

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, March 19, 2014, in the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 9:05A.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 Wheeling led the board in the Pledge of Allegiance.

**AGENDA**

President Montoya addressed the March 19, 2014 agenda.

**Motion:** Director Berman moved to approve the March 19, 2014 agenda with the ability to move around; motion seconded and passed without dissent.

**MEMBER COMMENTS AND CONCERNS**

None

**GUESTS (from sign in sheet)**

Jim Hartman and Bob Lynch

**CONSENT BOARD ITEMS**

The consent board items were presented and reviewed.

**Motion:** Director Formwalt moved to approve the February 19, 2014 meeting minutes with three corrections; accept new members, capital credit payments to estates and February write offs; motion seconded and passed without dissent.

## **EXECUTIVE SESSION**

**Motion:** Director Bassett moved to go into executive session to discuss the Solar Garden applications at 9:21 A.M.; motion seconded and passed without dissent.

The board came out of executive session at 10:16 A.M.

The regular LPEA board meeting reconvened at 10:16 A.M.

## **REVIEW/TAKE ACTION ON COMMUNITY SOLAR GARDEN PROGRAM AND APPLICANTS - RESOLUTION 2014-06**

President Montoya reviewed the Community Solar Garden Program, Policy and current applicants. Jim Hartman with Clean Energy Collective was present during the discussion. It was determined to only approve one of the two applications that Clean Energy Collective submitted.

**Motion:** Director Berman moved to adopt Resolution 2014-06 with one edit; to remove one application from Clean Energy Collective. The three applications for one array from Clean Energy Collective, Armadillo Community Solar Garden, LLC and Sun Mesa Solar Gardens were approved and CEO Munro was authorized to execute, after legal review, the contract for licensing these three Community Solar Gardens; motion seconded and passed without dissent.

## **ITEMS REQUIRING BOARD ACTIONS**

Director reimbursements were presented and reviewed.

### LPEA Committee of the Whole 3/17/14

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	Jack Turner	\$216.95
Tom Compton	\$219.43	Michael Rendon	\$200.00

### LPEA Board Meeting 3/19/14

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	Jack Turner	\$216.95
Tom Compton	\$219.43	Michael Rendon	\$200.00

Jeff Berman	CREA	\$400.00
Davin Montoya	Executive Committee	\$200.00
Joe Wheeling	Executive Committee	\$139.00
Ken Fox	Executive Committee	\$192.20
Heather Erb	Executive Committee	\$125.00

**Motion:** Director McCaw moved to approve the director reimbursements as presented; motion seconded and passed without dissent.

### **FINALIZE ANNUAL MEETING PLANS**

President Montoya noted the election packets became available on Monday March 17, 2014. CEO Munro mentioned a potential keynote speaker, Ted Case the author of “Power Play” and requested permission to invite Ted Case to be the keynote speaker at the LPEA 2014 Annual meeting. It was approved. Director Compton recommended inviting the interim CEO of Tri-State also.

### **APPOINT ELECTION SUPERVISORY COMMITTEE – RESOLUTION 2014-04**

President Montoya requested discussion.

**Motion:** Director Garcia moved to adopt Resolution 2014-04 as presented; motion seconded and passed without dissent

### **APPOINT ELECTION INDEPENDENT THIRD PARTY CONTRACT – RESOLUTION 2014-05**

President Montoya read resolution 2014-05

**Motion:** Director Rendon moved to adopt Resolution 2014-05 as presented; motion seconded and passed without dissent

### **UNCLAIMED CAPITAL CREDIT APPLICATION GRANTS**

President Montoya requested discussion.

**Motion:** Director Berman moved to award: to Manna Soup Kitchen \$10,000; to Durango Adult Education \$8,656; to Companeros: Four Corners \$5,000; and to Pagosa Springs Medical Center \$10,000; motion seconded and passed with Director McCaw dissenting.

### **APPOINT DELEGATE AND ALTERNATE TO THE TRI-STATE ANNUAL MEETING, AND APPROVAL OF OTHER ATTENDEES**

President Montoya requested discussion. Director McCaw, Director Turner, Director Erb and Director Garcia requested to attend.

**Motion:** Director McCaw moved to appoint Director Montoya as delegate and Director Erb as the alternate to attend the Tri-State Annual meeting; motion seconded and passed without dissent.

### **ATTORNEY ENGAGEMENT LETTER**

President Montoya discussed briefly. It was determined to have an executive session next month to discuss further.

### **ATTORNEY REPORT**

Attorney Spear summarized the written attorney’s report which was included in the March board packet. Items he highlighted included: the PUC order; Tri-State bylaw amendments; Tri-State

developments; Community Solar Garden agreements; the work on WESODI service agreement, and a potential LPEA member filing a lawsuit on the AMI meters. Other items he reviewed were a fiduciary duty memo that he requested to do in executive session. Both CEO Munro and Attorney Spear took questions on the report.

