

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, June 17, 2015, in the headquarters building in Durango, Colorado. President Rendon called the meeting to order at 8:59 A.M., with the following directors present:

Joe Wheeling	Michael Rendon	Karen Barger
Jeffrey Berman	Davin Montoya	Bob Lynch
Britt Bassett	Jack Turner	J. Robert Formwalt
Mark Garcia	Tom Compton	Kohler McInnis

Excused Absence:

None

Also present were:

Mike Dreyspring, Chief Executive Officer
Steve Gregg, Chief Operations Officer
Dennis Svanes, Chief Financial Officer
Barry Spear, Attorney
Shay Denning, Attorney
Ron Meier, Manager of Engineering
Justin Talbot, Manager of Operations
Indiana Reed, Marketing & Communications Consultant
Laura Rome, Executive Assistant

Laura Rome led the board in the Pledge of Allegiance.

AGENDA

President Rendon addressed the June 2015 agenda.

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

GUESTS (from sign in sheet)

The following guests were present; Betsy Romere, Ann McCoy Harold, Gary Wenzel, John Beebe, Lisa Costella, H.L. Riegle, James Jensen, Rebecca Kaufman, Bob Zahradnik, J.R. Ford, Sally Bellerue and Shawna Snarr.

MEMBER COMMENTS AND CONCERNS

President Rendon asked for member comments. Shawna Snarr had several questions about the smart meter and requested LPEA to review the amount of opt out members listed on the website. She requested feedback from the LPEA Board and staff about the "Take Back Your Power" video. CEO Dreyspring addressed the process for members signing up for the LPEA opt out program, eligibility and reasons for being removed from the opt out program. COO Steve Gregg

reviewed the current process of signing up for LPEA's opt out program. President Rendon thanked Shawna for attending and welcomed the other members in the audience.

CONSENT BOARD ITEMS

The consent board items were presented.

Motion: Director Compton moved to approve the May 20, 2015 regular board meeting minutes, the capital credit payments to estates, May write offs and accepting new members; motion seconded and carried without dissent.

ITEMS REQUIRING BOARD ACTIONS

Director reimbursements were presented and reviewed.

LPEA Committee of the Whole meeting 6/15/15

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	Tom Compton	\$219.43
Karen Barger	\$214.95	Kohler McInnis	\$209.00

LPEA Board meeting 6/17/15

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Karen Barger	\$214.95	Kohler McInnis	\$209.00

Kohler McInnis	Round Up meeting	\$134.20
Bob Lynch	Round Up meeting	\$125.00
Jack Turner	4CORE x 2 meetings	\$250.00
Jeff Berman	CREA meeting	\$400.00
Jeff Berman	CFC meeting	\$2406.56
Tom Compton	Tri-State Board meeting	\$1,189.01

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

REVIEW/APPROVE RESOLUTION 2015-08, LOAD FORECAST

Manager of Engineering, Ron Meier reviewed Resolution 2015-08, Load Forecast and took questions. Discussion included documentation, the RUS process, request to do a revised load forecast with undisclosed risks, and further additional language.

Motion: Director Compton moved to adopt resolution 2015-08, Load Forecast as presented; motion seconded.

Discussion continued on: usage in the accounts, trend lines, the complexities of the RUS deadline, impact of the wording, adding energy efficiency, distributed energy and it was noted LPEA consumption had fallen in the last 4 years. Director Berman amended the original motion and edits to the resolution and added energy efficient after distributed generation and another whereas at LPEA consumption in actuality has fallen in the last 4 years. Director Compton approved edits to the resolution and edits to the original motion. President Rendon called for a vote. The motion passed with Directors Turner, Garcia, and Berman dissenting.

