

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, April 16, 2014, in the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 9:02 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;

Ron Meier, Manager of Engineering

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  
Indiana Reed, Marketing & Communications Consultant  
Laura Rome, Executive Assistant

CEO Munro led the board in the Pledge of Allegiance.

**AGENDA**

President Montoya addressed the April 16, 2014 agenda and noted that the Durango City Council would attend during lunch; additionally Scott Fry and JR Ford would attend the April board meeting later in the day.

**Motion:** Director Formwalt moved to approve the April 16, 2014 agenda with the ability to move around; motion seconded and passed without dissent.

**MEMBER COMMENTS AND CONCERNS**

None

**GUESTS (from sign in sheet)**

Betsy Romere, Bill Waters, Ron LeBlanc, Dick White, Mary Beth Miles, Christina Rinderle, and Lisa Schwantes.

**CONSENT BOARD ITEMS**

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

## **ITEMS REQUIRING BOARD ACTIONS**

Director reimbursements were presented and reviewed.

### **LPEA Committee of the Whole 4/14/14**

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 4/16/14**

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Jerry McCaw	\$216.65	Jack Turner	\$216.95
Tom Compton	\$219.43	Michael Rendon	\$200.00

Jeff Berman	CREA/Tri State	\$ 691.00
Davin Montoya	Tri-State Annual Meeting	\$2,181.28
Jack Turner	Tri-State Annual Meeting	\$ 714.30
Mark Garcia	Tri-State Annual Meeting	\$1,355.20
Heather Erb	Tri-State Annual Meeting	\$1,011.42
Ken Fox	Committee of the Whole March	\$ 67.20

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

## **ALLOCATION OF PREVIOUS YEAR MARGINS - RESOLUTION 2014-07**

President Montoya requested discussion. CEO Munro pointed out that it was included in the April board packet. CFO Svanes reviewed the resolution and explained the non- allocated equity. The resolution would allocate 100% of the margins from 2013. He noted that Tri-State's allocation was separate. CFO Svanes took questions.

**Motion:** Director Rendon moved to adopt Resolution 2014-07 as presented; motion seconded and passed without dissent

## **PATRONAGE RETIREMENT PROCESS**

CEO Munro reviewed the memo included in the April Board packet with the request to change the timing of the patronage retirements to November. CFO Svanes reviewed the detail and noted that it would result in the distribution of unclaimed capital credits being about 3 months later.

**Motion:** Director Formwalt moved to adopt the patronage retirement memo enclosed in the April 2014 board packet as presented; motion seconded and passed without dissent.

## **ATTORNEY REPORT**

Attorney Spear summarized the written attorney's report which was included in the April board packet. Items he highlighted included: Tri-State rates; the PUC case and the upcoming proposed schedule and evidence for the hearing. He highlighted the proposed bylaw amendments that were introduced at the Tri-State annual meeting by President Montoya; and drafted three agreements for the three Community Solar Garden (CSG) applicants. He indicated he is preparing the LPEA Disclaimer for CSG subscribers. Additional items he noted his firm was working on were: the agreement for search firm to help the board in selection of a new CEO; board member election items and review of three contracts. Attorney Spear took questions on his report.

## **FINANCIAL REPORT PLUS**

CFO Dennis Svanes presented the financial plus report. It included: total kWh YTD current; prior and forecasted; YTD electric revenue and electric revenue monthly; YTD total net margins; YTD accounts receivables and delinquent report. He took questions on his report and the March financials. Director Garcia and Director Erb had specific questions on the subsidiaries financial reports. Both CFO Svanes and CEO Munro addressed questions.

## **CEO REPORT AND STAFF REPORTS**

CEO Munro reviewed the written report that was included in the April board packet. He highlighted a letter from CFC; a letter from Tri State concerning the Pagosa Biomass; and that he had spoken with Tri-State staff concerning the Pagosa Biomass project. Director Wheeling also affirmed the discussion he had with Tri-State concerning the Biomass project. CEO Munro also highlighted the construction report. CEO Munro took questions on his written report.

Dennis Svanes, Chief Financial Officer highlighted Federated Insurance meeting regarding LPEA's insurance needs. LPEA may need to have additional insurance and liability and that may increase costs. He took questions on his report.

Steve Gregg, Manager of Operations took questions on his written report. Discussion ensued on construction costs and how construction is financed.

Indiana Reed, Marketing & Communications Consultant took questions on her written report.

