

**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 9:00 a.m. on July 19, 2013 for an Executive Session of the Board of Directors prior to the regular board meeting.

Chairman Dean Brosious reconvened the meeting of June 15, 2013. Chairman Brosious declared all business was concluded and upon motion being duly made and seconded, the June 15th meeting was adjourned. The Chairman then called the July 19, 2013 meeting to order. The board then entered into Executive Session to discuss Cost of Services Study and the new building along with other items. Board members, Dan Brewer, Interim Manager, and Tom Sharp, attorney for the Association, were in attendance during such executive session. The Guernsey consultants were unable to make the meeting due to flight cancellations.

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

Such executive session convened at approximately 9:00 a.m. The board ended the executive session and returned to its public meeting session, after a lunch break, at approximately 1:00 p.m.

Interim General Manager Dan Brewer, Attorney Tom Sharp, Bob Hood, Robert Miller, Lisa Myers, Kristy Ragan, Melissa Watson, Marty Hinson and Perry Baker, lineman, were in attendance. Two co-op members, Jeff Troeger and John Spezia were in attendance.

The Board considered approval of the minutes for the previous meeting. There being no amendments and upon a motion being duly made and seconded, the following resolution was unanimously adopted:

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

The Chairman asked if there was any public comment.

John Spezia asked the board the status of the rate study and if it would be available to the public. He was informed that the consultants were scheduled to be present at the board meeting but were not able to travel to Steamboat from Denver due to flight cancellations from weather and will have to be rescheduled. Chairman Brosious commented that the rate study details will be used as a tool by the board for rate discussions.

Jeff Troeger asked the board to meet in Public Session when possible versus going into Executive Session. He also commented on the controversy of the placement of the proposed Solar Garden. Mr. Troeger commented he would like the garden to be visible to the public. Chairman, Dean Brosious, discussed an alternative site which may be available. It was noted the placement of the solar garden was determined to be more economically feasible in Craig.

Mr. Russ Garrity thanked Melissa Watson and Yampa Valley Electric Association for his daughter's attendance at the Yampa Valley Electric sponsored Leadership Camp.

Chairman Dean Brosious asked the board to vote on the appointment of voting delegates on record with NRECA for the upcoming conference. It was unanimously approved to keep Chairman Brosious as the Voting Delegate and Mr. Pat McClelland as the Alternate Delegate.

Chairman Brosious asked Mr. Robert Miller to give the Financial Report.

Mr. Miller reported revenue was down for the month primarily due to a decrease in KWH sold. The Executive Summary was reviewed as well as the Statement of Cashflows. The budget variance was discussed. The budget variance was attributable primarily to labor being under budget. Outside operations expenses were down and contributed to the budget variance as well. Mr. Scott McGill asked why the General Fund was so low. Mr. Robert Miller advised that the CFC loan approval required from the Wyoming Public Utilities Commission is moving slowly. When fully approved, signed, and funds advanced, the CFC loan will reimburse Pension Conversion Prepayment to NRECA and would put money back into the General Fund. The board members proposed that management set up a meeting at a future date with the Wyoming Public Utilities Commission to improve the process of YVEA loan approvals. Upon a motion being duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the financial and statistical reports be and hereby accepted as presented.

Chairman Brosious brought up the Clean Energy Collective power purchase contract for discussion. The contract would provide for a Solar Garden to be constructed to provide solar energy for the power purchase contract. Mr. Pat McClland moved to approve the 25 year contract. A target date of March 30, 2014 is projected. It was discussed that only YVEA members can own the solar panels.

Mr. Tom Sharp, Attorney, brought up the topic of property liability risk insurance coverage on the Solar Garden. Currently, the contract is written for CEC to carry \$2,000,000.00 of general liability with Yampa Valley Electric named as an additional insured. It also provides for payment from CEC in the event less expensive coverage could be purchased by Yampa Valley Electric.

Upon the motion being seconded, it was unanimously approved, and the directors then agreed for Interim General Manager, Mr. Dan Brewer, to sign the power purchase contract with CEC.

Chairman Brosious called on any reports from Staff.

Mr. Bob Hood, Interim Operations Manager, discussed operations and safety. Mr. Hood reported June as a good safety month. He reported since January there have been one lost time incident and one incident with not lost time. Mr. Hood noted Yampa Valley Electric is getting closer to OSHA's standards for coops.

Mr. Scott McGill commented on the auto notification of the board of directors when outages occur. It was discussed by Ms. Melissa Watson the website is hosted and maintained by an outside vendor and Yampa Valley Electric Association does not have the capability yet to notify members of outages via the website.

Mr. Hood discussed the operations and maintenance compliance review by RUS. Items included in the review were GIS system, AMI facilities, RUS emergency plan, and a long-range engineering plan. Of these items, two are in the process of implementation.

It was mentioned by Mr. Hood a new apprentice, Chase Wesberger, has been hired in Craig.