**REBECCA KAUFMAN, SOUTHERN UTE ALTERNATIVE ENERGY CEO
PRESENTATION TO THE BOARD 10:00 A.M.**

Director Rendon introduced Rebecca Kaufman with the Southern Ute Indian Tribe (SUIT) and she introduced James Jensen. Mr. Jensen presented an update on the Southern Ute Alternative Energy (SUAE) project to the board. It included overview, solar project participants, project status accomplishments, current activities and the continued work on interconnection and wheeling agreement with LPEA. Ms. Kaufman reviewed the remaining activities and detailed a list of any outstanding issues, ongoing dialogue and action for moving forward. CEO Dreyspring addressed and stated it was a project without precedence for LPEA and detailed the process for LPEA. It included: working simultaneously on wheeling and billing process, detailed the interconnection agreement, solar code, and noted LPEA was committed and willing to work with the tribe to complete the process. He noted that the interconnect and wheeling agreements would be on the July agenda for approval. Discussion ensued with Manager of Engineering, Ron Meier addressing questions and dialogue included; wheeling, interconnect and wheeling tariff, solar code, wheeling rate, cost of service steps, process and expectations for a wheeling rate that can go into a tariff and an estimate using the current cost of service study. Bob Zahradnik from SUIT noted the longtime partnership with LPEA and stated high level of frustration in the process. Discussion continued on timing for a wheeling rate tariff, moving the project forward, streamlining the process, and a request for an executive session later in the day. CEO Dreyspring inquired if the board wanted a special board meeting to discuss further as the LPEA's special conflicts attorney, Nancy Agro, was not available and a tariff or negotiated rate needed to be discussed and reviewed. Further discussion included Bob Zahradnik from the SUIT offering to bring in a third party consultant of LPEA's choosing to help expedite the process moving forward, exhibits to agreement which will require time for the SUAE to complete, potential wheeling costs, demand costs, retail rates, bundled rates, unbundled rates, negotiating a rate, Purchase Power Agreement (PPA), and LPEA's Community Solar Program methodology. It was determined to have an executive session later in the day to discuss further.

Attorney Denning left the meeting at 10:35 a.m. when Attorney Spear joined the meeting.

REVIEW/APPROVE RESOLUTION 2015-07, NRECA RESOLUTION

CEO Dreyspring reviewed past dialogue of withdrawing from NRECA and reminded the board of the benefits of remaining a member of NRECA. He pointed out if the LPEA Board was dissatisfied with NRECA he recommended putting together a resolution, speak of it and promote it at the upcoming regional meeting. Director Berman handed out a draft resolution and reviewed and detailed the edits he made to the document. CEO Dreyspring detailed the process of submitting a resolution at the regional meeting in October.

Motion: Director Garcia moved to adopt resolution 2015-07, NRECA Resolution as modified; motion seconded

Discussion included editing the wording on climate change/impacting climate change, possibly recognizing man made climate change and moving toward **more** sustainable power. Director Garcia approved the proposed changes to Resolution 2015-07 as discussed. President Rendon called for a vote on Resolution 2015-07 with proposed edits.

Motion passed to adopt resolution 2015-07 with revised edits, NRECA Resolution with Directors Formwalt, McInnis, and Montoya dissenting and Director Wheeling abstaining.

REVIEW/APPROVE RESOLUTION 2015-09, POLE CHANGE OUT PROGRAM

Manager of Operations, Justin Talbot, reviewed Resolution 2015-09 pole change out program. He highlighted the background pole inspection program, pole change outs for 2015, contract bid prices, and recommended passing resolution 2015-09, pole change out program as presented.

Motion: Director Wheeling moved to adopt resolution 2015-09, pole change out program as presented; motion seconded and passed with Director Formwalt abstaining.

REVIEW/APPROVE RESOLUTION 2015-10, BAYFIELD SUBSTATION CONSTRUCTION BID

Manager of Engineering, Ron Meier reviewed resolution 2015-10, Bayfield Substation Construction Bid.

Motion: Director Bassett moved to adopt resolution 2015-10, Bayfield Substation Construction Bid as presented; motion seconded and passed without dissent.

BASECAMP REPRESENTATIVES FOR LUNCH 12:00 P.M.

The regular board meeting recessed for lunch at 11:58 A.M., and President Rendon called the meeting back to order at 12:42 P.M.

APPROVE STRATEGIC PLAN

CEO Dreyspring reviewed the strategic plan process in detail, including areas of focus within the strategic plan, objective, and initiative. He detailed the work sessions held on the strategic plan, mission/vision statement, safety, noted communications had the biggest challenges, succession planning, new employee and new board member development with orientation and training. He stated he would report to the board on a quarterly basis with updates. He displayed the strategic plan for area of focus communications, objective or initiative for improving communication, learning the process, setting the right target, he reviewed in detail the communications relations manager position and the timeframe for accepting applications.

Further dialogue included areas of focus, objective of achieving power quality and reliability, reduction of system anomalies, outage matrices, maximizing LPEA's system and minimizes outages, focusing on reliability, and power supply, resource mix, power supply-price, reliability and risk management analysis. Additionally he detailed technology, protecting member data, distributive generation technology and what LPEA's objective for achieving these areas in the next 3 to 5 years. He took questions on the strategic plan. Discussion on potential edits included; general target for the next 3 to 5 years for all strategic plans; adding a risk management and risk intelligence portion, statement of intent that was specific to the board and specific to CEO and staff, update the area of focus and graphics.

Motion: Director Montoya moved to adopt the 2015 Strategic plan executive summary with noted edits as presented; motion seconded and passed without dissent.

