

LA PLATA ELECTRIC ASSOCIATION, INC.  
Durango, Colorado

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, November 20, 2013, in the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 9:08 A.M., with the following directors present:

Jerry McCaw	Joe Wheeling	Heather Erb
Jeffrey Berman	Davin Montoya	Ken Fox
Britt Bassett	Jack Turner	J. Robert Formwalt
Mark Garcia	Tom Compton	Michael Rendon

Excused Absence;  
None

Also present were:  
Greg Munro, Chief Executive Officer  
Barry Spear, Attorney  
Dennis Svanes, Chief Financial Officer  
Steve Gregg, Manager of Operations  
Mark Schwantes, Manager of Corporate Services  
Ron Meier, Manager of Engineering  
Indiana Reed, Marketing & Communications Consultant  
Laura Rome, Executive Assistant

Director McCaw led the board in the Pledge of Allegiance.

**AGENDA**

President Montoya addressed the November 20, 2013 agenda.

**Motion:** Director McCaw moved to approve the November 20, 2013 agenda with the ability to move around; motion seconded and passed without dissent.

**MEMBER COMMENTS AND CONCERNS**

Mr. Robert Lea, a resident of Durango who belongs to a volunteer group called Solarize La Plata, addressed the board. He noted that he had sent letters to the LPEA Board President and Staff requesting the LPEA Board to consider a \$400 REC payment instead of the \$300 REC payment for people installing solar for 2014, with no response. The purpose for his presence at the LPEA November Board meeting was to request a written response to their request. President Montoya responded that they did receive the letters and the board had not had a chance to act on the request. He stated that the LPEA Board would respond to his request in writing.

**Vallecito Line Extension Letter**

Manager of Operations, Steve Gregg discussed a Vallecito property owner request to relocate LPEA facilities at LPEA's cost. He discussed the history of the lot; the power provided to it from the beginning and displayed a map of the primary electricity installed. He pointed out that since the lot owner would be the only beneficiary for the line extension he recommended the lot

owner was responsible for relocation costs per LPEA Board Policy 359 and not a cost to the LPEA membership. He took questions on his report. Attorney Spear pointed out that LPEA did have a prescriptive right of way.

**Motion:** Director Compton moved to follow the staff recommendation and Board Policy 359 on line extensions; motion seconded and passed without dissent.

**GUESTS (from sign in sheet)**

Robert Lea, Byron Kellogg and Ed Zink.

**CONSENT BOARD ITEMS**

The consent board items were presented and reviewed.

**Motion:** Director Turner moved to approve the October 16, 2013 meeting minutes; accept new members, capital credit payments to estates and October write offs; motion seconded and carried without dissent.

**ITEMS REQUIRING BOARD ACTIONS**

Director reimbursements were presented and reviewed.

LPEA Committee of the Whole Meeting 11/18/13

Davin Montoya	\$219.43	Mark Garcia	\$263.28
Jeffrey Berman	\$200.00	Ken Fox	\$266.60
Joe Wheeling	\$212.21	Britt Bassett	\$200.00
Robert Formwalt	\$266.60	Heather Erb	\$212.21
Jerry McCaw	\$216.65	Tom Compton	\$219.43
Jack Turner	\$216.95	Michael Rendon	\$200.00

LPEA Board Meeting 11/20/13

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Robert Formwalt	CREA Fall and Western United	\$1,968.93
Jeffrey Berman	CREA Fall Meeting	\$1,561.22
Jeffrey Berman	Basin Electric Annual Meeting	\$792.43
Jack Turner	CREA Fall Meeting	\$1,820.35
Michael Rendon	CREA Fall Meeting	\$1,219.83
Heather Erb	CREA Fall Meeting	\$1,747.48

**Motion:** Director Garcia moved to approve the director reimbursements as presented except for Director Berman's expenses submitted; motion seconded and passed without dissent.

Discussion ensued on accepting the expense sheet that Director Berman submitted for an unauthorized attendance to a CREA Committee meeting in Denver. President Montoya reviewed the annual budget for the board.

