

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, July 16, 2014, in the headquarters building in Durango, Colorado. President Rendon called the meeting to order at 9:01 A.M., with the following directors present:

Heather Erb	Joe Wheeling	Michael Rendon
Jeffrey Berman	Davin Montoya	Bob Lynch
Britt Bassett	Jack Turner	J. Robert Formwalt
Mark Garcia	Tom Compton	

Excused Absence;
Jerry McCaw

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

Director Erb led the board in the Pledge of Allegiance.

AGENDA

President Rendon addressed the July agenda. Director Montoya requested adding a verbal report on a meeting attended by President Rendon.

Motion: Director Garcia moved to approve the July agenda with the ability to move around; motion seconded and passed without dissent.

MEMBER COMMENTS AND CONCERNS

Laura Refka addressed the LPEA board and requested that there not be a fee for LPEA Members opting out of the AMI meters. She reviewed the Cooperative principle. President Rendon addressed the request. Manager of Engineering; Ron Meier noted there were 200 plus members currently opting out of the AMI meters and CEO Munro noted the electric service regulations that would be addressed in August.

JR Ford with Pagosa Biomass addressed the board and approached moving forward with a PPA agreement. He requested a minimum of a 15 year term. He discussed the details of the interest and requested the LPEA board and staff to address the PPA agreement within the next 30 days. Attorney Spear noted for the staff and board to address the PPA it would need to be included in the August agenda. Mr. Ford took questions on his update and request for the Pagosa Biomass PPA. Discussion included: the 5% renewable energy allowed by Tri-State and their policy 118; potential start dates; building the plant: PPA agreement; Tri-State policy 115 provisions starting in 2017; the feasibility report that JR Ford had been working on; details of the project and proposal. It was determined to have the Pagosa Biomass PPA added to the August agenda for further discussion and working through the PPA. Both CEO Munro and Mark Schwantes,

Manager of Corporate Services reviewed: a ten, a fifteen, and a twenty year term; the Pagosa Biomass costs in years 2017-2026 with the proposal rate of \$81 per MW hour (8.1¢/kW-hr). CEO Munro and Mark Schwantes both addressed questions. Mark Schwantes presented a graph with potential cost and PPA funding with the Tri-State 118 rate and with the Tri-State policy 115 value in supporting local projects. He reviewed the Biomass cost and PPA funding with Tri-State 118 policy, Tri-State 115 policy, and displayed what would be needed for annual support at 30 GWh/year based on today's Tri-State 115 policy. Director Wheeling proposed that Tri-State be invited to address the LPEA Board about the concerns on power availability and future impact. Mark Schwantes presented the Biomass potential funding support. Discussion continued with Mark Schwantes addressing questions. Director Turner addressed the board and staff and congratulated them for the hard work they have been doing. Member Debbie Marquart asked how someone can contact the LPEA Board. President Rendon noted that the LPEA website had the board contact information. CEO Munro stated that a member could send an email, addressed to the Board, and send it to LPEA via its website. Member Marquart addressed the board on the Colorado Country Life (CCL) articles and stated she felt it would be censorship if the LPEA Board told CCL what articles to publish in the magazine.

RUS GENERAL FIELD REPRESENTATIVE JOHN RABAGLIA

RUS General Field Representative John Rabaglia addressed the board and gave his and RUS history. He reviewed the proposed rule regarding NEPA guidelines and requirements. He publicly thanked the opportunity to work with CEO Munro over the years. He highlighted the services that RUS provides to rural electric coops and the process in detail. He reviewed the upcoming potential changes due to RUS reorganization.

GUESTS (from sign in sheet)

The following guests were present; Betsy Romere, Laura Refka, Ann McCoy Harold, and Debbie Marquart.

CONSENT BOARD ITEMS

The consent board items were presented and reviewed.

Motion: Director Berman moved to approve the June 18, 2014 minutes with two edits, capital credit payments to estates and June write offs; motion seconded and carried without dissent.

ITEMS REQUIRING BOARD ACTIONS

Director reimbursements were presented and reviewed.

LPEA Board Meeting 7/16/14

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

Jeff Berman	CREA	\$125.00
Robert Formwalt	Western United	\$200.00
Jack Turner	RoundUp	\$125.00

Bob Lynch	RoundUp	\$125.00
Mark Garcia	CoBank	\$1,559.96

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

CEO REPLACEMENT ITEMS

President Rendon stated that these items would be addressed in executive session later today.

