

LA PLATA ELECTRIC ASSOCIATION, INC.  
Board of Directors Minutes of Meeting  
February 24, 2016  
Durango, Colorado

**I. CALL TO ORDER**

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, February 24, 2016, in the headquarters building in Durango, Colorado. Vice-President Compton called the meeting to order at 9:00 A.M., with the following Directors present:

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

Excused Absence:

Michael Rendon

Also present were:

Mike Dreyspring, Chief Executive Officer  
Barry Spear, Attorney  
Dennis Svanes, Chief Financial Officer  
Ron Meier, Manager of Engineering  
Justin Talbot, Manager of Operations  
Dan Harms, Manager of Rates, Technology, and Energy Policy  
Linda Looman, Manager of Member Relations and HR  
Indiana Reed, Marketing & Communications Consultant  
Charis Charistopoulos, Executive Assistant

**GUESTS** (from sign in sheet): The following guests were present:

Betsy Romere	Kayla Patterson
Ron Bishop	Lori Schell
Michael Bell	PJ Higgins
Terry Beebe	Rob Bourne
John Beebe	

Charis Charistopoulos led the Board, Staff, and guests in reciting the Pledge of Allegiance.

**I. APPROVAL OF AGENDA**

Vice President Compton addressed the February 24, 2016 agenda. The Board agreed to postpone item XII-A, *Discussion of Ethics Policy 129*, to March Agenda; and to address item VI-F,

*Review of Request under Policy 117 by Mr. Beebe, during item II, Member Comments and Concerns.*

**Motion:** Motion by Director Formwalt to approve the February 24, 2016 Board of Directors' meeting agenda. Motion seconded and carried unanimously.

## **II. MEMBER COMMENTS AND CONCERNS**

Unsatisfied with the response received at the previous Board meeting, Ron Bishop again raised the question of why LPEA purchases power from solar producers citing Article VII, Section 2 of the LPEA bylaws regarding the Purchase of Electric Energy. Vice President Compton acknowledged Bishop's concerns and thanked him for the question.

CEO Dreyspring recited the article which states, *Each member/consumer shall, as soon as electric energy shall be available, purchase from the cooperative* all electric energy purchased for the premises specified in his application for service....

Dreyspring discussed that the bylaws direct that a requirement of membership is the agreement to purchase power from LPEA exclusively. However, it does not state that LPEA is obligated to purchase an all-power requirements contract with Tri-State G&T. The LPEA contract with Tri-State allows a purchase cap of 5% of electricity from other sources. The Purchase Power Agreements (PPA) LPEA has with local Distributive Generation (DG) projects becomes part of the mix of LPEA's wholesale power costs which is factored into cost of service and the rates at which members are billed, thus not in violation of the bylaws.

Attorney Spear opined that Dreyspring's interpretation was correct, and that though DG members sell electricity to the co-op, the power that members use is purchased from the LPEA co-op, and not the DG member.

Bishop asked to know the wholesale rate of the alternative DG energy sources such as solar, compared to the Tri-State wholesale rate, stating that if they were not equal then it equates to subsidization of the alternative DG energy sources and comes out of members' pockets. Bishop stated the rates should be "dollar for dollar, 100% across the board, to be fair to every member."

Dreyspring stated he would gather that information and report a summary of costs to Bishop and the Board of Directors during the March 16, 2016 Board meeting.

Director Berman thanked and acknowledged Bishop's concerns. Berman went on to state that consideration also needs to be given to the value of the local DG, such as reduction in line loss from transmission lines, and that it's difficult to quantify. Subsidies exist throughout the industry, local DG is one of many different industry subsidies, and the larger question is which of the subsidies are most consequential and can be dealt with fairly for members.

**REVIEW OF REQUEST UNDER POLICY 117 BY MR. BEEBE** – John Beebe submitted a *Request For Information* form provided by Policy 117 on February 16, 2016. Beebe recapped his request stating that during the course of research on an agenda related topic he discovered

incongruences among policies, and gave examples. The Board gave direction for CEO Dreyspring to address these specific policy incongruences during the on-going three-year policy review cycle.

Beebe further discussed the difficulty of the *Request For Information* form that accompanies Policy 117, the typographical errors and lack of clarity within the policy itself. Beebe requested a full review of all policies to bring accuracy and congruity. Vice President Compton acknowledged and thanked Beebe for bringing his concerns to the Board. CEO Dreyspring stated that he and the staff are aware of the issues and all policies, management directives and policies for bargaining and non-bargaining employees are being reviewed to correct any existing replication and conflict. CEO Dreyspring stated he would provide a schedule of the three year policy review for the March 16, 2016 Board meeting.

Dreyspring stated that both he and Attorney Spear acknowledge that the *Request For Information* form accompanying Policy 117 is convoluted and confusing, and that though the form itself does not conflict with the actual policy, it is a priority to revise it into a simple and easily understandable form.

