

**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 April 19, 2013 for the regular meeting.

Chairman Dean Brosious reconvened the meeting of March 15, 2013, declared all business was concluded and upon a motion being duly made and seconded, the March 15th meeting was adjourned. The Chairman then called the April 19<sup>th</sup> 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 March 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. Board members and Dan Brewer, Interim Manager 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 1:00 p.m.

Interim General Manager Dan Brewer, Attorney Tom Sharp, Bill Caynor, Marty Hinson, Robert Miller, Lisa Myers, Jody Cork, and Mike VandenBurg were in attendance. Three members--Jeff Troeger, John Spezia, and Candace Noriega--were also in attendance.

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

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

The Chairman asked if there were any public comments.

Jeff Troeger informed the Board that he had leased an electric car and anyone interested could go outside and look at it.

John Spezia talked about a solar garden. Jeff mentioned that he thought what we pay for solar was pretty low according to our Rate Code 50 on Sheet #30 of the Colorado Rates, Rules and Regulations. When the cost of service study is done he would like to see if we are charging appropriately.

Candace Noriega stated that Senate Bill 252 passed the Colorado Senate Monday night which would require Tri-State G&T and the distribution cooperatives to which it supplies wholesale power to generate 25% of their electricity from renewable energy by 2020. The legislation cleared the Senate on a vote of 18-17 with two Democratic senators from United Power territory voting against the bill.

Mr. Brewer let the Board know that there would be a volunteer list set up for any employees wishing to attend board meetings in the future. He then asked Mr. Caynor to introduce Mike VandenBurg. Mr. VandenBurg told the board his job title, what his duties are at the co-op, and that he is responsible for getting the work done safely. He also mentioned why he wanted to attend a board meeting. The Board would like to have better communication from employees so they know what to tell the public when asked about outages.

Chairman Brosious asked if there were any director comments.

Glynda Sheehan thanked Bill Caynor for the tour of YVEA headquarters facility.

Mr. Ellgen served as Chairman of the Audit Committee meeting held earlier in the morning. He reported that Schmidt & Company's Independent Auditor's Report includes the following statements: "In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yampa Valley Electric Association, Inc. and subsidiary as of December 31, 2012 and 2011, and the results of operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America." Mr. Miller stated that the audit was an unqualified and clean audit.

It was suggested that, in the future, Roger Schmidt and Robert Miller attend the Audit Committee meeting to report on the audit. Mr. Fox felt it was very informative for Mr. Miller to be present at the Audit Committee Meeting.

Mr. Ellgen commented that the Audit Committee did not have the time to discuss Board Policy 1-7, and therefore the Committee will meet in the future to address it. Upon a motion being duly made and seconded, the following resolution was unanimously adopted:

**RESOLVED**, that the audit by Schmidt and Company for the period January 01, 2012 through December 31, 2012 be and it is hereby accepted.

The Board then received a recommendation from the Audit Committee to accept the proposal from Schmidt and Company for audit services for 2013 and 2014. After discussion the following motion was made, seconded and passed unanimously:

**RESOLVED**, that Schmidt and Company be retained by the Association to perform the annual audit of the Association for 2013 and 2014.

Finance Committee Chairman Pat McClelland reviewed the Finance Committee's consideration of a capital credit retirement to be made in 2013. The Finance Committee met earlier in the morning to discuss capital credit retirement options for this year. Mr. McClelland recommended that the Association retire this spring all of the 1999 capital credits allocated to the membership. A motion was duly made and seconded, and the following resolution was unanimously adopted:

**RESOLVED**, that a capital credit retirement amount of \$2,941,813.42 as of April 19, 2013, is approved, being a retirement of all of the unpaid capital credits accrued for the calendar year 1999, and that such retirement be funded to the members entitled thereto as soon as practicable.

Mr. McGill asked if this would affect the policy and funding of early retirement of capital credits of deceased persons. Mr. Miller said the capital credit retirement for 1999 will not affect such estates retirements. The Finance Committee reported that it considered it desirable for the Association to remain on a schedule to retire capital credits annually no older than 13 years.

The Finance Committee noted that there is a policy that we do not send out capital credit retirement checks that are under \$1.00, and they recommend that the policy be changed from \$1.00 to \$5.00 to reduce time and labor. Customers will not lose their capital credits, they just won't receive a check until their capital credit accumulates to at least a \$5.00 balance.

**RESOLVED**, that the minimum amount for printing capital credit retirement checks be changed from \$1.00 to \$5.00.

Mr. Brewer wanted to know if we would keep the same Annual Meeting format as last year. The Board consensus was that the procedures established in 2010 for ballots of director elections to the effect that all petitioners be listed in alphabetic order with an asterisk designating incumbent status shall remain in effect. All petitioners shall have the opportunity to appoint a teller committee representative to participate in the counting of ballots. Chairman Brosious mentioned that we would be buying Chamber gift certificates from Steamboat and Chamber Spree Dollars from Craig for the door prizes this year instead of the Wal-Mart gift cards.

According to the By-laws of the Caring Consumers Foundation, Dean Brosious will serve as Chairman and Pat McClelland will serve as Vice-Chairman of the Caring Consumers Foundation. Tom Sharp was asked if the YVEA Board could change the By-laws of the Foundation, he wasn't sure, so it was suggested that the Policy Committee should take a look at it.

Mr. Brewer suggested a resolution for the RUS Certificate of Authority authorizing him to file the Annual Report.

**RESOLVED**, that Dan Brewer is hereby authorized to file Form 674, Form 675 and the Secretary's Certificate allowing him to file the Annual Report.

Chairman Brosious said that because of a family emergency Caroline Fisher had to reschedule her presentation on Culture in Today's Coop: Linking Organizational Culture and Excellence in Coops.