**Motion:** Director Bassett moved to pay all of Director Berman's expenses; motion seconded and did not pass.

Discussion continued on the topic of Director Berman's attendance to the CREA Committee meeting, his expenses incurred and his approval to attend. Director Berman discussed the option of teleconferencing and the LPEA Resolution he addressed at the CREA Committee meeting. Director Erb recommended he get approval from the LPEA Board before attending meetings and to do it by teleconferencing instead. It was discussed that LPEA Board members were to request permission of the LPEA Board President, and if not available the LPEA Board Vice President before attending meetings.

**Motion:** Director Erb moved to approve expenses that Director Berman incurred for the Basin Electric Annual meeting and the CREA regular fall meeting; and to deny his expenses for attending the CREA Committee meeting; motion seconded and passed without dissent.

#### **SELECT AREA OF EMPHASIS FOR THE AUDIT**

CEO Munro noted he and staff recommended audit of the inventory of resale items, which would include ETS heaters, water heaters and miscellaneous items that LPEA sells to members. CEO Munro took questions. Discussion ensued which included; efficiency programs, rebate programs, past history, inventory controls issues. It was asked if there could be two emphasis items of the audit. CEO Munro noted there would be additional costs if there were two areas of emphasis and he continued to take questions.

**Motion:** Director McCaw moved to select inventory control and inventory resale as the area of emphasis for the audit; motion seconded and passed without dissent.

#### **DISCUSS APPOINTMENT OF NEW ROUNDUP DIRECTORS**

CEO Munro reviewed the current opening on the RoundUp Board for District Two. Director McCaw recommended Theresa Campbell. CEO Munro noted the subject was introduced at the November RoundUp Board meeting.

**Motion:** Director McCaw moved to appoint Theresa Campbell to the RoundUp Board of Directors for District two; motion was seconded and passed without dissent.

Further discussion included CEO Munro sending to the LPEA board the current RoundUp Board roster and their current terms.

#### **REVIEW/APPROVE CONTENT FOR ANNUAL REPORT**

CEO Munro reviewed the report that Indiana Reid submitted which was included in the November board packet. Director Bassett recommended putting a look back historical chart in the report and gave an example. He also recommended showing the growth and technology.

Director Turner requested to add some justifications for the rate structure and rate increase, the continuity of staff and retirements in the next three years.

**REVIEW/APPROVE 2014 BUDGETS AND FINANCIAL OPERATING FORECAST; RESOLUTION 2013-25**

President Montoya read Resolution 2013-25 to the board.

**Motion:** Director Wheeling moved to adopt the 2014 Budgets and Financial Operating Forecast- Resolution 2013-25 rounded up to the nearest dollar amount as presented; motion seconded and passed without dissent.

**REVIEW/APPROVE 2014 RATE TARIFFS – RESOLUTION 2013-26**

President Montoya requested a motion or discussion of Resolution 2013-26. Director Garcia indicated he was not ready or in favor of voting on the rate tariff increase. He recommended starting a rate committee and finance committee and felt he needed more information. Discussion included CEO Munro reviewing the history of Rate Tariffs and offered for LPEA staff to start financial classes for board members at the committee of the whole meetings. It was determined that LPEA Staff present financial classes at the committee of the whole meetings to give a better understanding of the financials, rate structure and rate increases. CEO Munro took questions on Resolution 2013-26.

**Motion:** Director McCaw moved to adopt Resolution 2013-26 to preliminarily approve the 2014 Rate Tariffs- ; motion seconded and passed with Director Garcia dissenting.

**REVIEW/APPROVE RUS LOAN BUDGET PURPOSE TRANSFER OF FUNDS - RESOLUTION 2013-27**

President Montoya read Resolution 2013-27 to the board. CFO Svanes reviewed the changes and the new resolution which included the GIS software and software license fees that we did not use, and this amount would go into the distribution system purpose of the loan.

**Motion:** Director Compton moved to adopt the RUS Loan Budget Purpose Transfer of Funds, Resolution 2013-27 as presented; motion seconded and passed without dissent.