CEO VEHICLE POLICY

Director Montoya pointed out that CEO Dreyspring drives his personal vehicle to and from home and recommended the board approve allowing him to utilize a company vehicle. President Rendon gave a brief dialogue of Michael Dreyspring employment agreement.

Motion: Director Montoya moved to amend the employment agreement allowing CEO Dreyspring to use the LPEA company vehicle to commute between home and work; motion seconded and passed without dissent.

REVIEW GREGG DUBIT EMAIL

Attorney Spear gave a the legal response to the email from member Gregg Dubit about LPEA Board Policy 129, code of ethics, and this year's director election. Discussion included; LPEA board policy 106, Political Activity of Directors and Employees of the Cooperative. Director Turner requested review of LPEA Board Policy 106, Political Activity of Directors and Employees of the Cooperative at a later date. It was determined that Attorney Spear would draft a response to Member Gregg Dubit for President Rendon to review and sign. Member John Beebe commented it behooves the board to be very self-introspective individually, how you behave and how you represent the coop and membership.

TACOMA WHEELING DISCUSSION

It was determined to discuss in executive session.

REVIEW OF ROUND UP BYLAWS

Discussion was held at the Committee of the Whole meeting. Discussion at the regular board meeting included Director Lynch pointing out potential requirements for the LPEA directors and CEO Dreyspring attending the Round Up board meeting. Discussion included looking at the national roundup bylaws, other coops license agreement, recommendation that both directors and CEO Dreyspring attend all meetings, staff member attending for CEO Dreyspring, and compensation for LPEA roundup board members. It was recommended as long as there was a quorum with one representative from LPEA attending it should suffice.

ATTORNEY REPORT

Attorney Spear reviewed his written report at the Committee of the Whole meeting.

LPEA BOARD POLICY 127, ANNUAL MEETING VOTING PROCEDURE CHANGES TO CONSIDER

Attorney Spear reviewed in detail his proposed changes at the Committee of the Whole. He returned to the regular board meeting with additional edits. He detailed the redline version he submitted to the board. Items included his recommendation that the board have an election supervisory committee made up of a member from each director district. The Board decided

nominations would come from the directors in each district. If an ESC decision resulted in a tied vote, then the attorney would cast the deciding vote.

Motion Director Berman moved to adopt Board Policy 127, with edits as presented; motion was seconded.

After further discussion the motion was withdrawn and no action was taken. It was determined to undertake Board Policy 127, annual meeting voting procedures and include an annual meeting timeline at the July board meeting. Attorney Spear handed out the LPEA bylaws, focusing on the qualifications on selling electricity. He reviewed the details of the potential wording for the proposed changes to the bylaws. Discussion ensued on proposed edits to the bylaws, timeline and any proposed changes to the bylaws for submission to the membership. Director Formwalt moved to table until the July board meeting. It was determined adding proposed LPEA bylaws changes to the July board meeting for further review.

PAGOSA BIOMASS DISCUSSION

CEO Dreyspring introduced JR Ford from the Pagosa Biomass project. He and JR Ford both gave an update on the meetings with Tri-State in Denver regarding the Pagosa biomass project and the current status with Tri-State. He requested a proposal from LPEA for the project and purchase power agreement. CEO Dreyspring pointed out that Tri-State was discussing potentially removing Tri-State Board Policy 117. Discussion ensued on the REC (Renewable Energy Credits) payments and elimination of Tri-State Policy 117 which ties into the REC payment. CEO Dreyspring worked through a detailed matrix pointing out his understanding on the biomass project, policy history, power cost and pricing from Tri-State. Discussion included; JR Ford requesting a decision from the LPEA board today, Tri-State Policy 115, combined costs, and it was determined to have further discussion in executive session.

CEO AND STAFF REPORTS

CEO Dreyspring reviewed his written report at the Committee of the Whole meeting. At the regular board meeting. CFO Svanes, COO Gregg, Manager of Engineering, Ron Meier and Manager of Operations, Justin Talbot took questions on their written reports included the June board packet.

STAFF CONFERENCE AND TRAINING REPORT

The staff conference and training report was reviewed at the Committee of the Whole.

FINANCIAL REPORT

CFO Svanes took questions on the written report included in the board packet.

BENEFITS REPORT

Manager of Human Resources, Linda Looman reviewed the benefits report at the Committee of the Whole meeting.

LPEA HEADQUARTERS ENERGY AUDIT

Chief Operating Officers, Steve Gregg reviewed the LPEA headquarters energy audit at the Committee of the Whole meeting.

LPEA BYLAWS BOARD ATTENDANCE

Director Berman requested review of LPEA bylaw changes regarding board attendance.

