

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 15, 2015, in the headquarters building in Durango, Colorado. President Rendon called the meeting to order at 9:06 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
Justin Talbot, Manager of Operations

Also present were:

Mike Dreyspring, Chief Executive Officer
Steve Gregg, Chief Operations Officer
Dennis Svanes, Chief Financial Officer
Barry Spear, Attorney
Ron Meier, Manager of Engineering
Indiana Reed, Marketing & Communications Consultant
Laura Rome, Executive Assistant
Linda Looman, Human Resources Manager

Director Erb led the board in the Pledge of Allegiance.

AGENDA

President Rendon addressed the April 2015 agenda.

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

MEMBER COMMENTS AND CONCERNS

President Rendon asked Attorney Spear to begin the discussion regarding a member request to disqualify two candidates from the May election to the LPEA board. Attorney Spear recommended that the LPEA board initially go into executive session pursuant to CRS 40-9.5-108 to discuss a legal memorandum he drafted regarding the board's role in determining qualifications of candidates running for the LPEA board.

EXECUTIVE SESSION

Motion: Director Erb moved to go into executive session to discuss article three, section two of the LPEA bylaws, director qualifications and seek legal advice at 9:12 A.M; motion seconded and passed without dissent.

The board went into executive session at 9:12 A.M.

The board came out of executive session at 10:06 A.M.

DISCUSS BYLAW DIRECTOR QUALIFICATIONS

Attorney Spear noted that in executive session the LPEA board discussed the legal memorandum regarding LPEA Bylaws, Article III, section 2, which lists the required qualifications for a board member, including the qualification that a board member or candidate “shall not be in any way employed by a business selling electric energy . . .” He noted that LPEA member Christi Zeller had requested this bylaw be used to disqualify Director Bassett and Candidate Gregg Dubit. He stated that both candidates had provided letters stating that they complied with the bylaw qualification. Attorney Spear stated that the LPEA board’s function in the process was limited to determining whether the bylaw was unambiguous, and should be interpreted under the plain meaning of its words, or was ambiguous, and should be further interpreted. Such further interpretation of any ambiguity should be determined by the LPEA board. He stated that, after the board’s determination of ambiguity, and pursuant to LPEA Board Policy 127, Annual Meeting Voting Procedures, the decision as to whether the candidates were qualified was to be made by the LPEA Election Supervisory Committee, to whom the LPEA Board had delegated the role of resolving election disputes. Before determining the ambiguity of the bylaw, Attorney Spear pointed out that Director Bassett may have a conflict of interest, under CRS 7-128-501, in participating in the decision as to whether the bylaw was ambiguous. Attorney Spear recommended that the LPEA board decide, pursuant to the statute, whether Director Bassett should be allowed to hear comments from the board and members regarding the disqualification issue.

Motion: Director Berman moved to allow Director Bassett to participate and vote in an interpretation of the bylaws as written and requested “safe harbor” provision under CRS 7-128-501(3C); motion seconded by Director Turner.

Attorney Spear reviewed the CRS 7-128-501(3C) which provides a “safe harbor” wherein Director Bassett could participate fully in the discussion and vote if the LPEA board deemed it was “fair to the” cooperative. Another option under the statute included Director Bassett participating in the discussion but not voting. Director Montoya pointed out that in prior instances of potential conflicts of interest a LPEA board member would recuse himself from full discussion and voting. Director Berman explained why he made a motion for safe harbor for Director Bassett. Discussion ensued on the motion. Director Bassett then stated he would recuse himself from voting, but said he would listen to the discussion and only participate if asked a question.

Directors Berman and Turner withdrew their motion and second respectively in light of Director Bassett’s proposal.

Motion: Director Montoya moved for Director Bassett not to participate in the discussion; motion was seconded and failed.

Motion: Director Berman moved the LPEA board adopt the use of the plain language of the bylaws to determine candidate qualifications and under LPEA Board Policy 127 the Election Supervisory Committee be assigned the task of determining the director qualification issue; motion seconded.