**ATTORNEY REPORT**

Attorney Spear summarized the written attorney's report which was included in the November board packet. He highlighted the Tri-State matter, PUC complaint, Frame/McCarthy foreclosure which was withdrawn and presumably replaced by a court action seeking a perpetual easement for LPEA. Other items he highlighted were the proposed Tri-State Bylaw amendments; review of the LPEA Community Solar Garden Policy; a condemnation that was discontinued; the review of board actions outside of a regular meeting; and highlighted the Colorado Statutes regarding LPEA board meetings. He took questions on his report. Discussion ensued on the open meeting laws and Attorney Spear reiterated that LPEA was governed by the meeting statute for electric cooperatives and not the open meetings law which governs governmental entities.

## **CEO REPORT AND STAFF REPORTS**

CEO Munro reviewed his written report that was included in the November board packet. Items he highlighted were the Rural Electric Safety Achievement Program (RESAP) inspection and he gave specific details of the inspection itself and that employees continue cultivating a safety culture. He also noted that Manager of Operations, Steve Gregg would give a detailed report in December. CEO Munro announced he would be attending a conference in December titled the “Tribal Energy in the Southwest” in Albuquerque, NM. He stated that LPEA was notified by SUIT that they were awarded the DOE Grant for installing solar. He took questions on his report.

CFO Dennis Svanes highlighted a determination of a FCC ruling on robocalls and noted the changes LPEA made in the verbiage in the messaging.

Manager of Operations, Steve Gregg highlighted the safety achievement and inspection. He also discussed Ben Cordova’s retirement and the hiring process with the invitation of engineering during the interview process. He also reminded the board about the availability of tours of LPEA’s infrastructure.

Manager of Engineering, Ron Meier gave an update on the AMI installation project. He also thanked the staff from other departments who had helped with the installations.

Marketing & Communications Consultant, Indiana Reed announced that the new rate ads were placed.

Manager of Corporate Services, Mark Schwantes reported that the rate increase information would be added to the website, discussed the energy efficiency rebates, and SUIT Solar energy matching grant. He noted that the City of Durango, county and regional gas companies had been approached for property for solar gardens. He reviewed the development of community solar garden groups and that his department had received phone calls from potential participants in the Community Solar Garden (CSG). He gave a status of the current upcoming meetings he will be speaking at concerning LPEA’s CSG. CEO Munro also gave an update on the potential of a gas company putting three fuel cells on well sites and what a fuel cell was. CEO Munro and Staff took questions on their reports.

The board meeting adjourned for lunch at 11:50 A.M. and reconvened at 1:24 P.M.

## **FINANCIAL REPORT**

CFO Svanes reviewed the details of the financial report which was included in the November board packet. He noted that margins were higher than forecasted. CEO Munro addressed questions from the statistics report.

## **MEMBER OPPORTUNITY REPORT**

There were no questions on the report.

## **REBATE PROGRAMS REPORT**

CEO Munro highlighted items in the written report that was included in the November board packet and noted commercial lighting was the biggest item. Manager of Corporate Services, Mark Schwantes addressed questions. Director Berman thanked the staff for the report and requested discussion on items eligible for rebate.

### **BAYFIELD LPEA PROPERTY UPDATE**

CEO Munro gave an update on the status of the Bayfield property including the possibility of turning the property over to the Town of Bayfield. He took questions on his update.

### **REVIEW/APPROVE BOARD POLICY 102, BOARD RESPONSIBILITIES**

It was determined to bring a redline version to the December board meeting.

### **LA PLATA ELECTRIC ROUND UP FOUNDATION**

Director Rendon reported that the LPEA RoundUp Foundation met on Monday November 18, 2013. He announced there were five groups that applied for funding with four being funded and one denied. The funding awarded included Second Wind for \$2,000, Big Brothers, Big Sisters for \$2,000, BOCES Career Fair for \$1500 and Pathways to Independence for \$1,500. He noted the one denial for funding was for Imagining Solutions Inc. He took questions on his report.

### **FASTTRACK REPORT**

Director Wheeling gave a brief overview of the FastTrack board meeting and noted the annual shareholders' meeting that was held this morning. He reported that the financials were better this month and that there were numerous new contracts and proposals sent out. Director Wheeling took questions on his report.

### **WESODI REPORT**

Director McCaw gave a status report on the current happenings at WESODI. The crews had finished all the ground work for the winter. He gave a status update on the project in Arizona and it would be completed by the end of November. He noted there were only seven employees and most were part time. He announced the equipment in Arizona would be sold at auction in December in Arizona. He took questions on his report.