Attorney Spear spoke to the specific example of policy incongruence cited by Beebe concerning conflicting directives regarding committees responsible for finance and audit. Spear explained that the Board eliminated all committees and put them under the Committee of the Whole as reflected in Policy 102. He acknowledged that other policies referred to did need to be cleaned up and drafted to reflect correct Board decisions regarding directives.

Attorney spoke to Policy 117 explaining that LPEA is a non-profit corporation and open meetings and records laws for county governments do not apply to LPEA. Spear elaborated on C.R.S. 7-136-101 which sets forth what information is required to be given to members. Policy 117 incorporates the statutory requirements and provides a procedure for the release of LPEA information not required to be released by statute. Policy 117 provides that a request for information not specifically listed in the policy shall be submitted to the Board of Directors with a statement of purpose and a pledge that the information will only be used for the purposes set forth in the request.. In relation to the request by Beebe, the information requested is not specifically identified in the policy, so the Board of Directors should decide whether it should be released.

The Board discussed whether the request form submitted by Beebe was properly filled out as required by Policy 117. CEO Dreyspring stated that he assisted Beebe in completing the form and that signatures were on portions of the form that were revised and that the revised portions of the request did not make their way to the Attorney before this discussion. A compilation of the full and complete document will be submitted to the Attorney as soon as possible.

Dreyspring addressed Beebe's request for detailed information about Directors' expenses. The expenses Beebe requested which are not part of the monthly or quarterly expense report, are expenses incurred and paid for by LPEA (such as conference registrations) and therefore not reported as reimbursable to the Director or included in monthly and quarterly expense reports.

Dreyspring asked that the Board move on Beebe's request for detailed information of Directors' expenses and read Beebe's stated purpose for the request:

*... It is my understanding that there was some concern expressed over board expenses a year ago that was blamed on incomplete reporting. Board expenses are controlled both by policy (per diem, insurance) and discretionary Board approval (conferences, training, travel), and hopefully, individualized budgets. As a concerned co-op member, I simply have an interest in evaluating whether this money is being spent according to stated policy and in keeping with the fiduciary responsibilities of the Board members. Similar to the U.S. Congress, the Board has power over its own purse and benefits and I am intent on assuring proper controls are in place and being employed.*

Director Berman discussed that the reporting of expenses last year was not incomplete, but rather inaccurate. He acknowledged that Beebe's concerns were valid and the need for the Board to adopt a budget that reflects Director expenses relative to an individual Director's experience and responsibility.

**Motion:** Motion by Director Montoya to provide Mr. Beebe with the information requested. Motion seconded and carried unanimously.

Vice President Compton reported that as a contributor to the Durango Adult Education Foundation scholarship fund, LPEA has been asked to provide a representative to speak at the upcoming graduation ceremony. CEO Dreyspring will forward details to Board and Staff and confirm the LPEA representative with Mr. Ballantine, Director of the program.

### **III. CONSENT BOARD ITEMS**

The consent board items were presented.

**Motion:** Director Montoya moved to approve consent items which include: capital credit payments to estates, January write-offs, accepting new members, corrections to a numerical value in a Motion in the November Board minutes, and the minutes of the January 20, 2016 regular Board meeting with corrections as discussed and agreed upon by the Board.

Motion seconded. Opposed by Director Montoya. The Consent Board Items including the January 20, 2016 minutes with approved changes approved 10/1.

### **IV. CEO AND STAFF REPORTS**

Written reports by CEO Dreyspring and Staff were included in the January Board packet. Staff took questions from the Board of Directors.

### **V. ITEMS REQUIRING BOARD ACTION**

**APPROVAL OF RESOLUTION 2016-02 BIOMASS LEGISLATION** – Senator Ellen Roberts requested that the Board consider adopting a resolution in support of her recently

introduced biomass legislation. The draft resolution prepared by CEO Dreyspring has not been commented upon by Roberts or J.R. Ford at this time.

Director Berman discussed concerns raised at CREA discussion: tripling the energy renewable energy credits created winners and losers; legislation won't help the biomass because it will stir up environmental interests who perceive it as a reduction in renewable portfolio standards, and the renewable credit rate proposed by Tri-State is inconsequential.

Director Berman proposed amending the resolution title from *LPEA Support of Biomass Legislation* to *LPEA Support of Biomass Electricity Production*, and eliminating the 1<sup>st</sup>, 4<sup>th</sup>, and 6<sup>th</sup> *Whereas* statements, and amending the *Now Therefore Be It Resolved* paragraph to include language specific to the Pagosa Springs Biomass project, rather than supporting generic Colorado legislation. Discussion ensued regarding the proposed amendments and making the resolution more general to support biomass production in the state rather than specific legislation.

