

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, May 21, 2014, in the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 9:01 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;

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

CFO Svanes led the board in the Pledge of Allegiance.

AGENDA

President Montoya addressed the May 21, 2014 agenda.

Motion: Director Compton moved to approve the May 21, 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 and Jenn Wheeling

CONSENT BOARD ITEMS

Director Compton requested more information regarding duplicate names on the new member list. CFO Svanes was to look into.

Motion: Director Turner moved to approve the April 16, 2014 meeting minutes; accept new members, capital credit payments to estates and April write offs; motion seconded and passed without dissent.

ITEMS REQUIRING BOARD ACTIONS

Director reimbursements were presented and reviewed.

LPEA Board Meeting 5/21/14

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	\$250.00
Ken Fox	Round Up	\$200.00
Michael Rendon	Round Up	\$200.00
Robert Formwalt	Western United	\$200.00

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

CEO REPLACEMENT ITEMS

Director Rendon requested information on the time frame. President Montoya gave an update on the status, the last memo sent to the board and that the executive committee was on schedule.

PROPOSAL FOR AUDITOR RFP

President Montoya noted the Auditor RFP included in the May board packet. CEO Munro and CFO Svanes gave feedback on the process and the request for the Auditor RFP. They both took questions.

Motion: Director Compton moved to authorize staff to request proposals for professional auditing services for 2014, 2015, and 2016 financial years; motion seconded and passed without dissent.

APPROVAL OF EXTENSION ON ATTORNEY CONTRACT

President Montoya noted there were two changes to the contract and requested Attorney Spear to review. Attorney Spear reviewed the two changes which included the recitals and the rates. The contract is for August 2014 to August 2016. Attorney Spear took questions on the contract.

Motion: Director Compton moved to approve the renewal of the attorney contract extension to begin August 2014; motion seconded and passed without dissent

JOHN VOELKER SCHOLARSHIP AWARDS

President Montoya listed the selection committee and their recommendations. Director Turner requested the history of the scholarship. CEO Munro gave the history of the scholarship.

Motion: Director Garcia moved to accept the 2014 scholarship selections Committee's recommendation to award Dylan Pearson and Sean McLaughlin the 2014 LPEA John Voelker Memorial Scholarships, and Brenda Rodriguez and Tyler Campbell as alternates; motion seconded and passed without dissent.

REVIEW/APPROVE POLICY 416 – JOHN VOELKER SCHOLARSHIP

President Montoya noted the changes to Policy 416, John Voelker Scholarship Policy. Discussion ensued on the selection committee and how it was created.

Motion: Director McCaw moved to adopt Policy 416, John Voelker Scholarship as presented; motion seconded and passed without dissent

BIOMASS UPDATE

CEO Munro gave an update on upcoming meetings with both JR Ford and Tri-State taking place in the following weeks. CEO Munro took questions on the status of the project, viability and potential financing. Discussion ensued.

ATTORNEY REPORT

Attorney Spear summarized the written attorney's report which was included in the May board packet. Items he highlighted included: the PUC case; upcoming hearing date; and at the procedural hearing the two motions filed, which he discussed in detail; he noted that Attorney Bill McEwan would speak with the board during executive session later in the day via phone conference. Additional items he briefly touched on were the Community Solar Garden, CEO search agreement with Mycoff & Company; attorney contract; Grassy Mountain and election questions. He took questions on his report.

CEO REPORT AND STAFF REPORTS

CEO Munro introduced Steve Gregg to review an electrical contact by a County contractor that happened in Pagosa Springs last week. Manager of Operations, Steve Gregg reviewed in detail the incident; the investigation; the status of the contractor employee who was injured. He took questions on the incident.

CEO Munro reviewed the written report that was included in the May board packet. He highlighted: Tri-State staff here today to give a presentation of the San Juan 230 kV line; update on the Pagosa biomass project; the Tri-State meetings he attended last week and the webinars they will be offering.

CFO Svanes reported that there had been an electrical storm two weeks ago that effected the drive-thru communications so it had been down for the last week and a half with expected repair by the end of next week.

CEO Munro added that he had attended the legislative conference in Washington DC and highlighted: agencies and new rules that would affect LPEA.

Steve Gregg, Manager of Operations reported that operations had been replacing journeyman lineman with three hired starting June 1st. He took questions on his written report.

Manager of Engineering, Ron Meier highlighted an upcoming town council meeting in Pagosa Springs on the AMI meters. He took questions on his report.

Indiana Reed, Marketing & Communications Consultant highlighted USDA training on rural energy on June 10th 12:30 to 4:30 in the Macht/Murphy room. She took questions on her written report.

Mark Schwantes, Manager of Corporate Services noted a correction on his written report and highlighted a not for profit offering help with putting solar on members homes. He discussed in detail the solar opportunities within the LPEA member service area. He took questions on his report.

CEO Munro reviewed the annual meeting and would send out an updated detailed meeting agenda. CEO Munro and staff took questions on their reports. Manager of Engineering, Ron Meier gave a detailed review of solar, engineering, and the infrastructure needs for solar and other alternative energy facilities. Discussion ensued.

CEO Munro announced he was invited to serve on the airport advisory committee

Director Bassett requested more information on the 1099 letter from the auditor. CEO Munro discussed the 1099 and that payment for excess energy on net metered accounts was taxable income. Director Bassett requested a meeting with the LPEA CFO and another CFO he knew that does not believe it was taxable income. CFO Svanes reviewed the tax law in question. Discussion ensued. Questions continued which included meter reading costs for members and opting out from the AMI meters.