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

## **SAFETY AND OUTAGE REPORT**

Steve Gregg, Manager of Operations reviewed major outages with none in January and February but in March there were three outages due to weather. He reviewed the outage by cause, average outage minutes for customers with a graph with the YTD outage rate. He reviewed the safety report for the 1<sup>st</sup> quarter and it included: lost time accidents; training first quarter; AMI metering; regulatory training; LPEA safety culture; and fire extinguisher, first aid kits and safety equipment inspections. He took questions on his reports.

## **CONSULTANT AND CONTRACTOR REPORT**

CEO Munro took questions on the written report included the board packet.

## **CONSTRUCTION AND MAINTENANCE REPORT**

CEO Munro took questions on the written report included the board packet

### **ANNUAL MEETING UPDATE**

CEO Munro highlighted the Annual meeting notice that would be sent to all members; Resolution 2014-11 appointing Davin Montoya to District two; that the key note speaker had been confirmed and that Mike McGinnis with Tri-State would give a short update. He took questions on his report.

### **DISTRICT TWO APPOINTMENT RESOLUTION 2014-11**

President Montoya read resolution 2014-11.

**Motion** Director Garcia moved to adopt Resolution 2014-11 as presented; motion seconded and passed without dissent

### **RETURN OF FASTTRACK PREFERRED STOCK – RESOLUTION 2014-10**

President Montoya requested discussion. Director Bassett requested information on what would be done with the funds. CEO Munro reported that the funds could potentially be put into the RUS Cushion of Credit. Discussion ensued on where the funds would be distributed. Director Wheeling highlighted the reasoning behind FastTrack offering the return of the preferred stock. Discussion and questions continued. President Montoya read Resolution 2014-10.

**Motion** Director Berman moved to adopt Resolution 2014-010 as presented with one misspelled word correction; motion seconded and passed with Director Wheeling abstaining from the vote.

### **BLANCO BASIN REBUILD CONSTRUCTION CONTRACT – RESOLUTION 2014-08**

Steve Gregg, Manager of Operations reviewed the Blanco Basin rebuild and Bayfield County Line 69 kV rebuilds construction contracts together. He gave a detailed project overview on both Blanco Basin and Bayfield rebuild projects. He noted how many bids were received for the Blanco Basin project, the bid process, complications for the project, easements, and the engineer's estimate. He then reviewed in detail the Bayfield to County line project, length and the 115 kV re-build. He then gave detailed specifics on the contractor bids, the complete projects and timeframe to complete. He recommended both projects and took questions on both projects. President Montoya read Resolution 2014-08.

**Motion:** Director Turner moved to adopt Resolution 2014-08 as presented; motion seconded and passed without dissent

### **BAYFIELD TO COUNTY LINE 69 KV REBUILD CONSTRUCTION CONTRACT – RESOLUTION 2014-09**

Steve Gregg, Manager of Operations reviewed this project with the Blanco Basin construction contract. President Montoya read Resolution 2014-09.

**Motion:** Director Formwalt moved to adopt Resolution 2014-07 as presented; motion seconded and passed without dissent

The board meeting adjourned for lunch at 11:45 A.M., and reconvened at 1:11 P.M

## **CEO REPLACEMENT ITEMS**

President Montoya requested a motion for executive session.

## **EXECUTIVE SESSION**

Motion: Director Formwalt moved to go into executive session at 1:11 PM to discuss a personnel issue; motion seconded and passed without dissent.

The board came out of executive session at 2:22 P.M.

The regular LPEA board meeting reconvened at 2:26 P.M.

## **PAGOSA BIOMASS PROJECT**

CEO Munro pointed out documents in the April board packet and that J.R. Ford was present to address questions on the Pagosa Biomass proposal. Discussion included: LPEA's position on the project; the many options for marketing the renewable generation. Manager of Corporate Services, Mark Schwantes and CEO Munro gave a presentation of the current renewable energy and energy efficiency programs that LPEA offers with Mark Schwantes highlighting the reduction in residential energy usage. The Community Solar Garden (CSG) impacts were also highlighted. J.R. Ford indicated that construction for the Pagosa biomass generator was planned to start in September of this year and he reviewed the potential power to be produced. Discussion continued on the needs of the Pagosa Biomass project. It was determined that CEO Munro and J.R. Ford create a business plan to show where and how LPEA could support the project.

Director Rendon left the meeting at 3:58 PM

## **COMMUNITY SOLAR GARDENS**

It was part of the CEO and Staff written reports included in the April Board packet.