### **CEO REPORT AND STAFF REPORTS**

CEO Munro reviewed the written report that was included in the March board packet. He gave an update on a Tri-State time of day product and that LPEA staff was looking into it. He highlighted: Southern Ute Indian Tribe (SUIT) Community Solar Garden that would be near the Rock Creek substation; and he discussed in detail the specifics of net metering. CEO Munro took questions on his written report.

Dennis Svanes, Chief Financial Officer highlighted the members taking advantage of the pre-pay program.

Steve Gregg, Manager of Operations noted a heavy March snow storm and outages stemming from it. He took questions on his written report.

Ron Meier, Manager of Engineering highlighted the AMI meters and pointed out the AMI deployment map. He took questions on his report.

Indiana Reed, Marketing & Communications Consultant highlighted CEO Munro's appearance on Durango TV.

Mark Schwantes, Manager of Corporate Services took questions on his written report.

CEO Munro reviewed in detail the NRECA annual meeting that he attended in Nashville, TN.

### **FINANCIAL REPORT**

CFO Dennis Svanes reviewed the February financials included in the Board packet. He highlighted, operating margins and cash received. He took questions on his report.

### **COMMUNICATIONS PLAN UPDATE**

Mark Schwantes, Manager of Corporate Services played the current radio ads for the board's review. Indiana Reed, Marketing & Communications Consultant, took questions. Director Turner recommended for the board to watch LPEA employee Ray Pierotti speak about energy efficiency.

### **AUDIT REPORT**

President Montoya requested discussion. Discussion included concern over losses from WESODI with a request to see their audit and the status of the line of credit LPEA provided. CEO Munro stated he would prepare a history report on WESODI and FastTrack for the LPEA Board in April.

Director Wheeling announced that he had a phone conference at 2:00pm and would need to leave the board meeting.

The board meeting adjourned for lunch at 11:53 A.M., and reconvened at 1:04 P.M

### **TRI-STATE RATE AND MEMBER ISSUES**

## **EXECUTIVE SESSION**

**Motion:** Director Rendon moved to go into executive session to discuss Tri-State member issues at 1:06 P.M.; motion seconded and passed without dissent.

The board came out of executive session at 1:22 P.M.

The regular LPEA board meeting reconvened at 1:22P.M.

## **TRI-STATE REPORT**

Director Wheeling reviewed the items from the Tri-State monthly meeting. Items included: The financials were on track; the audit; that they passed the rate design policy; they were creating a general dispute policy and watched a presentation for load analysis for 2013. He also noted he arrived at Tri-State a day early for a strategic planning session. Additional discussion ensued regarding Ken Anderson's retirement. He took questions on his report.

## **FASTTRACK REPORT**

Director Wheeling gave a brief overview of the FastTrack board meeting: the presentation of the 2013 audit; and that FastTrack was on track financially. He announced that FastTrack was nominated to be a Colorado business to watch. Additional items he briefly reviewed included: a potential Colorado Fiber network and that they were in the marketing phase but could be moving forward with sales opportunities. Director Wheeling presented to the LPEA Board that the FastTrack Board would like to offer LPEA and EEA the option of having their preferred stock returned. Director Wheeling requested it be added for board action at the April board meeting. Discussion ensued. He took questions on his report.

## **PAGOSA BIOMASS**

J.R. Ford was present to address questions on the Pagosa Biomass proposal. Discussion ensued on the following items: return on investment; amount of megawatt generation; if output would be 24/7; contractual limitations; carbon positive and carbon negative considerations; data on biomass power; and benefits of the project which included the reduction of fuel that would help in the prevention of forest fires. Discussion continued that Tri-State and other companies were looking at the project. President Montoya stated that the LPEA Board supported the project but needed more information on the possible cost. J.R. Ford took questions on the project noting that we need this type of project in Colorado. He requested the LPEA Board to step forward with their support and approach other coops and Tri-State with this project. Director Berman requested more information. CEO Munro requested the board to take action today allowing him to approach Tri-State with a request for them to consider this as a test project.

**Motion** Director Turner moved to grant permission to CEO Munro to approach Tri-State to immediately start discussion allowing the Pagosa Biomass project to move forward as a test project; motion seconded and passed without dissent.

It was determined to also add the Pagosa Biomass Project to the April agenda for further discussion. Both J.R. Ford and CEO Munro took questions.

## **TRI-STATE BYLAW AMENDMENTS**

**Motion:** Director Fox moved to go into executive session to discuss the PUC complaint at 2:30 P.M.; Director Wheeling was excused at 2:30 P.M.; motion seconded and passed without dissent.

The board came out of executive session at 3:19 P.M.

The regular LPEA board meeting reconvened at 3:19 P.M.

