

**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 November 22, 2013, for an Executive Session of the Board of Directors prior to the regular board meeting.

Chairman Dean Brosious reconvened the meeting of October 18, 2013. Chairman Brosious declared all business was concluded and upon motion being duly made and seconded, the October 18th meeting was adjourned. The Chairman then called the November 22, 2013 meeting to order. The board then entered into Executive Session to discuss current board policies and the new building, along with other items. Board members; Diane Johnson, General Manager; Tom Sharp, attorney for the Association, and Randi Owens were in attendance during such executive session.

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, Frank Roitsch and Glynda Sheehan.

Such executive session convened at approximately 11:00 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.

General Manager Diane Johnson, Attorney Tom Sharp, Steve Johnson, Robert Miller, Lisa Myers, Melissa Watson, Marty Hinson, Shelia Davis, Randi Owens and John Cromer were in attendance. One co-op member, Jeff Troeger, was also in attendance.

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

RESOLVED, that the minutes of the previous meetings are approved as amended.

The Chairman asked if there were any public comments. There were no public comments.

The Chairman asked if there were any director comments. Mr. McGill provided an update regarding former board member, Sam Haslem.

A motion was made, seconded and approved to accept the Financial Report as submitted.

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

The Chairman moved the discussion to Rate Adjustment and Contract. Ms. Johnson commented that a recent cost of service study suggested a change to the tariff for large power members. Ms. Johnson recommended the board to accept the change in tariff.

Upon a motion being duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that a Tariffs 81 and 82 be approved for large industrial customers effective December 1, 2013.

Chairman Brosious asked the board to grant authorization to Ms. Johnson to execute the contracts that pertain to this tariff.

RESOLVED, that the Board (i) approve each of nine Contracts for Electric Service with Twentymile Coal, LLC, and (ii) authorizes the manager to execute each of such Contracts on behalf of YVEA and to take all actions and execute all related documents necessary or proper to finalize and implement such Contracts, including making any non-material changes in any of the Contracts (without increasing the pricing terms) which become reasonably necessary to complete the finalization of such nine Contracts.

Chairman Brosious asked Ms. Johnson to detail her request to create a building committee. Ms. Johnson expressed her desire to create an ad hoc committee to focus on the activities and issues related to the new building headquarters, selling the current headquarters and maintaining facilities in Craig. Upon a motion being duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that an ad hoc building committee be appointed to oversee the activities related to the development of a new headquarters. Mr. Fox and Mr. McClelland will serve on the committee as board appointed representatives.

Mr. Fox requested that someone be appointed to take over his role as alternate for the Western United and CREA committees as he would need to step down from that role in order to serve on the building committee. Mr. Garrity was appointed to replace Mr. Fox as alternate.

Chairman Brosious called for reports from staff.

Mr. Steve Johnson, Manager of Operations and IT, reported no safety incidents reported for the month of October. He explained that this was a busy time of year, as the crews were trying to wrap up projects before the weather became an issue.

Mr. Marty Hinson, Manager of Engineering presented the Engineering report. Mr. Hinson reported once a project on Elk River Road was finished, all system improvement projects for 2013 will be completed.

Ms. Lisa Myers, Manager of Human Resources, presented the human resources report. She shared that they had an offer out to fill the facilities maintenance position and that they were still recruiting for linemen. Ms. Johnson requested that the board approve the traditional holiday bonus for employees. Upon a motion being duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the traditional holiday bonus be approved.

Ms. Melissa Watson, Manager of Member Services, gave the Member Services report. Ms. Watson directed the board to the member satisfaction survey results and asked for any questions regarding specific indicators. Chairman Brosious sought clarification regarding how participants were contacted. Ms. Watson informed him that participants were contacted on their landline only for the 2009 survey and were contacted via landline and internet for the most recent survey. There was some discussion about the reasons for the changes from survey to survey. Mr. Garrity commented that he was impressed with the amount of member buy-in with respect to the solar garden.

Upon a motion being duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Safety, Operations, Engineering, Human Resources and Member Services reports for November be accepted as presented.

Chairman Brosious asked Mr. Miller to present the proposed 2014 Budget. Mr. Miller detailed the key changes and ratios for the proposed budget. Mr. Miller presented the budget assuming certain rate adjustments would be made in the upcoming year. Ms. Johnson clarified that approving the proposed budget in December did not mean they were also approving those rate changes. However, if the board decided to alter the rate adjustments for 2014, the budget would need to be altered to reflect that. Mr. Ellgen asked a question regarding the current rotation and retirement of capital credits. Ms. Johnson made a note to create a document reflecting this information for the board. During a discussion on the budget for a member newsletter, Mr. McGill opposed changing the newsletter to monthly magazine from CREA; there was discussion about this proposed change.

There was discussion about specific cuts that could be made to the budget and the various processes that could be used to accomplish those changes. Mr. Ellgen suggested that the budget should be examined as a whole and maintained it was not up to the board to advocate for specific changes. He asked that staff look closely at the budget to see if reductions were possible.

Mr. Brosious asked whether the board was comfortable to move forward with the proposed budget or if staff needed to make revisions for the December meeting. Mr. Ellgen, Mr. Brinks, and Mr. McGill were

opposed. Mr. Ellgen proposed the managers try to stay within a 10-12% increase in capital for next year. Ms. Johnson confirmed that all departments would thoroughly review their proposed budgets.

Chairman Brosious asked Mr. Scott McGill to give the CREA report. Mr. McGill detailed his experience at the Energy Innovations Summit.

Chairman Brosious asked for the Western United report. Mr. Scott McGill reported that the financials are positive.

Chairman Brosious asked for any unfinished business. No unfinished business was brought forward.

Chairman Brosious asked for any new business. Director Frank Roitsch requested that the board discuss net metering. Ms. Johnson explained that the current tariff and rate for net metered members was most likely an avoided cost of energy from Xcel. She noted that currently members who are net metered are not under the same tariff as those who will participate in the solar garden. Ms. Johnson suggested that it might make sense for the board to consider extending the rate assigned to members of the solar garden to those who are currently net metered if they agree to assign their Renewable Energy Credits (RECs) to YVEA. This would be beneficial due to Senate Bill 252. This will be added to the January Board Meeting agenda.

Chairman Brosious 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 4:08 p.m. until reconvening at the December 20th meeting.

Secretary

APPROVED:

Chairman of the Board