Mr. Hood updated the board with the status of the injured lineman, Benjamin Vannoy. Ben has been completely released by doctors to return to work. Mr. Hood explained Yampa Valley Electric is bringing Ben back at the top of the apprenticeship program and will be evaluated to assess his progress. Mr. Garrity asked how Ben was and it was mentioned Ben and the Craig office have a more positive attitude since the accident.

A motion was made, seconded and unanimously adopted to accept the safety report as presented.

Mr. Marty Hinson presented the Engineering report. The Colorado Powerline construction progress was given by Mr. Hinson. It was noted that this year's scheduled projects, and possibly other projects, will be completed this year.

Mr. Hinson reported on the Ponnequin Wind Farm contract which is set to expire next year. Currently, there is a surcharge of 2.5 cents per KWH purchased. In discussions of the contract, it was decided that the contract will need to be evaluated to see if the contract should be renewed.

A motion was made, seconded and unanimously adopted to accept the Engineering report.

Ms. Lisa Myers gave the Human Resources report.

Ms. Myers discussed the upcoming Employee Appreciation day scheduled for August 17, 2013. Employees may sign up for golf, clay shooting, or a dinner ride with Saddleback Ranch.

Next on the Human Resources report, Ms. Myers presented a handout with a change in benefits proposal for employee vacation time. It was discussed the NRECA has specific deadlines for approval and benefit changes. The result of the employee survey showed vacation time as one of the negative factors affecting recruitment. Paid-time off was discussed in relation to vacation benefit changes. Mr. McClelland suggested getting information on short-term disability to include in the discussions. Mr. Garrity suggested the board review the entire employee benefits package prior to making a decision on vacation time. A general consensus of the board was to continue to have Ms. Myers to present benefit information at upcoming board meetings and the board would review the information presented by Ms. Myers at the March board meeting retreat.

A motion was made, seconded and unanimously adopted to accept the HR report as presented.

Mr. Dan Brewer discussed 16 shares of United Airlines stock in the possession of Yampa Valley Electric Association. It was stated the origin of these stocks is unknown. The board agreed to the sale of these shares per Mr. Brewer's recommendation.

With respect to equipment, Mr. Brewer opened discussion on truck #5. The employee survey reflected the need for updated equipment. Truck #5 was noted as being inadequate for the linemen. Upon motion made, seconded, and passed, the board agreed to replace truck #5 with a new 40ft boom truck.

Ms. Melissa Watson gave the Member Services report. Chairman Brosious complimented Ms. Watson on changes he is seeing. Ms. Watson passed out posters with pictures from the recent Youth Leadership Camp held in North Routt sponsored by Yampa Valley Electric Association. Mr. Russ Garrity commented on how excited his daughter was after attending the camp. The involvement of Yampa Valley Electric in the 4th of July Parade was noted. Ms. Watson mentioned the Hot Air Balloon Rodeo sponsorship by Yampa Valley Electric. Also mentioned were the free ride day and 4-H BBQ sponsorships at the upcoming Routt County Fair. These items are scheduled to be in the upcoming Newsletter to communicate to the members of the coop Yampa Valley Electric's community involvement. All these are part of Ms. Watson's emphasis on connecting with the community and increased community involvement by Yampa Valley Electric Association.

Ms. Watson mentioned Mr. Shawn Stoehr is continuing to do energy audits. The promotion of the Caring Consumers program was mentioned by Ms. Watson.

Mr. Dan Brewer initiated discussion on the meaning of the Touchstone Energy logo, membership and possible benefits. It was noted Yampa Valley Electric Association pays a membership fee but has not been utilizing the possible benefits of the membership. Ms. Watson plans to begin utilizing and promoting what the membership benefits are and how they can impact the community. It was noted October is National Coop Month.

A motion was made, seconded and unanimously adopted to accept the Member Services report as presented.

Mr. Robert Miller reported on the monthly KPA reporting. Key ratios were reviewed by Mr. Miller. It was noted skip outs were down.

Mr. Scott McGill gave a report on the recent CREA board meeting and activities.

Mr. McGill also gave a report on Western United. Western United sells electrical supplies for cooperatives, construction, and electrical companies. Mr. McGill stated Western United is having a 5 year high in sales with margins up as well.

Chairman Brosious asked for any unfinished business. Chairman Brosious asked for a vote on the resolution to approve a change in the By-Laws with regard to the appointment of Directors for the Caring Consumers Foundation. Upon a motion being duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the resolution to amend the By-Laws of the Caring Consumer Foundation, as initially presented at the June Board of Directors meeting, be approved and signed.

The Board of Directors, by consensus, then appointed the General Manager to be the 5th member of the Caring Consumers Foundation board, with Tom Fox being an alternate appointee in that position if the General Manager is unable to attend a Foundation board meeting.

Chairman Brousious asked for any further discussions. There was no further comment. The board recessed the regular meeting of the Board of Directors of the Yampa Valley Electric Cooperative at 3:00pm until such time as may be necessary to reconvene.

Secretary

APPROVED:

Chairman of the Board

REVISED: 8-16-13