FINANCIAL REPORT

CEO Munro took questions on the financial report.

MEMBER OPPORTUNITY REPORT

CEO Munro took questions on the member opportunity report which was included in the May board packet.

LAPLATA ELECTRIC ROUND UP FOUNDATION

Director Rendon reported that there were three requests for Round Up: Destination Imagination for Durango and Pagosa Springs, they were both awarded \$1,000 each; 4H shooting sports was awarded \$2,000. Under education the Boys and Girls Club were awarded \$2,000 and Cowboy Gathering was awarded \$2,500.00. He highlighted the Round Up Board retreat he attended with the next retreat to take place in January or February. He took questions on his report. Director Turner suggested the Destination Imagination come to meet the LPEA board.

FASTTRACK REPORT

Director Wheeling gave a brief overview of the May FastTrack board meeting which included; YTD net income was up \$120,000 vs. \$102,000 from last year; he announced that FastTrack won the fifty Colorado companies to watch with a scheduled event on June 20th. He took questions on his report.

TRI-STATE REPORT

Director Wheeling reviewed the items from the Tri-State monthly meeting. Items included: Tri-State looking at a solar RFP; the RUS issue that may result in Tri-State looking at restructuring debt that would move out of RUS. There will be a strategic planning session on June 2-3, 2014. He discussed the Laramie River Power Station that provides energy for Tri-State and on routine inspection they found cracking on turbines blades. He took questions on his report. Discussion ensued on Tri-State generation capabilities.

Director Turner had questions on the forecasted revenue amount included in the financial report. CFO Svanes discussed in detail the forecasted amounts on the financial report.

CREA

Director Berman noted he attended the CREA meeting via teleconference. He highlighted the adoption of CREA Policy 105 and gave specific details including the amendment to it and that he voted in favor. Director Erb requested for clarification on the details of the amendment and asked why he supported the amendment. Discussion continued on various policy changes. He took questions on his report.

WESTERN UNITED REPORT

Director Formwalt noted Western United had a meeting in April and highlighted: the audit committee reviewed the audit; the financial report and that financial sales may break one hundred million in sales due to natural disasters; budgeting for eighty million in sales for next year; they did a review of the CEO and the review came out with good comments; that twenty five of the member coops are on the inventory management program and that coops participating find it very handy; at the next executive committee he would be in line for the Vice President position and he briefly reviewed the OSHA audit. He took questions on his report.

The board meeting adjourned for lunch at 12:01 P.M, and reconvened at 12:37 P.M

SAN JUAN BASIN ENERGY CONNECT PROJECT PRESENTATION

Ron Meier introduced Nicole Korbe, Diana Lieker and Chris Pink from Tri-State. Chris Pink thanked the board and reviewed in detail an overview of a transmission project. He gave a PowerPoint presentation showing the goal; overview; why Tri-State was recommending this project; background of the project; benefits and detailed aspects of the project and where the project was today. Diane Leiker, Transmission Project Manager noted that Tri-State had six years and \$6,000,000 invested to date with public outreach, formal engineering, federal environmental review; environmental impact and the alternatives development process. She reviewed the following items: National Environmental Policy Act (NEPA) process; previously considered alternative routes; issues and challenges; distribution of permanent disturbance; mileage of transmission line; displayed preferred alternative overview; draft EIS; public meetings and comments held on April 8, 2014 in Ignacio and April 9, 2014 in Farmington, NM. She highlighted comments, gave a current status; especially with SUIT; impact on SUIT and what was discussed and she broke it down to six miles of footprint. She displayed a graph with a new graph of alternative routes. She then detailed the next steps which included continued communication with tribal staff with potential starting of construction in 2016 and completion by 2020. She took questions on her report. CEO Munro also addressed questions and pointed out that LPEA had been working with Tri-State on this project for the last ten years.

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 May board packet: Staff conference and training report, financial report, benefits report, financial class # 4 which would cover the cost of service and rate design; election of officers, LPEA representatives to Tri-State, CREA and Western United, Tri-State membership and rate issues; CEO replacement items and Pagosa Biomass. There would be a Committee of the Whole

meeting on June 16, 2014. Discussion included: having a representative from MyCoff & Company attend the Committee of the Whole in June to review the short list addressing the CEO replacement items. CEO Munro pointed out if an alternative date was scheduled that a legal posting of the meeting would be required. Director Turner requested considering after the elections to set up a meeting with staff and employees for the new board members to meet. Discussion ensued on the type of meeting and CEO Munro reviewed what the history was for past meetings. It was determined to add to the June agenda for further discussion.

UPCOMING EXTERNAL MEETINGS

President Montoya noted the upcoming external meeting list that was included in the May board packet. It included the LPEA Annual Meeting, May 22, 2014 at Fort Lewis College, the CFC Forum, June, 10-11, 2014 in San Diego, CA and CoBank Energy Directors Conference, July 7-9, 2014 in Colorado Springs.

EXECUTIVE SESSION

President Montoya requested a motion.

Motion: Director Garcia moved to go into executive session to discuss a personnel matter and Tri-State member and rate issues at 2:00 P.M.; President Montoya was excused for the personnel discussion; Director Wheeling was excused at 2:30 P.M. for the discussion on Tri-State issues; motion seconded and passed without dissent.

The board came out of executive session at 2:57 P.M.

The regular LPEA board meeting reconvened at 2:57 P.M.


OTHER BUSINESS

None


With no further business, the regular board meeting adjourned at 2:58 P.M.

Recorded by: Laura Rome

Approved by:



Michael Rendon, President



Jeff Berman, Secretary