## **LAPLATA ELECTRIC ROUND UP FOUNDATION**

Director Fox reported that there were four grant requests applicants for Round Up and four awarded. The awards were to Phoenix Fellowship for \$3,000; Pagosa Springs High School After Prom for \$500.00; Alternative Horizons for \$600.00 and Wildcats Basketball, Ignacio for \$265.00. There were four educational grants and three were awarded to: Women's Resource Center for \$500.00; Durango Montessori Elementary School for \$990.00 and DHS Special Education Program- Independent Living for \$3,000. Durango Art Center was asked to reapply next year. There were 13,922 members rounding up in March making it down twenty eight from last month. He took questions on his report.

## **FASTTRACK REPORT**

Director Wheeling gave a brief overview of the FastTrack board meeting. Items included: the General Manager performance review, staff looking into moving the headquarters due to their lease ending; Colorado Fiber Network was sponsoring a network conference and working together on rural broadband providers. He took questions on his report.

## **WESODI REPORT**

Director McCaw gave a brief overview of the status of WESODI. Items included: consolidated accounts; contacted the City of Durango as the inspector of the Three Springs project; and he continues to collect accounts receivables. CEO Munro gave an update on the project in Arizona and the punch list to complete before receiving full payment. CEO Munro noted that WESODI paid off the loan for the property in Cortez and once the paperwork was completed it would be listed for sale. He took questions on his report. CEO Munro reported that basically WESODI was no longer in business and that this report will be the last report except for minor reports as things closed down and completed.

## **TRI-STATE REPORT**

Director Wheeling reviewed the items from the Tri-State monthly meeting. Items included: that new oil fields would need new generation by 2020 from 350 MW to 750 MW. Financially the month of February was very good due to the polar vortex; highlighted the elections and process and that he was re-elected onto the executive committee. Director Berman requested information how the bylaw amendment request was received. Director Wheeling reviewed and noted how the message was received. He took questions on his report.

## **TRI-STATE ANNUAL MEETING REPORTS**

President Montoya discussed his presentation requesting a bylaw amendment change at the Tri-State annual meeting and his disappointment that it failed. He stated that there were seventeen that voted for the bylaw amendment change. Director Turner gave his detailed report and noted that 25% of Tri-State members had lawsuits against them. Discussion ensued. Both Director Garcia and Director Erb gave a brief overview of their reports.

## **CREA**

Director Berman noted his written CREA and Tri-State Members meeting report included in the board packet. He also highlighted a proposed resolution where there was a request to vote on it at the CREA meeting. He noted documents were presented at the CREA board with a resolution opposing the public trust doctrine. He discussed in detail what the resolution proposed. He took questions on his report.

## **WESTERN UNITED REPORT**

Director Formwalt noted there was not a meeting in the last month.

## **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 April board packet: Tri-State membership issues; Tri-State rate issues; San Juan Basin Energy Connection doing presentation; member opportunity report; financial report, proposal for auditor RFP; John Voelker scholarship and Policy 416; Biomass project and CEO replacement items. It was briefly discussed to do the scholarship presentation at the annual meeting.

## **UPCOMING EXTERNAL MEETINGS**

President Montoya noted the upcoming external meeting list that was included in the April board packet. It included the LPEA Annual Meeting, May 22, 2014 at Fort Lewis College and the CFC Forum, June, 10-11, 2014 in San Diego, CA.

**CONSIDERATION OF A RFP FOR GENERAL COUNSEL SERVICES**

**TRI-STATE ISSUES**

**EXECUTIVE SESSION**

President Montoya requested a motion.

**Motion:** Director Berman moved to go into executive session to discuss the General Counsel Services and Tri-State issues. At 5:00 P.M.; Director Wheeling was excused at 5:10 P.M for the discussion on Tri-State issues; motion seconded and passed without dissent.

The board came out of executive session at 5:32 P.M.

The regular LPEA board meeting reconvened at 5:32 P.M.

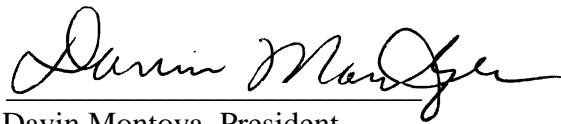
**OTHER BUSINESS**

None

With no further business, the regular board meeting adjourned at 5:33 P.M.

Recorded by: Laura Rome

Approved by:

  
Davin Montoya, President



Ken Fox, Secretary