### **TRI-STATE REPORT**

Director Wheeling reviewed his written report which was included in the board packet. He took questions on his report.

### **CREA REPORT**

Several Board members gave their feedback from attending the CREA Energy Summit. Director Turner noted his take away from attending the meeting was the difference in business ethics, three days of directors training, great facilitators and at the energy expo he took away distributive energy, technology of fuel cells, energy shifting and the energy grids. Director Rendon stated he felt the courses he attended were valuable. Director Erb noted the classes she attended and what she took away was a better understanding of debt, and at the energy summit she learned about wind energy. Director Berman noted his CREA written report included in the board packet and he took questions.

Director Berman noted his Basin Electric Annual meeting written report which was also included in the November board packet and he took questions. Director Rendon asked about gasification plants in North Dakota and Director Berman discussed in detail the process.

## **WESTERN UNITED REPORT**

Director Erb gave the Western United report which included; sales of fiscal year, year-to date stock, inventory terms, and that the October Directors meeting did not have a quorum. She took questions on her report.

## **Executive session**

**Motion:** Director Wheeling moved to go into executive session to discuss and review Tri-State member issues and the facilitator Meg Carver training at 2:29 P.M.; motion seconded and passed without dissent.

The board came out of executive session at 4:08 P.M.

## **MEG CARVER CONTRACT POSSIBLE EXTENSION**

President Montoya asked for discussion on Meg Carver's two fold proposal and contract extension. Discussion ensued. Several board members gave their input and opinion on moving forward with the proposals she introduced and not moving forward. President Montoya entertained a motion for the first part of her proposal.

**Motion:** Director Turner moved to approve up to \$6,000 for the first part of Meg Carver's proposal for continued facilitation to the Board and Staff; motion seconded and passed with Director Berman dissenting.

**Motion:** Director McCaw moved to accept the second part of her proposal for up to a \$1,000 for a 2-hour one on one session with the Board and CEO Munro; motion seconded and passed with Director Berman, Director Rendon, Director Garcia and Director Bassett dissenting.

## **REVIEW NRECA MEMBER SURVEY QUESTIONS**

Postponed until the December board meeting

President Montoya readdressed the request from LPEA Member Robert Lea and discussion ensued. It was determined to compose a letter to Mr. Lea addressing his question concerning solarization and to review LPEA Policy 359.

## **FUTURE COMMITTEE OF THE WHOLE MEETINGS AND FUTURE AGENDA ITEMS**

CEO Munro identified the following items for future agenda items and noted that they were also listed in the November board packet: Tri-State rate issues; Tri-State membership issues; review energy rebates to start in January; Pagosa Biomass project; RESAP presentation; final approval of the 2014 rate tariffs; Policies 102, 108, 109, 129 and 359; adoption of 2014 strategic goals; and the NRECA survey questions;

## **UPCOMING EXTERNAL MEETINGS**

President Montoya noted the upcoming external meeting list in the board packet which included: the CREA Annual meeting February 9-11, 2014 in Denver; Director Compton requested and received approval to attend the meeting. Other meetings included: The Annual NRECA meeting

February 27-March 7, 2014 in Nashville, TN and noted that if Board Members plan on attending to let staff know as soon as possible; CFC Annual meeting on March 3, 2014 in Nashville; Tri-State Annual meeting on April 2-3, 2014 in Denver; and the NRECA Legislative Conference May 4-7, 2014 in Washington, DC.

**TRI-STATE RATE ISSUES**

Executive session

**EXECUTIVE SESSION**

**Motion:** Director Berman moved to go into executive session to discuss Tri-State rate issues at 4:45P.M. Director Wheeling was excused at 4:45 P.M.; motion seconded and carried without dissent.

The board came out of executive session at 5:58 P.M.

The regular LPEA board meeting reconvened at 5:58 P.M.

**OTHER BUSINESS**

None

With no further business, the regular board meeting adjourned at 6:00 P.M.

Recorded by: Laura Rome

Approved by:   
Davin Montoya, President

  
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Ken Fox, Secretary