Motion: Director Berman moved that each board member be allowed one meeting attendance per year via teleconference; motion seconded and amended by Director Bassett by adding that board member attending via phone conference not be paid per diem, Director Berman accepted the modification to the motion.

Discussion ensued on disruption of the meeting, LPEA bylaws regarding board attendance, what does “present” mean to the board, round up board attendance and their bylaws, electronic attendance, special meetings, quorum, incentive for compensation for attending a meeting, and board member compensation. Additional items included compensation for board member insurance, potentially creating a new policy regarding this topic, timing of policy, and supporting legitimate LPEA business. Director Berman moved to amend the original motion adding the timing of the attendance on a teleconference call for board members to be retroactively from election to election annually. President Rendon called for the vote on the amended motion. The motion did not pass

Motion: Director Turner moved if there was legitimate conflict of LPEA business that the board member be allowed to call in, motion not seconded and failed.

Director Garcia left the meeting at 3:30 P.M.

LA PLATA ELECTRIC ROUND UP FOUNDATION REPORT

Director Lynch gave the Round Up Foundation report at the Committee of the Whole meeting regarding the board retreat.

FASTTRACK COMMUNICATIONS REPORT

Director Wheeling gave a brief overview of the FastTrack strategic planning group at the Committee of the Whole meeting.

TRI-STATE REPORT

Director Wheeling gave his Tri-State report at the Committee of the Whole meeting.

CREA Report

Director Berman gave his CREA report at the Committee of the Whole meeting. He reviewed handouts from the CREA meeting he attended. He commented on the feedback he received from the LPEA annual meeting and discussed in detail.

WESTERN UNITED REPORT

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

4CORE

Director Turner gave his report at 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 June board packet. Items included: financial plus report, CEO travel report, safety & outage report, capital items report, consultant & contractor report, construction & maintenance report, director quarterly report, review capital credits and refunds timing, review/approve SUAE wheeling and interconnect agreements, appoint delegate/alternate to NRECA region 7 meeting, appoint county fair delegates, Tri-State Policy 115 discussion, CEO evaluation performed, Attorneys evaluation and the cost of service workshop with NewGen Consultant at committee of the whole. Items added included, attorney evaluation, remove select audit firm, and review/approve board policy 127, Director Elections and Annual Meeting Voting Procedures, and bylaw changes regarding director qualifications.

UPCOMING EXTERNAL MEETINGS

President Rendon noted the upcoming external meetings list included in the June board packet including the Empire Electric Annual Meeting, June 18, 2015, in Cortez, CO, CoBank Energy Directors Conference, July 13-15, 2015, in Colorado Springs, CO, NRECA Region 7 & 9 Meeting, Sept 30 – Oct 1, 2015, in Salt Lake City, UT, CREA Fall Meeting, Oct 24-27, 2015, Denver, CO, Basin Electric Annual Meeting, Nov 3-5, 2015, in Bismarck, ND. President Rendon enquired if there were any requests to attend meetings. Directors Compton, Berman, Formwalt, Barger, Rendon, and McInnis requested attending the CREA Fall Meeting. Directors Berman and Turner requested attending the NRECA region 7 meeting. All requests were approved.

REVIEW TACOMA WHEELING COSTS

It was determined to discuss in executive session.

REVIEW OF ATTORNEY PROPOSED LETTER TO TRI-STATE ON POLICY 115 (EXECUTIVE SESSION)

It was determined to discuss in executive session.

EXECUTIVE SESSION

Motion: Director Berman moved to go into executive session to discuss the Pagosa biomass project, Southern Ute Alternative Energy project, Tacoma wheeling and Tri-State Policy 115 at 4:11 P.M; motion seconded and passed without dissent.

The board went into executive session at 4:11 P.M.

Director Berman left the meeting at 5:06 P.M.

Attorney Spear left the executive session at 5:07 P.M. regarding the Southern Ute Alternative Energy discussion due to his firm's conflict in representing both the Southern Ute Indian Tribe and LPEA.

Director Wheeling left the executive session at 5:22 P.M. regarding the Tri-State discussion.

Attorney Spear returned to the executive session at 6:00 P.M. after the SUAE discussion.

The board came out of executive session at 6:45 P.M.

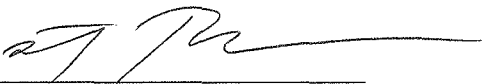
OTHER BUSINESS

None

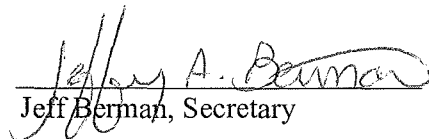
With no further business, the regular board meeting adjourned at 6:45 P.M.

Recorded by: Laura Rome

Approved by:



Michael Rendon, President



Jeff Berman, Secretary