Director Berman reviewed in detail his interpretation of the bylaws and expressed the need to modify the current bylaws at some point. Discussion ensued. President Rendon inquired if members present had questions. Member Zeller addressed the board and stated her opinion on the proceedings regarding the director qualifications and her interpretation of LPEA Board Policy 127, annual meeting voting procedures. Tom Geyer, attorney for Member Zeller also addressed the board on qualifications of a director and dispute resolutions within Board Policy 127. Candidate Dubit introduced himself and stated he was running in district two. He addressed his qualifications; potential conflict; and validity of a candidate under the LPEA bylaws. Member Lisa Costello stated candidates involved in solar could benefit from it and should not be eligible. Discussion ensued with comments from the membership regarding the LPEA bylaws; LPEA Board Policy 129, Code of Ethics; the LPEA bylaws had been revised in May 2011; Board Policy 366, Community Solar Gardens (CSG); past board meeting minutes; qualifications of candidates; compensation for directors; energy audits; and community solar garden creation process. Additional discussion included: Director Bassett's financial interest in CSG's with Attorney Spear pointing out that a board member who was only a subscriber in a CSG was not employed by a business that sold electric energy. Member Costello requested an independent legal counsel for another opinion. Member Tom Darnell challenged the LPEA Board's decision to delegate deciding election disputes to the Election Supervisory committee and that it takes courage to make decisions.

Question called: Director Berman's motion passed without dissent.

MEMBER COMMENTS CONTINUED:

Shawna Snarr addressed the board with her concern with the smart meters. She read a prepared speech and items included: her service in the Army; proposed a financial deal to the board; concern over effects of the smart meter; an article in a publication on what a cooperative was; she recommended going back to analog meters; and shared her personal story. President Rendon thanked her for her service, and for addressing the LPEA Board. Manager of Engineering, Ron Meier addressed questions from Shawna Snarr with her request for LPEA to do research on the smart meters and remove them. Diane Luppi from Pagosa Springs addressed the board. She clarified what World Health Organization (WHO) was and gave information. Kathy Justice from Pagosa Springs also addressed the board and stated that all organizations have endorsements not science.

GUESTS (from sign in sheet)

The following guests were present; Betsy Romere, Christi Zeller, Gregg Dubit, Attorney Tom Geyer, Shawna Snarr, Diana Luppi, Kohler McInnis, Karen Barger, Tiffany Parker, Ann McCoy Harold, Daniel Olsen, Jim Watkins, J.R. Ford, Barbara Shelborne, and Leitra Jurkens.

CONSENT BOARD ITEMS

The consent board items were presented and reviewed.

Motion: Director Erb moved to approve the March 11, 2015 special meeting minutes; the regular board meeting minutes on March 18, 2015, the capital credit payments to estates, March write offs and accepting new members; motion seconded and carried without dissent.

LUNCH LA PLATA COUNTY COMMISSIONERS

President Rendon thanked La Plata County Commissioners Julie Westendorff, Gwen Lachelt, and Brad Blake for attending the LPEA board meeting. The LPEA board, staff and members present introduced themselves. President Rendon stated LPEA would address any topics the La Plata County Commissioners wished to discuss. All three of the La Plata County Commissioner's noted their appreciation for the opportunity to tour a large scale solar facility in Alamosa, Colorado. Additional items they discussed included: the potential for solar in Durango; renewable energy standards; federal tax credits; how solar could benefit southwest Colorado; potential preparation for a utility scale solar facility within the county; potential concerns with larger systems; supplementing the current power supply; and transmission. President Rendon requested discussion on existing and proposed transmission line. Manager of Engineering, Ron Meier reviewed in detail: the current transmission line through La Plata and Archuleta counties; LPEA substations with coverage areas; and the challenges for more transmission into Pagosa Springs. He took questions. Discussion included: difficulty adding transmission line within communities; easements; and the need for utility scale solar facilities proximity to substations and transmission line. Additional discussion continued; on 1041 powers in La Plata County; tax revenues; reliability; wheeling; and aspects of production for good reliable power from good reliable sources of energy.

ITEMS REQUIRING BOARD ACTIONS

Director reimbursements were presented and reviewed.

