

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, September 16, 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:

Joe Wheeling	Michael Rendon	Karen Barger
Davin Montoya	Bob Lynch	Jeffrey Berman
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
Ron Meier, Manager of Engineering
Justin Talbot, Manager of Operations
Indiana Reed, Marketing & Communications Consultant
Linda Looman, Director, Human Resources
Jeannie Bennett, Public Relations Coordinator

Barry Spear led the board in the Pledge of Allegiance.

AGENDA

President Rendon addressed the September 2015 agenda.

Director Garcia requested to observe a moment of silence honoring the recent passing of former board member Jerry McCaw.

President Rendon requested to discuss agenda items 4A and 5A in reverse order.

Motion: Director Formwalt moved to approve the September agenda with the ability to move discussion items; motion seconded and carried unanimously.

GUESTS (from sign in sheet)

The following guests were present: Betsy Romere, Lissa Ray, H. L. Riegle, Rebecca Schaldach, Chloe Ciotti, Chandler Jackson and Attorney, Nancy Argo.

MEMBER COMMENTS AND CONCERNS

Lissa Ray expressed her displeasure with the statewide magazine, *Colorado Country Life (CCL)* and the articles it publishes. Ray stated that in her opinion CCL is a propaganda magazine and she would like the board to consider the following:

- Strike from LPEA's budget the fees paid for all members to receive the magazine; offering instead, members an opportunity to purchase a subscription if they so choose.
- Strike from LPEA's budget funding for CREA

Director Montoya explained the funding support involving CREA, ACRE and CARE, including that LPEA does not provide funds to ACRE and CARE, but individuals may. He added that discussions on this issue have occurred many times, and there has never been a consensus regarding the information being given to our members. President Rendon noted that *CCL* is an item on today's agenda, and further discussion will occur at that time.

CONSENT BOARD ITEMS

The consent board items were presented.

Motion: Director Turner moved to approve the consent items that includes: the minutes of the August 19, 2015 regular board meeting as presented, capital credit payments to estates, September write offs and accepting new members; motion was seconded and carried unanimously.

Limited discussion ensued regarding one specific account listed on the Monthly Write Offs.

COMMITTEE OF THE WHOLE MEETING MINUTES

Discussion ensued regarding recording vote tallies in the minutes. Director Berman requested clarification of the voting recording procedure. Attorney Spear stated that State Statute dictates that a Board member may request his/her vote be recorded but the statute is silent on whether vote tallies should be recorded in the minutes. Following discussion, it was agreed that the vote tally would be recorded. All decisions with no opposition will be recorded as unanimous. The responsibility of announcing the vote count will be that of the Board President.

Director Montoya discussed the issues raised by a member regarding business conducted during Committee of the Whole meetings. Attorney Barry Spear addressed the issue of recording minutes during Committee of the Whole meetings. According to Spear, the State Statute governing open meetings states that minutes of all board meetings are to be taken. This change will require review to ensure that the posting of the agenda will occur a few days earlier to notice Committee of the Whole meetings in order to comply with the law.

Discussion ensued regarding the action being taken during Committee of the Whole meetings. Attorney Spear provided background on the minutes as minimum standards. He stated that if no action is taken, there is nothing to record. Following discussion, the board agreed that the minutes from the Committee of the Whole meeting can list a reasonable description of what the Board did on Monday with no action taken. All Board action on cooperative business will continue to be taken during the regular board meeting (Wednesday).

Discussion ensued regarding the issue of Sub-Committee meetings. The Board agreed that a Sub-Committee report during the regular board meeting will be captured in those minutes.

Discussion ensued regarding the recording technology that will be used during all board meetings, in order to ensure that the critical dialogue is captured in the minutes.

Attorney Spear reported that a formal motion regarding the aforementioned action pertaining to minute taking during Committee of the Whole meetings was not required.

EXECUTIVE SESSION MINUTES

Attorney Spear explained that the Cooperative statute that addresses minutes for cooperative board meetings does not expressly address executive sessions. Attorney Spear suggested that the Board could review the Open Meetings Law, which does not apply to cooperatives but only to governmental entities, and requires minutes to be taken during executive sessions, but they are not available to the public unless by judicial order. President Rendon and Director Wheeling shared their experience with separate entities that record/document Executive Sessions. The issue regarding liability pertaining to personnel matters was discussed. Following discussion, the Board agreed that during Executive Sessions the Attorney will take notes and write a summary the Board will review. Those notes will not be released for public review. In the case of Attorney/Client Privilege no minutes are required.

Motion: Director Wheeling moved to approve that the Board may ask our Attorney to take notes of the Executive Session when historical context is important. The recorded information is to be retained by Legal Counsel; motion carried unanimously.