CAPITAL CREDIT AND REFUNDS

CFO Svanes reviewed how the general retirement of capital credits is stated in the bylaws, article VII, section 3. He requested if the board wanted to make any changes to the process. He highlighted the memo included in the July board packet and reviewed in detail the options for general retirements. Discussion ensued with feedback from individual board members on their stance on the topic.

Motion: Director Formwalt moved to leave Capital credits and refunds currently at 50/50 (50% FIFO and 50% current) and for the board to discuss at the strategic planning and address for 2015; motion seconded and passed with Director Montoya dissenting.

REVIEW/APPROVE – RESOLUTION 2014-14 LEASE RENEWAL FOUR SQUARE GOSPEL

Manager of Operations, Steve Gregg addressed the board and reviewed the Foursquare Gospel lease agreement. He gave the history of the lease and noted the changes. He stated that staff recommended approval of Resolution 2014-14. Attorney Spear reviewed the details of adding a first right of refusal to the lease agreement.

Motion: Director Formwalt moved to adopt Resolution 2014-14 Foursquare Gospel Lease Renewal of the lease as presented; motion seconded and passed without dissent.

APPOINT DELEGATE/ALTERNATE TO NRECA REGION 7 MEETING

CEO Munro noted that the NRECA Region 7 meetings would be held on October 15th & 16th in Omaha, Nebraska. Director Berman pointed out that the October LPEA board meeting conflicted with the NRECA meeting. It was determined not to send anyone to the NRECA Region 7 meetings.

APPOINT DELEGATES TO COUNTY FAIRS

President Rendon requested discussion.

Motion: Director Compton moved to appoint Director Formwalt as delegate to the Archuleta County Fair with a budget of \$2,500 for the 4H live stock auction; motion seconded and passed without dissent.

Director Bassett amended the motion to appoint Director Garcia as the alternate for the Archuleta County Fair and it passed.

Motion: Director Compton moved to appoint Director Montoya as delegate and Director Turner as alternate to the La Plata County Fair with a budget of \$2,500 for the 4H livestock auction; motion seconded and passed without dissent.

Director Montoya pointed out that directors doing this for LPEA have never received per diem for such.

COLORADO COUNTRY LIFE ARTICLES

CEO Munro reviewed the schedule and timing of articles in Colorado Country Life included in the July board packet. Director Berman recommended that articles be written by random board members. He also recommended for the executive committee have an opportunity to submit an article. Discussion ensued.

The regular board meeting recessed for lunch at 12:02 P.M., and President Rendon called the meeting back to order at 1:12 P.M.

COLORADO COUNTRY LIFE ARTICLES Cont.

President Rendon requested further discussion.

Motion: Director Bassett moved for the president, vice president CREA representative and one at-large write articles to be voted on as a whole for approval and if the board couldn't come to agreement to turn over to the executive committee; motion seconded and not voted on.

Discussion included: executive committee having final approval; plan for deadlines; Director Basset amended his motion: On the last line that if the articles were not agreed upon they would not be published. Additional discussion included: content of articles; informative for the members; articles to be general consensus of the board; which board members would write articles; with President Rendon clarifying who would write articles. CEO Munro stated that the staff would give the deadlines for the board with Indiana Reed indicating that the September article needed to be approved now as the deadline would be before the August board meeting.

Motion: Director Bassett moved that the lead article authored by LPEA in our monthly newsletter include one article by a Board Member each quarter made up of one by the Board President, one by the Tri-State Representative, one by the CREA representative, and one as designated by Board President. Each of these articles shall be reviewed by the full board until a general consensus on content is reached; motion seconded and passed with Director Compton and Director Montoya dissenting.

BANK SIGNATURE AUTHORIZATION APPROVALS

CEO Munro pointed out the memo included in the July board packet.

Motion: Director Compton moved to approve the bank signature authorization as presented; The Board of La Plata Electric Association, Inc. authorizes Michael Rendon, President of the Board; G. Steve Gregg, Interim CEO; Dennis Svanes, CFO; and Rachel Gilman, Controller to be signers on LPEA's Patronage Refund Account at First National Bank. Additionally, the Board authorizes G. Steve Gregg, Interim CEO; Dennis Svanes, CFO; and Rachel Gilman to be signers on LPEA's General Fund Account, Construction Account, Payroll Fund, and Medical Fund Account at First National Bank; motion seconded and passed without dissent.

