

**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 1:00 a.m. on July 20, 2012 for the regular meeting.

Chairman Dean Brosious reconvened the meeting of June 16, 2012, declared all business was concluded and upon motion being duly made and seconded, the June 16th meeting was adjourned. The Chairman then called the July 20th meeting to order.

Upon calling the roll, it was reported that the following directors were present: Dean Brosious, Mike Brinks, Larry Ellgen, Tom Fox, Russ Garrity, Pat McClelland and Scott McGill. General Manager Larry Covillo, Attorney Tom Sharp, Bill Caynor, Jim Chappell, Robert Miller and Marty Hinson were in attendance. Guests in attendance included YVEA members Paul Poyten, Ben Perdue, John Spezia, Susan Holland, Jeff Troeger and Rural Utilities Services Colorado Field Representative John Rabaglia.

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 are approved as distributed.

The Chairman asked if there were any public comments. Mr. Troeger stated he was in attendance to show support for the solar project and asked the Board to support it. Mr. Spezia asked that the Board to develop a community, board and staff working group. Mr. Perdue stated he was in disagreement with the Board's decision to not allow members who have a net metering agreement with the Association to run for the Board. Ms. Holland stated she also disagrees with the Board's decision.

Chairman Brosious asked if there were any Director Comments. Mr. McGill noted an article in a recent magazine that gave testimonial to now retired Board Member Sam Haslem. Mr. McClelland praised the 4th of July advertisement the Association had in local papers. Mr. Garrity thanked the Board and members for allowing him to serve on the Board.

Mr. Rabaglia gave the Board an update on RUS activities and noted that the RUS mission is to provide long term financing to over 600 rural utilities – phone and electric. He commented that while Northwest Colorado has not had the fire damage other parts of Colorado have seen, RUS has emergency loans available for fire impacted areas.

Mr. Covillo asked Mr. Caynor to present the safety report for the month of June. In the month of June there were 10,265 hours worked with zero “lost time” and zero “no-lost time” injuries reported. There were 31,438 miles driven in the month of June with zero vehicle accidents reported. The Board praised employees for the best safety report in the past thirteen years. 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. Mr. Covillo reported that FERC approved the settlement in the wholesale energy rate case. Xcel Energy has now filed for a formula for the transmission rate for energy, that passes on adjustments automatically each year based on Xcel's cost and capital spending. Mr. Covillo noted that YVEA will seek to limit the increases.

Mr. Covillo stated that the land purchase agreement was reviewed by Mr. Sharp and the purchase has closed on 70 acres immediately West of Steamboat Springs. Mr. Sharp noted that a change in both the zoning classification and land use classification of the acreage will be required for the ultimate development of offices and facilities for YVEA, and suggested that some interaction take place with the City of Steamboat Springs, as the City is in the process of revising its Master Plan and land use classifications within the City. The consensus of the Board was to have Mr. Fox and Mr. Covillo talk with the City Planning Department about the changes in the master plan land use classification and zoning classification for the property.

Mr. Covillo noted that with the addition of several new Board Members, pictures will be taken prior to the start of next month's Board meeting.

Mr. Covillo commented that the month of September is traditionally the month to discuss employee benefits. YVEA has already been notified that the RSI plan will increase about 8% for 2013, which translates into a 2% increase in total employee benefits. NRECA has not stated increases in medical and dental insurance rates at this time.

In his miscellaneous report, Mr. Covillo reported that the RUS Cushion of Credit has been suspended. YVEA has some interesting loads that are being reviewed by staff. Should the loads come to fruition, the Association would have to increase facilities (substation, distribution and transmission) in the impacted areas. Mr. Covillo stated he was pleased to report that customer skips and customer delinquent accounts are substantially reduced for 2012; a direct result of implementation of security deposits. Mr. Covillo asked Chairman Brosious to delay one month the notification of Director Committee appointments, so that new Board members could be added. Mr. Brosious agreed. Mr. Covillo noted that the RMEL Fall Conference will be held this September. He said Board members who have not used their education allotment should think of taking in this. Mr. Garrity noted he would like to attend.