Committee of the Whole 4/13/15

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	Heather Erb	\$212.21

LPEA Board meeting 4/15/15

Davin Montoya	\$219.43	Mark Garcia	\$263.28
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Heather Erb	\$212.21		

Heather Erb	4CORE/ 2 meetings	\$250.00
Jack Turner	Round Up special	\$200.00
Jack Turner	Tri-State annual	\$1212.70
Jeff Berman	CREA meeting	\$600.00
Jeff Berman	Tri-State annual	\$1,552.00

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

Director Montoya requested a budget for director expenses. Discussion ensued and it was determined to add to the October agenda.

REVIEW/APPROVE ALLOCATION OF PREVIOUS YEARS MARGINS, RESOLUTION 2015-05

CEO Dreyspring reviewed Resolution 2015-05.

Motion: Director Berman moved to adopt Resolution 2015-05, Allocation of Previous Year Margins as presented; motion seconded and passed without dissent.

REVIEW/APPROVE RUS PREPAYMENT, RESOLUTION 2015-06

CFO Svanes reviewed Resolution 2015-06 and noted it had been updated. Attorney Spear pointed out the specifics of the edits and noted there were eleven board members present. He took questions.

Motion: Director Berman moved to adopt Resolution 2015-06, RUS prepayment as presented; motion seconded and passed without dissent.

REVIEW/APPROVE ROUND UP BOARD GRANT AGREEMENT & ACCOUNTABILITY FORM

CEO Dreyspring reviewed the history and process of creating the Round Up board grant agreement and accountability form. He noted that the Round Up board had approved and recommended for the LPEA board adopting. Discussion ensued.

Motion: Director Formwalt moved to adopt the Round Up Board grant agreement and accountability form as presented by the Round Up Board; motion seconded and passed without dissent.

ATTORNEY ENGAGEMENT LETTER FOR CONSIDERATION

Attorney Spear gave the background history of the current contract that was approved by the LPEA board in May, 2014 and to take effect in August 2014 for a two year term. Attorney Spear noted that the contract per LPEA Board Policy 119, Statement of Functions for Cooperative Attorney was to be reviewed on a yearly basis and although the contract was for two years it had a provision that with thirty day notice the contract could be terminated. The LPEA board recognized the contract in place was for two years with the understanding that it could be changed to a one year contract. Discussion ensued. It was determined to add the following items to the June board agenda for review and possible action. A draft attorney evaluation form, draft policy for attorney evaluation and review of current Board Policy 119, Statement of Functions for Cooperative Attorney.

DMEA/FERC COMPLAINT

REVIEW OF TRI-STATE RESPONSE TO DMEA COMPLAINT

Attorney Spear gave detailed specifics of the Tri-State response to the Delta-Montrose Electric Association (DMEA) complaint. Items included: FERC jurisdiction; Tri-State Policy 316 for dispute resolution; the declaratory order requested by DMEA was due by April 16, 2015; and both parties had given their responses. Attorney Spear and CEO Dreyspring took questions on the case. It was determined for the LPEA board not to take any action at this time.

DIRECTOR BASSETT LETTER TO FERC

President Rendon noted two letters that were sent to FERC (Federal Energy Regulatory Commission) from Director Bassett and Director Montoya and requested in the future copying the Board President and LPEA CEO. Discussion ensued on the content of the letters and the opinion of writing and introducing yourself within correspondence. CEO Dreyspring pointed out the potential impact on a project and requested a copy of correspondence sent by board members.

DIRECTOR BASSETT SOLICITATION OF CITY OF DURANGO

President Rendon reviewed the letter that Director Bassett sent to the Durango City Manager.

REVIEW AND POSSIBLE ACTION OF RFP'S FOR LEGAL WORK FOR SUAE PROJECT – NANCY AGRO AT 11:00 A.M.

CEO Dreyspring noted special counsel Nancy Agro would attend the May board meeting. CEO Dreyspring briefly reviewed the process of sending out requests for proposals; the response; and interviews conducted. He recommended the LPEA board hire Attorney Nancy Agro for legal work for the Southern Ute Alternative Energy project. Attorney Spear's firm cannot represent LPEA because it also represents the Southern Ute Indian Tribe. Discussion ensued on the range of capacity.

