

**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 11:10 a.m. on September 21, 2012 for the regular meeting.

Chairman Dean Brosious reconvened the meeting of August 17, 2012, declared all business was concluded and upon motion being duly made and seconded, the August 17th meeting was adjourned. The Chairman then called the September 21st meeting to order.

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

After the Chairman declared the September 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 introduced Mr. Todd Chapman as the newly hired Manager of Consumer Accounts.

General Manager Larry Covillo, Attorney Tom Sharp, Bill Caynor, Todd Chapman, Jim Chappell, Robert Miller and Marty Hinson were in attendance. Guests in attendance included YVEA members Jeff Troeger and John Spezia.

The Chairman asked if there were any public comments. Mr. Troeger thanked the Board for their consideration of allowing a solar garden to be installed in the YVEA service area. Mr. Troeger reminded the Board of the importance of the mission statement. Mr. Spezia asked the Board to consider allowing members who have solar installation the opportunity to carry forward at years end any excess generation. Chairman Brosious asked that Board Members be prepared to discuss the solar garden at the October Board meeting.

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 amended.

Chairman Brosious asked if there were any Director Comments. Mr. Fox complimented the Association's employees for their work on a 9,000 foot line extension project. Mr. Roitsch thanked those employees involved in coordinating a successful company picnic.

Mr. Covillo asked Mr. Caynor to present the safety report for the month of August. In the month, there were 11,159 hours worked with zero "lost time" and zero "no-lost time" injuries reported. There were 48,646 miles driven in the month with zero vehicle accidents reported. Mr. Caynor noted that future

mileage reported will include the miles driven by large vehicles, which previously were excluded. Upon being duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the safety report be accepted as presented.

In his General Manager's report, Mr. Covillo updated the Board on the Xcel Energy transmission rate case. He reported that he attended a meeting with all intervening parties and there were about ten items to be addressed in the rate case. A settlement hearing has been scheduled for next week and it appears that YVEA will stand up for two main issues of concern. The rate case contains a higher than projected rate-of-return which has importance for all future rate cases. The rate case also contains a higher than projected line loss percentage. Mr. Covillo noted that FERC may require Xcel Energy to do a new line loss study to document their percentage.

Mr. Covillo asked the Board to authorize the Amendment and Restatement of the Retirement Security and/or 401K Pension Plan for the Association. Upon being duly made and seconded, the following resolutions were unanimously adopted:

WHEREAS, Yampa Valley Electric Association, Inc., is a participating employer in the NRECA-sponsored:

- Retirement Security (RS) Plan
- 401(k) Pension (401(k)) Plan; and

WHEREAS the Board of Directors of Yampa Valley Electric Association, Inc. is aware that the Plan must periodically be amended to comply with new regulations, rulings, other legislation and operational changes, and that these amendments must be filed with the Internal Revenue Service as a restatement of the Plan and that this restatement will be effective July 1, 2012.

THEREFORE BE IT RESOLVED that this Board authorizes the July 1, 2012 amendment, restatement and continuance of the RS Plan and/or 401(k) Pension Plan to conform in its entirety with all the provisions of the plan document of the RS Plan and/or 401(k) Pension Plan, through the execution of the Adoption Agreement, which includes all of the provisions of the Cooperative's most recently executed Adoption Agreements and any compliance clarifications needed to conform with Plan operations.

The Directors were surveyed for their planned attendance at the 2012 CREA Fall Conference.

Mr. Covillo asked for a Board representative on the Caring Consumers Foundation. Mr. Covillo explained the duties of the representative. Mr. Fox and Mr. Garrity expressed interest as a representative. Mr. Garrity noted he could not attend the upcoming meeting; therefore Mr. Fox was designated as the representative on the Caring Consumers Foundation.

Mr. Covillo updated the Board on the status of members who have encased their meters inside a cabinet or behind a structure. After considerable discussion, the Board agreed to uphold Sheet 48 of the YVEA General Rules and Regulation and YVEA Operating Procedure 207 regarding meter installations. The Board asked Mr. Chapman to review and contact all remaining customers who have not complied with removal of the restricted access to electric meters before disconnecting their service.

In the Paradigm Services, LLC report, Mr. Covillo stated that the Paradigm Board has not received any correspondence on the counter offers related to the property in Gunnison. Mr. Covillo did note that there has been additional interest in the properties.

In the BTA Associates, LLC report, Mr. Covillo reported that he continues to monitor the FCC website for approval of the license extensions and approval of the sale of the Walla Walla, OR license. Mr. Covillo noted that all licenses are pending approval by the FCC.

In the CREA report, Mr. McGill stated he attended his first meeting. He received solar community garden material from both Poudre Valley REA and Grand Valley Power. The CREA Board approved a resolution to support wind and solar renewable energy projects and that the resolution was provided to state legislators. Mr. McGill noted that there is a new federal requirement for flaggers. Mr. Covillo and Mr. Caynor stated that YVEA received CREA accreditation for flagging and that should satisfy the new requirements.

In his Western United (WU) report, Mr. McGill stated that WU is in its second month of the fiscal year. Both sales and margins for the year-to-date are ahead of budget. Mr. McGill stated that WU has a huge backorder log due to increased growth in the State. He also noted that WU has changed the name of its employee "profit sharing" plan to be defined as a "compensation" plan.

Mr. Covillo and Mr. Miller reviewed the financial and statistical reports for the month of August. Mr. Covillo noted that the Association had a good month in August; but year-to-date, sales are down 2.3% compared to the same period in 2011. Margins are also ahead of 2012 budget, but down compared to the same period in 2011. A motion was duly made and seconded; the following resolution was unanimously adopted:

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

The Chairman requested that the Executive Committee Report be moved to the end of the agenda in an executive session. The Board agreed.

Under new business, Mr. Fox reported that he has talked with the City of Steamboat Springs about the newly acquired YVEA property on the west end of the City. The City staff is enthusiastic about the purchase of the property and reminded the Association that YVEA will need to have the property rezoned from residential to some other designation such as commercial/light industrial. Mr. Covillo noted that he also has held discussion with the City. The City has expressed interest in relocating the Police/Fire Station and Mr. Covillo mentioned the YVEA property on the West side of the City.

Ms. Sheehan solicited support from the Board for a financial contribution to the annual Snake River BBQ. The Chairman asked that the agency putting on the annual event write a letter to Mr. Covillo asking for support and Mr. Covillo would evaluate the request.

Chairman Brosious asked for any unfinished business. Mr. McGill noted that he talked with the General Manager of Intermountain REA and there appears to be a difference of opinion related to the Xcel rate case between the two electric cooperatives.

A motion was duly made, seconded and approved to meet in Executive session to discuss the Executive Committee report regarding attorney retainer for 2013, general salary adjustment/ benefit change and the General Manager's performance and salary review.

Upon reconvening in regular session and upon motion being duly made and seconded, the following resolutions were adopted by a unanimous vote:

RESOLVED, that Appendix A to Board Policy 1-10 be amended effective January 1, 2013 to increase the attorney retainer fee by 3 percent, and:

RESOLVED, that wages & salaries be adjusted by 3% and medical benefits be adjusted by 6.8% per the recommendations as outlined by the General Manager, be approved, and:

RESOLVED, that the General Manager's salary be adjusted by 2% as discussed in the meeting.

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

Secretary

APPROVED:

Chairman of the Board