REVIEW BOARD POLICY 109 COMPENSATION FOR DIRECTORS

CEO Mike Dreyspring provided the background on why Policy 109 Compensation for Directors was reviewed and redline to address per diem errors that have recently occurred. CEO Dreyspring reported that the proposed changes will address the ambiguity of the policy that led to the errors in over compensation.

After a more thorough review of the accounting records, it was determined that the three directors reported in the prior month requesting additional per diems in fact had their respective requests adjusted by LPEA accounting personnel. The error occurred as a result of misinterpretation of Policy 109. Additional language will be proposed for Policy 109 that will make it clearer to LPEA personnel how directors are compensated.

President Rendon recommended the following action occur as an additional check and balance of the Director Reimbursements.

The Board Treasurer is to receive and review the Director Reimbursement documents on or before the regular board meeting.

Board action on Director Reimbursements is to be moved further down in the agenda, allowing time for Treasurer to review all documents submitted.

Director Reimbursement checks will be issued the week following that month's board meeting.

Discussion ensued regarding clarifying (in the policy) the issue of maximum per diem (\$200 for full day). Director Kohler McInnis suggested language changes to include "one per diem per day". The Board directed CEO Dreyspring to present another redline version of Policy 109 for review next month.

ITEMS REQUIRING BOARD ACTION

Director reimbursements were presented and reviewed.

LPEA Board Strategic Workshop 9/14/15

Davin Montoya	\$220.13	Mark Garcia	\$269.00
Bob Lynch	\$269.00	Jeff Berman	\$200.00
Joe Wheeling	\$214.95	Britt Bassett	\$200.00
Robert Formwalt	\$269.00	Michael Rendon	\$200.00
Jack Turner	\$217.25	Tom Compton	\$ 00.00
Karen Barger	\$214.95	Kohler McInnis	\$209.20

LPEA Board meeting 9/16/15

Davin Montoya	\$220.12	Mark Garcia	\$269.00
Jeffrey Berman	\$200.00	Bob Lynch	\$269.00
Joe Wheeling	\$214.95	Britt Bassett	\$200.00
Robert Formwalt	\$269.00	Michael Rendon	\$200.00
Jack Turner	\$217.25	Tom Compton	\$220.12
Karen Barger	\$214.95	Kohler McInnis	\$209.20

Kohler McInnis	Round Up meeting	\$ 00.00
Bob Lynch	Round Up meeting	\$ 00.00
Bob Formwalt	Western United meeting	\$ 200.00
Jack Turner	Tri State Rate Meeting	\$ 426.75
Jeff Berman	CREA meeting	\$ 1,453.12

Motion: Director Lynch moved to approve the director reimbursements as presented; motion seconded and carried unanimously.

REVIEW TRI STATE JUNE 30TH PRESENTATION TO SWCG ON 10 YEAR 60 PERCENT INCREASE

CEO Mike Dreyspring provided the Board with information the managers group received from Tri State addressing concerns regarding their 60 percent increase in rates over the last 10 years. CEO Dreyspring addressed the slides that explained the average rates from 1990 to 2015. He noted that the primary drivers listed by Tri State included:

- New Plant Costs
- Acquisitions
- Fuel Cost Increases
- Depreciation

Amortization
Load Growth/Foot Print
Equity Increase

CEO Dreyspring described the history regarding transmission development in the Four Corners region, and addressed the polarizing issue of non-member sales. Director Wheeling added additional background information on this issue.

Discussion ensued regarding Tri State's proposed load growth goal. Issues raised included equity holdings timeline, patronage returns and cost control efforts. CEO Dreyspring reported that the five managers participating in Southwest Cooperative Group ("SWCG") share the same concerns. The message they want to convey to Tri State is to engage us in the dialogue about what is happening with the rates that impacts our members.

Discussion ensued regarding making arrangements for a direct dialogue with Tri State regarding the Board's concerns. CEO Dreyspring will attempt to schedule the meeting when members of the board (9) are in Denver attending the CREA Annual Meeting (Oct 24-27). Following discussion, the meeting date preference is on the afternoon of Tuesday, October 27th and morning of Wednesday, October 28th. An alternate date would be all day Wednesday October 28, 2015. This would require the Board to remain in Denver one additional day.

Discussion ensued regarding requesting Tri State provide information regarding its comments on the Clean Power Plan. Director Berman stated that he wants to ask Tri State for various pieces of information regarding their Clean Power Plan that will help assess the effects on us. Director Berman will put together a list of the information to be requested that the Board will review next month. Once the Board debates the importance of the topics and reaches consensus, CEO Dreyspring will contact Tri State to acquire the information agreed upon.

FOLLOW UP DISCUSSION OF SEPTEMBER 14, 2015 STRATEGIC WORKSHOP

CEO Dreyspring addressed the strategic workshop held on Monday, September 14, 2015. He presented a brief synopsis of the day's events; focusing on the pros and cons.