Motion: Director Erb moved to approve CEO Dreyspring hiring Nancy Agro; motion seconded and passed without dissent and Director Formwalt abstained from voting.

REVIEW TRI-STATE 115 KV TRANSFER

It was determined to move to the May agenda.

REVIEW OF ATTORNEY'S PROPOSED LETTER TO TRI-STATE ON POLICY 115 INTERPRETATION

It was determined to move to the May agenda.

BIOMASS PROJECT UPDATE

CEO Dreyspring gave a brief update on the project. Manager of Engineering, Ron Meier, reviewed the Pagosa Biomass Project in detail. He highlighted: the fuel diversity with what was in LPEA's 5% allowed amount of renewable energy and included: Lemon Hydro; Williams Energy; excess net metering and CSG's (Community Solar Gardens). He displayed a comparison flowchart of Tri-State Policy options under the 5% allowed amount and highlighted both scenarios. CEO Dreyspring noted other factors which included: Tri-State evaluating policies and potential REC's (Renewable Energy Credits) prices going to market prices. Ron Meier displayed a graph and reviewed the Pagosa Biomass pricing requirements with Tri-State Policy 115 analysis. He took questions with JR Ford from Pagosa Biomass discussing in detail. Ron stated LPEA Staff was not ready to make a recommendation. Discussion ensued. JR Ford requested to look at the Pagosa Biomass and the allowed 5% in the next sixty days and noted not to wait until contracts were up. Discussion included modeling after the CSG's subscriber

penetration; purchase power expense; ten year forecast and rate forecast. It was determined to add to the May agenda for further discussion.

UNCLAIMED CAPITAL CREDIT APPLICATION GRANTS, GUEST ROBIN DUFFY WIRTH AT 3:30 P.M.

Robin Duffy Wirth, President of the Round Up Board thanked the LPEA board for the opportunity of reviewing the unclaimed capital credit applications grant requests. The unclaimed capital credits had \$25,000 in funds to award and she reviewed the process. Grant recommendations for award included; Justice Ministries for \$10,000; Women's Resource Center for \$4,000; Powerhouse Science Center for \$8,000; and Manna Soup Kitchen for \$3,000. She took questions on the funding recommendations.

Motion: Director Berman moved to adopt the recommendations for the unclaimed capital credits applications grant allocations as recommended by the Round Up Board; motion seconded and passed without dissent.

REVIEW OF TOUCHSTONE MEMBERSHIP

CEO Dreyspring gave an update on the membership. He noted that Tri-State covers our dues with Touchstone but they recommend a certain minimum amount of advertising expenditures. CEO Dreyspring noted that with the future branding strategy potentially the Touchstone logo could be utilized. He requested time for LPEA to do market research and a branding exercise before making any decision. CEO Dreyspring and CFO Svanes both took questions on the topic. Discussion ensued.

REVIEW POTENTIAL DATES FOR STRATEGIC PLAN WORKSHOP

CEO Dreyspring requested confirmation on moving forward with a strategic plan workshop. Discussion ensued on the topic. It was determined to move forward with the potential date of September 14, 2015 for a strategic plan workshop.

DIRECTOR AFFIDAVIT

President Rendon reviewed and requested discussion. Attorney Spear noted that the board could decide to approve for this year and recommended the board make the decision not CEO Dreyspring. Discussion included: LPEA bylaws; affidavit; timing of the election; and voting of a candidate on the motion.

Motion: Director Compton moved to adopt the qualification affidavit for the current board and candidates as presented with one edit per Attorney Spear; motion seconded and did not pass with two directors abstaining from voting.

Director Wheeling left the meeting at 4:19 P/M.

REVIEW ANNUAL MEETING AGENDA

Discussion included: safety; AMI meters with RF(Radio Frequency) testing material; security measures; potentially recording the meeting; annual meeting update; Tri-State and CREA representatives attending; LPEA board members reports; and the Round Up report.