Chairman Brosious asked Mr. Covillo for an update on RFPs for green power. Mr. Covillo stated he sent letters to both the Catamount and Elkhead hydro projects, but has not heard back from either party. The Clean Energy Collective has submitted a RFP to build, maintain and allow YVEA to market the output from the solar farm for a projected 11 cents per kWh generated. The price and related payback period can be modified. Considerable Board discussion followed on subsidy, economic sense, environmental concerns, price differential and social argument on all of the projects. Several of the members in attendance were allowed to make comments. Upon being duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the YVEA Board of Directors will table a decision on RFPs from green power sources until the August 2012 meeting and directed General Manager Covillo to notify the Lake Catamount and Elkhead Dam parties of their decision; giving them additional time to submit proposals.

Chairman Brosious asked for comments on the selection of directors to complete the remainder of the term(s) for the two vacant director seats. The Board held interviews prior to this month's Board of Directors meeting. Upon being duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that Frank Roitsch of Hayden, CO be appointed to the Director District #5 seat and that Glynda Sheehan of Slater, CO be appointed to the Director District #1 seat.

Appointment of voting delegates for various meetings was considered. Upon motion being duly made and seconded, the following resolution was unanimously adopted:

RESOLVED that the Association's voting delegates for the upcoming twelve months at NRECA, CFC, Federated, NRTC, CREA, Western United and all other meetings be the Chairman and Vice-Chairman of the Board.

Chairman Dean Brosious noted that it was the board's decision to revisit the appointments of Board members to certain other entities in which YVEA is interested, on an annual basis. He then asked if there was interest from Board Members to be appointed as a Board representative to any of the specific entity boards. After a motion was duly made and seconded; the following resolution was unanimously adopted:

RESOLVED that the Association's Board Representatives be as follows:
CREA – Scott McGill, Board Representative and Larry Covillo, Alternate;
Western United – Scott McGill, Board Representative and Larry Covillo, Alternate;
Paradigm – Dean Brosious, Pat McClelland and Larry Covillo, Board Representatives;
BTA – Dean Brosious, Scott McGill and Larry Covillo, Board Representatives

In the Paradigm Service report, Mr. Covillo reported on certain dealings with the Colorado Division of Oil and Gas, and further reported on the leasing status with a local Gunnison, CO cable TV company. Mr. Covillo reported that there is some interest in the purchase of property assets in Gunnison and Crested Butte.

In the BTA report, Mr. Covillo stated he reviewed a proposed contract for the sale of the Walla Walla, OR license, if the FCC approves the license transfer. An extension for the development of the Denver, CO and Las Vegas, NV license is ongoing with the FCC and XO Communications.

Chairman Brosious reviewed the financial and statistical reports for the month of June. A motion was duly made and seconded, and the following resolution was unanimously adopted:

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

Mr. Miller presented the Key Performance Area (KPA) control report for the second quarter of the year. The complete report was included in the Board packet.

There was no CREA report. The CREA minutes were distributed to YVEA Board members.

In his Western United report, Mr. McGill stated that WU held a strategic planning session in conjunction with the regular meeting. He noted that sales continue to lag projections, but margins are strong.

Chairman Brosious asked for any unfinished business. It was asked when the results of the employee survey would be released. Mr. Brosious stated he should receive information from Mountain States Employers Council by the end of July. Mr. Fox asked if there was discussion on the remains of excess dirt at the newly acquired property. Mr. Covillo and Mr. Sharp gave an update.

Chairman Brosious asked for any new business. Mr. McGill updated the Board on the Co-Bank Conference he attended.

A motion was duly made, seconded and approved unanimously to meet in Executive Session for the consideration of documents and testimony given in confidence, and particularly announcing that the subject matter of such executive session will be to discuss the negotiations of the Three Forks pending litigation case.

Upon reconvening in regular session after the end of the executive session, A motion was duly made and seconded, and the following resolution was unanimously adopted:

RESOLVED that the proposed settlement with Three Forks Ranch on the line extension dispute be accepted pending the review of the final documents.

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

Secretary

APPROVED:

Chairman of the Board