Discussion ensued regarding the next step in the Board's strategic planning process. The Board agreed that the first step would be the formation of a subcommittee that includes CEO Dreyspring and Directors Garcia, Lynch, Turner and McInnis. The subcommittee will meet to discuss/discover the following:

- Review other frameworks for a Board Strategic Plan
- Review what other information can be gleaned from the most recent workshop
- Review how other cooperatives develop strategic plans
- Define the "big picture issues" that are not being addressed
- Define milestones and objectives
- Develop risk intelligence; define where the challenges lie

President Rendon appointed the subcommittee to meet to do the following: flush out the issues, review and recommend improvements for changing the format; review other strategic plans, and get the framework in place; discussion ensued.

Per Diem will be paid for participation in the subcommittee. The Strategic Plan Subcommittee is to report its findings/recommendations to the full board for discussion next month.

YOUTH TOUR PRESENTATION

Public Relations Coordinator, Jeannie Bennett introduced the three Youth Tour recipients attending today's meeting.

Chloe Ciotti, Durango High School

Rebecca "Becca" Schaldach, Animas High School

Chandler Jackson, Bayfield High School

Not able to attend was Regan Richardson, Pagosa Springs High School

Each student described the effects the trip had on them. Their statements included:

They were impressed by their experiences.

The passion for leadership they experienced was fantastic.

They made great friends.

Their horizons were expanded about coops.

They developed a greater appreciation of our nation's history.

Following their presentation, the Board held a Q&A with the students. The students, were encouraged by the Board to share their experience with as many others (students, teachers, community members) as they possibly can to encourage others to apply.

CAPITAL BUDGET ITEMS

CFO Svanes addressed the list of capital budget items that was included in this month's board packet. According to Svanes, the budget is \$180,000 less than last year. CFO Svanes explained that he will bring the budget for Capital Projects before the board next month

Discussion ensued regarding a few of the items listed in the Capital Budget. Questions arose on the following:

Manager of Engineering, Ron Meier addressed the Board's questions on data storage and if it needed to be purchased all at once, or rolled out. Meier stated that it was a break even proposal.

Operations Manager, Justin Talbot, addressed questions regarding the new roof being proposed for the operations building. Director Berman recommended staff investigate opportunities regarding the costs becoming part of the solar installers bid process. COO Steve Gregg reported that the area getting the new roof was very small and not part of the proposed building PV project.

Discussion ensued regarding vehicle replacement schedules, particularly for the operations department at Pagosa office. EV vehicles were encouraged as replacement vehicles whenever possible.

CFO Svanes stated that the resolution to adopt both the Capital Items and Capital Projects budget will be presented to the Board in November.

COLORADO COUNTRY LIFE MAGAZINE EDITORIAL PROCESS

Director Berman and CEO Mike Dreyspring spoke to the issue surrounding a recent editorial that appeared in the September issue of *Colorado Country Life (CCL)*. Director Berman stated that CREA violated its agreement (verbal) regarding pulling editorials that LPEA takes issue with. Director Berman took issue with CREA regarding the short time frame given for comment, and the lack of feedback or rebuttal opportunity on an issue that was not time sensitive. Comments regarding the editorial were circulated via email. One director raised concern that this was not a proper practice of Board action, and constituted censorship. President Rendon requested clarification from legal counsel, who advised that no board action was taken in the emails as only suggestions were made to the CEO so no law was violated. All business conducted by the Board is done during the regular board meeting, and that requires 10 day notice. The Board agreed it was not appropriate for one or more board members to edit what Kent Singer writes. The proper course of action is to entrust that CEO Dreyspring will execute his ability to either accept or reject what is being written on behalf of LPEA and its members. CEO Dreyspring was instructed to let Kent Singer know that LPEA would like to have a few extra days to review controversial articles.

DMEA AND KCEC FERC FILING

Director Bassett spoke to the significant impact surrounding the recent FERC Order regarding Qualified Facilities and the motion for clarification of the FERC Order that was recently filed by Kit Carson Electric Cooperative. Attorney Spear reported that FERC granted a rehearing on the matter, but that was only pending its review of the motion to clarify filed by KCEC. CEO Dreyspring reported that there will be a meeting of the SWCG managers group to discuss how to react to the FERC order.

BODO CANYON TAILINGS PV PROJECT

Director Bassett provided the Board with an update on the proposed Bodo Canyon Tailing PV project, still planned for the 18 acre site. Director Bassett reported that the 5 year lease held by PeQ Energy Group is up, and they are requesting assistance with the extension of the lease. Director Bassett requested the Board consider supporting the extension of the lease through a letter of support written to the DOE. He reported that a very generic sample letter of support was sent to CEO Dreyspring. Director Bassett reiterated that he has no financial interest in the project.