**Motion:** Director Turner moved to authorize the LPEA Tri-State Annual meeting Delegate to offer the below Bylaw Amendment change at the annual meeting; motion seconded and passed with Director Wheeling abstaining.

Amend Article V, Meetings of Directors-Section 5; Presence of Others of Tri-State Bylaws.

Section 5: Presence of Others. All meetings of the Corporation shall be open to the members and the members' designated representatives; but the Board of Directors, by a two-thirds affirmative vote of the members of the Board of Directors present, may go into executive session of a Board of Directors meeting for consideration of documents or testimony given in confidence. But the Board of Directors shall not make final policy decisions or adopt or approve any resolution, rule, regulation, or formal action, any contract, or any action calling for the payment of money at any session which is closed to the members. Before the Board of Directors convenes in executive session, the Board of Directors shall announce the general topic of the executive session. At every regular meeting of the Board of Directors, members shall be given an opportunity to address the Board of Directors on any matter concerning the policies and business of the Corporation. The Board of Directors may place reasonable, viewpoint-neutral restrictions on the amount and duration of comment.

Director Wheeling left the meeting for the day at 3:25 P.M.

## **AUDIT REPORT**

President Montoya requested discussion.

**Motion:** Director Garcia moved to request from subsidiaries FastTrack their 2013 audit, WESODI's financial review and La Plata Electric Round Up Foundation audit. Motion seconded and passed without dissent.

It was determined for CEO Munro to request from FastTrack General Manager, Kelly Hebbard a copy of the financial audit for the LPEA board. CEO Munro stated he would send out the financial review from WESODI to the LPEA Board.

## **CEO REPLACEMENT**

President Montoya requested discussion. Director Compton noted he had contacted DMEA regarding who was helping them recruit for an executive position. Director Turner requested to determine a flat fee plus expenses; candidate travel pay, would the recruiter get a percentage of

payment out of the candidate's salary, and would LPEA pay expenses for the relocation of the final candidate. Discussion ensued on the potential expense, conflict of interest, recruiter tactics, headhunter groups, range of salary for CEO's and what the potential fee would be for a recruiter.

**Motion:** Director McCaw made a motion to authorize the LPEA executive committee to finalize negotiations with Mycoff, Fry, and Provse LLC to start the recruiting process for a CEO for LPEA. Also to engage Mycoff, Fry, and Provse LLC once negotiations were completed authorizing President Montoya to sign the final contract. Motion seconded and passed without dissent.

### **LAPLATA ELECTRIC ROUND UP FOUNDATION**

Director Rendon reported that there were six applicants for Round Up and five awarded. The awards were to 9 Health Fair for \$500.00, to Chimney Rock Interpretive Association for \$1,470, to Habitat for Humanity of Archuleta County for \$1,000, to Merely Players for \$1,000 and SW Rural Philanthropy Days for \$1,000. There were two educational grants and approved. They were Southwest Rural Philanthropy Days for \$2,500 and SW Colorado Area Health Education Center for \$1,000. He reported that there would be a board retreat in May. He took questions on his report.

### **WESODI REPORT**

Director McCaw gave a status update on WESODI. He reported that there were no employees, one project left to complete, and he continued pursuing accounts receivables. He noted that WESODI has contracted with LPEA to collect the mail and write the checks. He took questions on his report. Discussion ensued on the line of credit, and the Cortez property.

### **CREA**

Director Berman noted that CREA did have a meeting last month. He gave an update on net metering and virtual net metering. He took questions on his report

### **WESTERN UNITED REPORT**

Director Formwalt noted there was not a meeting in March. He took questions.

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

CEO Munro identified the following items for future agenda items and noted they were listed in the March board packet: Committee of the Whole on April 14th; director reimbursement report; safety and outage report; consultant and contractor report; construction and maintenance report; financial plus report; Tri-State annual meeting reports; CEO replacement items, allocation of previous year margins, Tri-State membership issues, Tri-State rate issues; Subsidiary update history; LPEA Annual meeting update; retiring capital credits; attorney engagement letter; Pagosa Biomass and Financial class #3; CSG program and policy. It was pointed out that the Community Solar Garden programs and subscribers information was already being publicized on the LPEA website.

**UPCOMING EXTERNAL MEETINGS**

President Montoya noted the upcoming external meeting list that was included in the March board packet. It included the Tri-State Annual meeting April 2-3, 2014 in Denver; and the NRECA Legislative Conference on May 4-7, 2014 in Washington, DC.

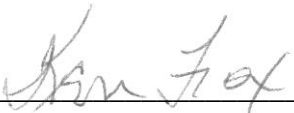
**OTHER BUSINESS**

None

With no further business, the regular board meeting adjourned at 4:12 P.M.

Recorded by: Laura Rome

Approved by:   
Davin Montoya, President

  
Ken Fox, Secretary