Director Montoya left the meeting at 4:27 P.M.

REVIEW OF WEBSITE STATISTICS & METRICS

The board reviewed the graphs included in the April board packet. It was determined to table until a Manager of Communications was appointed.

ATTORNEY REPORT

Attorney Spear took questions on his written report which was included in the April board packet.

CEO AND STAFF REPORTS

Staff took questions on the written reports included in the April board packet. CFO Svanes addressed questions on the status of a members account and member opportunities.

SAFETY & OUTAGE REPORT

Staff took questions.

CONSULTANT & CONTRACTOR REPORT

Staff took questions.

CONSTRUCTION AND MAINTENANCE REPORT

Staff took questions.

FINANCIAL REPORT PLUS

Director Garcia requested a final executive summary for LPEA subsidiaries/affiliates. CEO Dreyspring reviewed the CEO annual report for both affiliates and took recommendations for edits. CFO Svanes presented the quarterly financial report; total kWh purchased Year To Date (YTD) current-prior and forecasted; total kWh purchased monthly; electric revenue-YTD; total net margins-YTD; and account receivables delinquent report; CFO Svanes took questions.

Director Berman left the meeting at 4:56 P.M.

DIRECTOR REIMBURSEMENT REPORT

Staff addressed questions.

REVIEW OF EMPLOYEE HOURS SPENT ON RENEWABLES

Manager of Engineering, Ron Meier briefly reviewed a slide with employees who work with net metered and community solar garden meter accounts. He took questions on the information.

STRATEGIC OBJECTIVES AND INITIATIVES

CEO Dreyspring presented at the Committee of the Whole meeting.

CALL TO ORDER TUTORIAL UPDATE

Executive Assistant Laura Rome gave a tutorial update on CallToOrder at the Committee of the Whole meeting.

REPORT BY DIRECTOR ERB ON ALAMOSA UTILITY SCALE SOLAR PROJECT

Director Erb gave a report on the Alamosa utility scale solar project at the Committee of the Whole meeting.

LA PLATA ELECTRIC ROUND UP FOUNDATION REPORT

Director Turner gave the Round Up Board update at Committee of the Whole meeting.

FASTTRACK COMMUNICATIONS REPORT

Director Wheeling gave a brief overview of the FastTrack April board meeting at the Committee of the Whole meeting.

TRI-STATE REPORT

Director Wheeling gave his Tri-State report at the Committee of the Whole meeting. Director Turner gave the Tri-State annual meeting report at the Committee of the Whole meeting. At the regular board meeting on April 15, 2015 Director Compton gave a report on the Tri-State rate committee meeting. Items he summarized included: a decision for one annual rate non seasonal; generation would be based on the member coincidence at peak hour; and a proposed rate cap on irrigation. CFO Svanes noted the rate was voted on in the majority and was favorable to LPEA. Director Compton took questions.

CREA Report

Director Berman gave his report at the Committee of the Whole meeting.

WESTERN UNITED REPORT

Director Formwalt gave his report at the Committee of the Whole meeting.

4CORE

Director Erb gave an update on 4CORE at the Committee of the Whole meeting.

FUTURE COMMITTEE OF THE WHOLE MEETINGS AND FUTURE AGENDA ITEMS

CEO DreySpring noted the future agenda items were included in the April board packet. Items noted to add included: Nancy Agro attendance; review Tri-State kV 115 transfer; review of attorney's proposed letter to Tri-State on Policy 115; Pagosa biomass; review hours spent on renewables; and the strategic objectives updated.

UPCOMING EXTERNAL MEETINGS

President Rendon noted the upcoming external meetings list included in the April board packet; NRECA Legislative Conference May 3-5, 2015, Washington DC; and CFC Forum, June 8-10 2015, Chicago, IL. Director Turner, Director Lynch, and Director Garcia requested attending the CoBank conference in July. All were approved.

OTHER BUSINESS

None

With no further business, the regular board meeting adjourned at 5:09 P.M.

Recorded by: Laura Rome

Approved by:



Michael Rendon, President



Jeff Berman, Secretary