EUCI CONFERENCE BOARD MEMBER ATTENDEE APPROVAL

President Rendon requested discussion. Director Berman indicated he could no longer attend the Electric Utility Consultants Inc.'s electric utility rate making conference given scheduling conflicts. He suggested it was important for directors to attend courses such as this outside of traditional cooperative offerings to expand the board's knowledge base, and Director Erb noted the agenda was highly relevant to LPEA's current rate making challenges. Director Montoya pointed out that the conference was geared for Investor Owned Utilities (IOUs).

ATTORNEY REPORT

Attorney Spear summarized his written report which was included in the July board packet. He highlighted: the Tri-State PUC complaint; Community Solar Garden; noted the CEO replacement would be discussed in executive session; interim CEO; and still in discussion with La Plata County for the Grassy Mountain communications building lease. He took questions on his report.

REVIEW/APPROVE BOARD RETREAT AND STRATEGIC PLANNING SESSION

President Rendon requested discussion. It included: timing; dates; to wait or not wait for new CEO to be here; topics to discuss; facilitators; recommendation of Jack Yeager as a facilitator; date availability; and agenda items for the meeting. It was determined to tentatively schedule for Oct 1 & 2 and with CEO Munro to check with Jack Yeager on availability the week of September 29, 2014. Further discussion included; length of strategic planning meeting; costs; and whether to hold it off site.

CEO AND STAFF REPORTS

CEO Munro highlighted his written report; the dates had been reserved for the 2015 annual meeting at Pagosa Springs High School for May 16, 2015. It was a consensus of the board to have the 2015 annual meeting in Pagosa on May 16, 2015 at the Pagosa Springs High School. He also announced that the employee appreciation breakfast would take place the morning of September 17th, and that all employees and their families would be invited. He stated that a date for a breakfast in Pagosa Springs would be determined soon. He took questions on his report. CFO Svanes pointed out that prospective auditing firms have been, and are coming to LPEA for interviews. He took questions on his report.

Manager of Operations, Steve Gregg took questions on his written report.

Manager of Engineering, Ron Meier gave an update on AMI meters, two meetings he attended in Pagosa Springs on the concerns for the AMI meters and upcoming meetings. He took questions on his report.

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

FINANCIAL PLUS REPORT

CFO Svanes presented the quarterly financial report which included: total kWh purchased yearly and monthly; total net margins YTD; and the A/R delinquent report. He took questions on his report. Both CFO Svanes and Manager of Corporate Services, Mark Schwantes addressed questions on costs for the annual meeting. Mark Schwantes also gave an update on the Community Solar Garden applicants' time lines.

QUARTERLY DIRECTOR REIMBURSEMENT REPORT

President Rendon pointed out the report which was included in the July board packet.

SAFETY AND OUTAGE REPORT

Manager of Operations, Steve Gregg presented the 2nd quarter outage report. Items included: the June outage in Northwest Durango and the corrective issues taken; outage by cause in detail; YTD outage rate with comparisons for LPEA and Tri-State caused outages.

Manager of Operations, Steve Gregg presented the 2nd quarter safety report. Items included: no accidents; Regulatory Compliance and Safety Officer John Stephenson retired July 3, 2014 and that Bret Cochrane was appointed to fill that position. He also presented the training for the 2nd quarter which included keeping coop employees out of harms way, general safety review by CREA representative Dan Whiteside and highlighted future upcoming training. He took questions on his report.

CONSULTANT AND CONTRACTOR REPORT

President Rendon pointed out the report which was included in the July board packet.

CONSTRUCTION AND MAINTENANCE REPORT

President Rendon pointed out the report which was included in the July board packet.

CAPITAL ITEMS REPORT

President Rendon pointed out the report which was included in the July board packet.

ELECTRIC SERVICE REGULATION

CFO Svanes reviewed the draft redline Electric Service Regulations included in the July board packet. He discussed additions to the redline draft in detail which included: meter tampering; fees; trip charges; opt out fees and how they were preliminarily calculated. Discussion ensued on the AMI meters and how many members have opted out. The board requested the staff to review the language on transfer fees for widowed or other direct family member and the process of waiving the fees. It was determined that the Electric Service Regulations would be an August agenda for more discussion and possible adoption.