2016 COMMUNITY SOLAR GARDENS

Engineering Manager, Ron Meier provided the Board with a power point presentation on the status of the current Community Solar Garden projects within LPEA's service territory, and the forecast for a potential round two (2). Meier highlighted the following:

Active/potential projects:

- Biomass Project in Pagosa Springs
- SAUE Solar Facility
- Williams Field Services Waste Heat
- Sunnyside Solar
- DOE Tailings Pile

- Twin Buttes Solar
- Geothermal Project in Pagosa
- City of Durango

Round two (2) CSG process:

- Proposal review process to include no more site proposals beyond a 14 day deadline
- Competitive open bid process
- 30 day notice including Notice of Intent
- Developing an RFP package
- Staff to manage the entire process, review proposals and not include the board in the process this time around until final approval.
- Final recommendations brought to the board

Round two (2) timeline:

- Recommends announcing RFP process in March or April 2016

Discussion ensued regarding the nature of the demand profiles, subsidies on net metered accounts, project scenarios without Tri State Policy 115, metering fees that were paid with the first round of CSG, rate structures and pilot projects relating to storage and partnerships.

Discussion ensued regarding the board receiving actual (not projected) peak (load and back load) data on the demand charge. Meier reported that he could provide that data and will begin including that information in his monthly report to the Board.

Discussion ensued regarding reviewing Poudre Valley's CSG process.

No action on Round 2 of Community Solar Gardens (CSG2) was required today, but was anticipated again for consideration in November.

ATTORNEY REPORT

Time constraints in Executive Session resulted in the postponement of the Attorney Report. Attorney Spear's written report was included in the September Board packet.

BIOMASS PROJECT UPDATE

CEO Mike Dreyspring reported that a meeting is scheduled for later this week with JR Ford regarding the change in his QF filing.

CEO AND STAFF REPORTS

Time constraints in Executive Session resulted in the postponement of all reports being given. Written reports by CEO Dreyspring and Staff were included in the September board packet.

FINANCIAL REPORT

Time constraints in Executive Session resulted in the postponement of the Financial Report. CFO Svanes written report was included in the September board packet.

LA ELECTRIC ROUND UP FOUNDATION REPORT

Time constraints in Executive Session resulted in the postponement of the Round Up Foundation report.

FASTTRACK COMMUNICATIONS REPORT

Director Wheeling reported that there was not any business to report at this time

TRI-STATE REPORT

Director Wheeling prior to the Executive Session, presented the Tri State report. He reported that:

Audit and financing changes will have some impacts
ColoWyo/Trapper Mine lawsuit is not viable at this time
The Las Conchas Fire goes to jury in little over a week
Rate Cap discussions was a close split vote

Discussion ensued regarding reciprocating gas engine opportunities. Many questions surround this issue. **CREA REPORT**

Time constraints in Executive Session resulted in the postponement of the CREA report. Director Berman's written report was included in the September board packet.

WESTERN UNITED REPORT

Director Bob Formwalt reported the following:

Western United's New Mexico facility is in the final zoning approval process.
Their audit was very clean.
Their agenda was changed to remove confidential information.
Their annual sales will mirror last year.

4CORE REPORT

Director Turner gave his report announcing that the new Executive Director has resigned (family tragedy), which promoted an emergency meeting yesterday, resulting in structure change review/analysis. Director Turner asked that LPEA send flowers. Director Turner also reported the following:

That partnership opportunities with LPEA regarding energy efficiency are being investigated.
There are approximately 30 participants for the Solarize Archuleta program.
There are grant monies available from the Colorado Energy Office for fast charge stations. The application deadline to apply for the funds (\$13,000) is December 2015.

FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES

President Rendon reviewed future agenda items that are to be included in the October board packet.

UPCOMING EXTERNAL MEETINGS

Approval to attend:

EXECUTIVE SESSION

Motion: Director Berman moved to go into executive session to discuss the SUAE Resolution 2015-11 with Attorney, Nancy Argo; motion was seconded and carried.

Motion: Director Compton moved to discuss in executive session the document relating to Tri State's 115 policy received from Attorney Barry Spear; motion seconded and carried.

The board went into executive session at 4:12 PM. Attorney Spear was recused for the portion of the executive session that concerned SUAE as a conflict of interest exists because his firm represents LPEA and the Southern Ute Indian Tribe.

The board came out of executive session at 5:45 P.M. The Board did not address the second issue. No action was taken.

The regular board meeting adjourned at 5:45 P.M.

Recorded by: Jeannie Bennett

A handwritten signature in black ink, appearing to read "Michael Rendon", with a mouse cursor pointing to the end of the signature.

Approved by: _____
Michael Rendon, President

A handwritten signature in black ink, appearing to read "Jeff A. Berman".

Jeff Berman, Secretary