Mr. Miller reviewed the Financial and Statistical Reports for the month of March. Mr. McGill said he would like to continue with receiving the Form 7 Notes, but he suggested that it be put into a user

friendly version with highlights. Mr. Ellgen recommended an executive summary of significant happenings to the financials.

Mr. Caynor was asked to present the safety report for the month of March. Mr. Caynor stated that there are two reports now instead of combining them into one. In the month of March, there were 8,916 hours worked with one “no-lost time” injury reported. There were 28,387 miles driven in the month with two vehicle accidents reported and two near misses. First quarter showed lowest in miles driven, not driving as much but having as many accidents. A representative from CREA will be here in May to talk at safety meetings. Mr. Garrity likes the new format of the safety report, believes it has more and better information. Upon being duly made and seconded, the following resolutions were unanimously adopted:

**RESOLVED**, that the safety report be accepted for the month of March as presented.

Mr. Brewer asked Mr. Miller the status on the Cost of Service Study. Mr. Miller reported that everything highlighted has been submitted and will keep you updated. The report should be complete within a month.

Mr. Brewer reported that the architect will be here Monday through Wednesday of next week to talk to employees about the Steamboat building. The architect will also make a trip to the Craig office to see what suggestions he can make for the garage doors. The boom trucks are sitting outside, there is enough clearance inside the building for them, but they will not clear through the garage door.

Mr. Hinson was asked to give the Engineering Report. He anticipates 830 contracts to bidders for construction this year for a total which may reach \$1.5 million and take 150 days for completion of such construction. Xcel is planning a two day outage the third weekend in May to switch the circuits. Mr. Hinson also reported that he has been to the Shell project on a regular basis to watch over the work. Ward Electric is finishing the construction on the double circuit. The renewable energy credit for Xcel is 109,046, we are at 19.25%. The requirement is only 3% and will go up to 6% by 2015. Mr. Garrity stated he would like to see monthly progress reports, miles completed or percentage of completion on the Ward contract.

Chairman Brosious asked Mr. Caynor to give the Operations Report. Mr. Caynor stated the line crew is participating in a lot of different safety training before we get into the busy season. Mr. Caynor reported that we received two trucks and a new bucket truck which needs resting bracket installed. We were to receive two service trucks, but there was a mix-up at the dealership and we only received one. Mr. Caynor talked about the notification of planned outages. He stated that the operations department intends to notify the Board if we have a planned outage affecting 20 or more customers. Unplanned outages would be reported as soon as possible. It was decided that it would be easier to send outage reports to all directors instead of trying to send by district. Mr. Caynor also reported that we are having a safety slogan contest. So far, 75 slogans have been submitted, and the winner of the slogan contest will receive a day off. Mr. Caynor reported that we have purchased more AED's for trucks, and that there were two incidents that would have benefited from having them on board the trucks. All YVEA employees will be trained on how to use AED's. Mr. Roitsch said that he read an article on the high failure rate of AED's. Mr. Caynor reported that we perform monthly maintenance and check batteries on all AED's already in house. Mike VandenBurg relayed the importance of having AED's on trucks because the linemen are usually first responders to most accidents. Mr. Caynor announced that Senate Resolution 95 passed making April 18 National Linemen Appreciation Day. Mr. McGill asked why Craig had more work orders than steamboat. Mr. Caynor reported that a lot of the work orders were small jobs and a lot of pole change outs. A motion was duly made and seconded and the following resolution was unanimously adopted:

**RESOLVED**, that the Operations Report be accepted as presented.

Lisa Myers was asked to give the Human Resources Report. Ms. Myers reported that on National Arbor Day we would be giving away 375 free Colorado Blue Spruce trees, any leftovers would be planted at our new facility and some would be given to Sarah Jones, Executive Director of the Yampa Valley Sustainability Council.

Ms. Myers went into a lengthy discussion about the prepayment option for the RS program. There would be a 25% savings the first four years, but 11-20 years is where you would get the real savings. A ten year picture of the retirement age would be 59 and we would have 2 quasi and 5 retirements. Will look into changing the plan for new hires only if we want to keep good moral for the employees that are already in place. Mr. Brewer stated that one-half of the coops are doing the pre-payment options. If

interested will look more in-depth at our options next month. Board approved additional review into pre-paying the premium short falls.

Mr. McGill presented the CREA report. There are various bills that will be going into effect. Mr. McGill said that Intermountain Electric has been accepted into membership and DMEA came back last year into CREA. All co-ops are getting on line for hazardous material, YVEA is up to date. Brief discussion on Poudre Valley's involvement in solar gardens.

Mr. McGill presented the Western United Report and stated that their fiscal year is July 1<sup>st</sup>, and they are above budget which is above last year's margins.

Chairman Brosious asked for any Unfinished Business. There has been no change with Paradigm, we did receive a financial report from Ron Ash, Treasurer, that they are slowly dissipating the money. The Board was asked when should the capital credit checks be mailed, and the reply was as soon as we can get them out.

Chairman Brosious asked for any New Business. The Chairman asked if the May Board meeting should be held in Craig. It was decided that the meeting would be held at the Craig office next month.

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 personnel matters and discussions.

Such executive session convened at approximately 3:30 p.m. The Board ended the executive session and the following actions were taken:

A motion was made to direct the attorney Tom Sharp to respond as discussed in executive session, to a message received on a personnel matter. Motion was made by Glynda Sheehan and seconded by Tom Fox. Motion approved. A motion was made to direct the General Manger to negotiate and execute a letter of intent with Sage Real Estate Partners as outlined in executive session. Motion was made by Tom Fox and seconded by Larry Ellgen. Motion approved.

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Secretary

APPROVED:

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Chairman of the Board