SOLARIZE LA PLATA MEETING

President Rendon gave a report on the meeting he attended. Discussion ensued on the process of solar installations on residences in LPEA territory. Director Berman requested that the policy regarding this subject be reviewed by the Board.

LA PLATA ELECTRIC ROUND UP FOUNDATION REPORT

Director Lynch gave the La Plata Electric Round Up Foundation meeting report. There were two funding requests. Peak Access requested \$4,500 and was awarded the full amount. La Plata Family Center requested \$3,000 for the school supply backpack program and was awarded the full amount. Director Turner reported that the June membership dropped by 37. He also announced in honor of CEO Greg Munro and his contributions to the Round Up board that they would request from the LPEA board to make July booster month in CEO Munro's name, which would require a bylaw amendment to the Round Up bylaws. Director Turner also pointed out that Director Lynch was a second generation Round Up Director as his mother was on the board in years past.

FASTTRACK COMMUNICATIONS REPORT

Director Wheeling gave highlights of the last board meeting and it included: FastTrack was presented an awarded from 50 Colorado Companies to watch on June 20th in Denver. He pointed out that the shareholders payment had been distributed. Additional items he highlighted were

upcoming strategic planning and difficulty with a CABS billing account. He took questions on his report.

TRI-STATE REPORT

Director Wheeling highlighted the following items from his written report: the Tri-State Nebraska member's lawsuit was finished with all sides agreeing to sign off on agreement for no appeal. Tri-State continues moving forward with re-financing which is expected to be voted on at the August board meeting; that draft resolution policy 316 on the non rate dispute policy would also be on the August agenda, and that the contract committee would have all 44 members represented. He took questions on his report.

CREA REPORT

Director Berman noted the CREA meeting notes included in the July board packet. He highlighted a motion that was made for CREA to donate to CARE (the cooperatives' Political Action Committee). The motion failed which he discussed in detail, noting CREA's offer to attend an LPEA board meeting to request such support from the LPEA board. Director Berman also noted that he presented LPEA resolution 2014-13 to the CREA board, and that CREA was calling a special meeting on July 28th to discuss the Obama Administration's proposed Clean Power Plan addressing existing electric generation's greenhouse gas emissions. Director Berman took questions on his report. Director Compton requested if board members could attend the meeting on July 28th and Director Berman responded yes.

WESTERN UNITED REPORT

Director Formwalt reported on the earnings last month and pointed out the sales and financial report for June 2014 that was included in the LPEA July board packet. He noted that Western United had no debt and enough cash on hand for reimbursement to members for 2007 retired capital credits. He announced the new slate of officers which included Eleanor Valdez as President, Robert Formwalt as Vice President, Sue McWilliams as Secretary and Robert Gardner as Treasurer. He also noted that the audit report is due on August 22nd and it would be reviewed at the August meeting. He took questions on his report.

TRI-STATE PER DIEM

Director Montoya requested discussion. He suggested sending a letter to the other coops with a request for a bylaw amendment change from Tri-State to go through the membership to get a per diem rate changed. CEO Munro noted complexities of the request. Discussion ensued. The Board decided to not do anything on this at this time.

COBANK ENERGY CONFERENCE REPORT

Director Garcia took questions on his written report that he submitted to the board.

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 July board packet; financial report, Round Up Bylaw amendment, Tri-State Presentation of their SW load and resources, Tri-State member and rate issues, member opportunity report, CEO replacement items, operating forecast assumptions, Pagosa biomass PPA, review/approve LPEA Board policy 361, community solar garden issues, review/approve energy audit program, review/approve electric services regulations,, and to select an audit firm.

UPCOMING EXTERNAL MEETINGS

President Rendon noted the upcoming external meetings list included in the July board packet.

EXECUTIVE SESSION

Motion: Director Turner moved to go into executive session to discuss CEO replacement items and Tri-State rate issues at 5:13 P.M.; motion seconded and passed without dissent. Director Wheeling was excused at 5:36 P.M., for the discussion on the Tri-State rate issues subject.


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 5:58 P.M.

Recorded by: Laura Rome

Approved by: 
Michael Rendon, President


Jeff Berman, Secretary