

**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 January 18, 2013 for the regular meeting.

Chairman Dean Brosious reconvened the meeting of December 21, 2012, declared all business was concluded and upon motion being duly made and seconded, the December 21st meeting was adjourned. The Chairman then called the January 18th meeting to order.

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

After the Chairman declared the January 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, Attorney Tom Sharp, Bill Caynor, Todd Chapman, Robert Miller and Marty Hinson were in attendance. Three members and three visitors were also in attendance.

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 submitted.

The Chairman asked if there were any public comments. Sharon Ort shared some comments received on her EPetition concerning the overhead power lines along the Butcherknife Trail. She presented five questions for the Board to answer. Chairman Brosious requested General Manager Covillo to respond in writing to her questions.

Chairman Brosious asked if there were any Director comments. Director McClelland distributed a coal forecast projection produced by *The Kiplinger Letter*. Director Fox complimented Steamboat Springs dispatcher Kim Truong and Field Representative Larry Ball for their timely response for requested information. Director Garrity thanked Sharon Ort for her presentation and said he had read the petition.

Chairman Brosious recognized Paul Spencer with the Clean Energy Collective (CEC). Mr. Spencer presented several topics of concern for CEC in negotiating the contract for the solar garden. Several Directors asked questions of Mr. Spencer for information and clarification. YVEA will continue to discuss the contractual terms with CEC. No formal vote or action was taken.

Mr. Covillo asked Mr. Caynor to present the safety report for the month of December. In the month, there were 10,401 hours worked with one "lost-time" and zero "no-lost time" injuries reported. There were 20,353 miles driven in the month with zero vehicle accidents reported. With no further questions, a motion was duly made and seconded that the safety report be approved as submitted.

In his General Manager's report, Mr. Covillo explained that the Board will now be receiving an Operations Report and an Engineering Report. He then asked Mr. Caynor to present the Operations Report. The report detailed construction and maintenance activities for the Steamboat Springs and Craig offices. Mr. Caynor updated the Board on three power outages experienced in December as well as the progress of line contractors. The Engineering Report presented by Mr. Hinson, detailed the month's and year's activities. The Wyoming Public Service Commission will be performing an inspection of YVEA's facilities in Wyoming with a YVEA representative. The Strawberry Park project is expected to be completed in mid-February and the Shell double circuit in Hamilton is progressing but slowed down in December due to heavier-than-normal snow amounts.

Mr. Covillo updated the Board on the Xcel Energy rate cases. He reported that the Xcel requested 10.25 percent rate of return is the main issue still being discussed. YVEA, Holy Cross Energy and Grand Valley Power have submitted a request to negotiate a lower rate of return on the production formulary rate in lieu of filing a case at FERC. Intermountain REA plans to file a rate review for the production rate also.

The matter of the date and place for the 2013 Annual Meeting of members was considered. Upon a motion being duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the 2013 Annual Meeting of Members be held at 10:00 a.m., June 15, 2013 at the Hayden High School Auditorium.

Mr. Covillo reviewed the status of capital credit retirement to estates of deceased members. He recommended that the Board approve funds for the current year (2013) retirement of capital credits for estates of deceased members. Upon a motion being duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that \$125,000.00 is allocated for the purpose of processing applications and retiring capital credits to the estates of deceased members.

Mr. Covillo requested that the Board adopt the following Pension Restoration Plan Resolution to fund the difference between the IRS maximum allowance and the amount the employee has accumulated in the RS plan. Upon a motion being duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, Yampa Valley Electric Association, Inc. is participating in the NRECA sponsored defined benefit plan, the Retirement Security Plan (the "RS Plan"), and;

WHEREAS, the Board of Directors of Yampa Valley Electric Association, Inc. ("the Board") desires to provide supplemental payments to certain employees due to limitations under the Internal Revenue Code of 1986 (the "Code") relating to permissible payments from qualified pension plans;

NOW, THEREFORE BE IT RESOLVED, that the Board hereby adopts the Deferred Compensation Pension Restoration Plan effective as of January 1, 2013.

BE IT FURTHER RESOLVED, that benefits earned under the Deferred Compensation Pension Restoration Plan shall be vested as set forth in the Deferred Compensation Pension Restoration Plan or as set forth in the attachment to the Pension Restoration Plan.

Mr. Covillo asked the Board if they wanted to continue with the annual Board Retreat in mid-March or postpone until after the new General Manager has been hired. The Board agreed to continue the retreat to be held on March 14 and 15 at the Steamboat Springs Sheraton Hotel.

Chairman Brosious moved item #13 up on the agenda for the benefit of the visiting representatives from Twenty Mile Coal Company. The representatives presented information for the Board to consider. A motion was duly made and seconded to accept the information and postpone the discussion until the Board Retreat in mid-March.

In the Paradigm Services report, Mr. Covillo stated that the Paradigm property has had some interest and activity in December. A building may be leased for two weeks and an Underground Line Locator, LLC tax notice has been forwarded to the CPA for resolution, but the CPA has not responded to Mr. Covillo.

The Board considered the 2012 Inventory of Materials. Upon a motion being duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the 2012 Inventory of materials is approved and the Board directs that a decrease be made in the book inventory through adjustments in the net amount of \$9,754 to reconcile the materials records of the Association.

Mr. McGill reported that there were no CREA or Western United reports.

Mr. Covillo and Mr. Miller reviewed the financial and statistical reports for the month of December. Revenue was up, but sales were below budget for residential and commercial customers. Power costs were above budget and the December peak demand occurred on Saturday, December 29 at 7:00 p.m. which was very unusual. A motion was duly made and seconded to accept the report as submitted.

There was no "unfinished business" to come before the Board.

Under "new business" Director McGill requested that a lending library be established with copies of books recently distributed to Board members. The library would be available to members who wish to borrow the book.

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 and contract discussions. Such executive session convened at approximately 4:15 p.m. The Board ended the executive session at approximately 6:15 p.m. and returned to its public meeting session.

Upon reconvening the following motion was made, seconded and passed unanimously:

RESOLVED, the General Manager shall respond to Clean Energy Collective, after submission to the Board, with the proposal for the modified contract as outlined in the executive session.

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

Secretary

APPROVED:

Chairman of the Board