Chairman asked if there were any Public Comments. Deb Metscher asked questions about the power poles and lines along the Butcherknife Trail and the City of Steamboat Springs undergrounding funds from the franchise agreement. She was told that the project was almost completed with no intended undergrounding, and that the City of Steamboat Springs collects 1% of the agreed 4% franchise fee for dedication to place utilities underground. She was informed the City's undergrounding fund is currently in a deficit position because the City has overexpended such funds to underground lines in the alley between Lincoln Avenue and Yampa Avenue downtown.

The Board considered approval of the minutes of the previous meeting. Upon a motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the previous meeting be approved as amended.

Chairman Brosious asked if there were any Director Comments. Scott McGill introduced Ozzie Zehner, author of the book titled *Green Illusions*. Mr. Zehner presented the highlights of his book promoting a change in energy consumption and conservation. His research shows a short-term solution of solar arrays and wind turbines is not effective nor the solution to the energy /greenhouse gas issue.

Mr. Covillo asked Mr. Caynor to present the safety report for the month of November. In the month of November there were 10,101 hours worked with zero "lost time" and one "no-lost time" injuries reported. Year-to-date, YVEA employees have worked 115,614 hours with three recorded "no-lost time" injuries and one "lost time" injuries. There were 25,566 miles driven in the month of November with zero vehicle accidents reported. Year-to-date, employees have driven 402,675 miles with zero

vehicle accidents reported. Upon being duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the safety report be accepted as presented.

Mr. Covillo continued his General Manager's Report. He noted his attendance at a recent CREA General Managers' Meeting. The highlights of the meeting included discussion that since the Governor's office, the State Senate and House were now controlled by Democrats, that there is probably going to be more legislation introduced to have co-ops increase their renewable portfolios to 20% by the year 2020.-

Mr. Covillo stated he attended a technical conference and a FERC hearing concerning the Xcel Energy rate cases. He reported that there were many questions asked, but not all of the answers have been provided. Another technical conference is scheduled for January in Denver and another FERC hearing is scheduled for February in Washington, D.C.

Mr. Covillo submitted a resolution to adopt an amendment to the YVEA's Section 125 Plan. The amendment clarified the maximum amount an employee could contribute to a Health Flexible spending account. It also clarified that some costs of certain foods and non-medical services were not eligible health care expenses. Upon a motion duly made and seconded the resolution was approved by a unanimous vote.

Directors were surveyed for their planned attendance at the 2013 CREA Annual Meeting and the NRECA Directors Conference.

Under miscellaneous items, Mr. Covillo gave details of his meeting with representatives of Twenty Mile Coal. The coal company is requesting a rate reduction. They were asked to submit a proposal to be considered at the January Board meeting. Mr. Covillo informed the Board members that a new Call to Order app will need to be installed on the I-pads provided to all board members and senior management. This new secure app will replace the Dropbox Application on the I-pads.

Mr. Covillo asked Mr. Hinson to outline the 2013 Engineering and Operations Work Plan to the Board. Mr. Hinson presented the 2013 Work Plan and Budget for itemized projects and related costs assigned to each project.

Chairman Brosious asked Director McClelland to present the Finance Committee's report. Mr. McClelland reported that the Committee met at 9:30 a.m., December 21, to review the proposed 2013 Work Program and Budget. Mr. McClelland asked Mr. Covillo to go over details within the budget. Mr. Covillo referenced the budget tab in the Work Plan. He stated the 2013 Budget projected a flat growth for energy sales, revenue and purchased power. Upon a motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED that the 2013 Work Plan and Budget be, and is hereby, approved.

The Board reviewed and considered the write-off of uncollectible accounts. Upon motion being duly made and seconded, the following resolution was unanimously adopted:

RESOLVED that the uncollectible consumer energy accounts in the amount of \$25,338.81 and uncollectible other accounts in the amount of \$24,175.02 accrued from October 2011 to October 2012

as listed and presented at the meeting be written off the books of the Association and assigned to a collection agency.

Mr. Covillo updated the Board that BTA was still awaiting FCC license renewals.

Under the Paradigm report, Mr. Covillo stated that he was informed that the Paradigm request for a two-year renewal of the temporary closure on the underground storage tanks was approved for a longer term, perhaps 3 or 4 years.

Mr. McGill presented the Western United Report. He reported sales and margins were up for the month of November and year-to-date.

Mr. McGill presented the CREA Report. He reported that several electric cooperatives in New Mexico were protesting the 2013 rate increase from Tri-State G&T. He also stated that San Miguel Power Association reported that only 16% of the solar panels in the Co-op's solar garden had been purchased by the membership. Mr. McGill reported that the Governor was surveying electric cooperatives in Colorado to better understand what energy efficiency programs the co-ops were offering to their members.

Mr. Covillo and Mr. Miller reviewed the financial and statistical reports for the month of November. Mr. Covillo stated the Association had a very positive month. A motion was duly made and seconded to approve the following resolution-, which was unanimously adopted:

RESOLVED that the financial and statistical reports be and are hereby accepted.

Under Unfinished Business, Chairman Brosious noted the Board has interviewed three Executive Search firms to recruit for the new general manager. One firm was chosen and is now working with Board members to begin the recruiting process.

Mr. Brosious also stated that the Board has received a modified Purchased Power Agreement from the Clean Energy Collective and YVEA will respond with another proposal for the community solar garden.

There was no New Business to come before the Board.

A motion was made and duly seconded and passed unanimously that the Board of Directors go into executive session pursuant to CRS §40-9.5-108 for consideration of documents and testimony given in confidence, and for the general topic of personnel matters and contract negotiations regarding the proposal from the Clean Energy Collective. Board members and Mr. Covillo and Mr. Sharp were in attendance during such executive session. Such executive session convened at approximately 4:30 pm, and the board ended the executive session and returned to its public meeting session at approximately 5:30 p.m.

Upon reconvening the public session, the following motion was duly, made, seconded and unanimously passed:

RESOLVED, that Mr. Jim Chappell is awarded a onetime service bonus, in accordance with the discussions during the executive session, to correct discrepancies between the historic application of YVEA policies and management's representations to Mr. Chappell, and the requirements of ERISA and the NRECA retirement plan as recently notified to management.

There being no further business, the meeting was recessed until such time as may be necessary to reconvene.

Secretary

APPROVED:

Chairman of the Board