**Motion:** Motion by Director Bassett to support biomass in general, in the state of Colorado. Motion seconded by Director Formwalt.

Directors discussed specific language to be incorporated into the amended resolution. CEO Dreyspring was directed to modify Resolution 2016-03 according to the motion in favor of supporting biomass energy production in general.

Director Berman opposed. Motion to support biomass production carried 10/1.

**Motion:** Motion by Director Garcia to pass LPEA Support for Biomass Legislation Resolution 2016-03 striking the 3<sup>rd</sup> and 4<sup>th</sup> *Whereas* statements. Motion seconded by Formwalt.

**Motion to Amend:** Motion by Director Berman to amend the motion striking the words, "for Colorado legislation that recognizes" from the *Now Therefore Be It Resolved* paragraph. Motion seconded by Director Bassett.

Directors Montoya, Barger, and Formwalt opposed. Motion to approve the amended motion carried 8/3.

**Motion:** Motion to amend by Director Bassett to change the word *Legislation* in the resolution title to *Electricity Production*. Seconded by Director Wheeling. Directors Montoya, Wheeling and Formwalt opposed.

Member Ron Bishop expressed frustration over the length of the resolution approval process. Directors Bassett and Garcia explained that the Board has a responsibility to reach consensus on language representative of majority intent, and that due to the fact that the Committee of the Whole meeting did not take place, the only opportunity to discuss the resolution was the current meeting.

**Motion:** Motion by Vice President Compton to pass LPEA Support for Biomass Energy Production Resolution 2016-02 as amended. Motion seconded. Director McInnis opposed. Motion carried 10/1.

**2016 ANNUAL MEETING UPDATE** – The Board agreed to place speaker, Greg Aliff after the Attorney Report which follows the Business Session on the Annual Meeting Agenda. CEO Dreyspring was directed to schedule detailed time allocations for speakers to accommodate the speaker.

**ELECTION SUPERVISORY COMMITTEE NOMINATIONS** – CEO Dreyspring recited the names of the ESC candidates: Bruce Keuning, District 1, Sheryl Ayers, District 2, Marilyn Sandstrom, District 3, and Betsy Romere, District 4.

#### **ELECTION SUPERVISORY COMMITTEE RESOLUTION 2016-03**

**Motion:** Motion by Director Wheeling to approve Election Supervisory Committee Appointment Resolution 2016-03. Motion seconded, Director Turner Opposed. Motion carried 10/1.

#### **INDEPENDENT THIRD PARTY/TELLER COMMITTEE APPOINTMENT**

**RESOLUTION 2016-04** –Attorney Spear discussed La Plata County’s requirement to be indemnified by LPEA for any and all losses regardless of cause. Discussion ensued regarding measures taken to speak with the county about the blanket indemnification, private third party options, and the nature of potential risk.

**Motion:** Motion by Director Garcia to approve Resolution 2016-04. Motion seconded and carried unanimously.

**REVIEW OF ANNUAL MEETING POLICY 127** -- Discussion of printer deadline of March 16<sup>th</sup>, and timeline for ballots and nomination petitions to be made available and returned. Petitions can be filed up to March 24<sup>th</sup>, and will not be a problem for the printer to accommodate.

#### **APPOINT DELEGATES FOR WESTERN UNITED AND CREA ANNUAL MEETINGS**

– CEO Dreyspring stated that Director Turner has previously been the delegate for Western United and CREA meetings, and Director Berman the alternate, and requested Board action to approve their selection for 2016.

**Motion:** Motion by Director Garcia to appoint Director Turner as the delegate. Motion seconded and carried unanimously.

**Motion:** Motion by Director Montoya to appoint Director McInnis as the alternate. Motion seconded and carried unanimously.

### **VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION**

**RENEWABLE GENERATION FUNDS POLICY 361; RENEWABLE RATE TARIFF SCHEDULES R18 & RL 19 (aka, GREEN BLOCKS PROGRAM** – There was consensus among the Board to table the discussion for a Committee of the Whole meeting after the third quarter when more will be known about how it will fit into the Strategic Plan. Should the program be found to fit within the goals of the Strategic Plan, direction was given to Dan Harms to bring back information about the cost of the plan for the co-op and consumers, a list of the 10 largest users, a summary of other co-op voluntary green power programs and how those funds are administered, and defined measures of success.

**ON-BILL FINANCING REPORT** – CFO Svanes reported that Attorney Spear’s office has drafted an OBF contract with First Southwest Bank which is being reviewed by FSWB and CFO Svanes. CFO Svanes is working on a board policy for OBF.

**2016 RATE TIMELINE REPORT** – Dan Harms advised that an in-depth discussion of the demand and TOU rates, as well as things that can be done in the General Services rate category, will take place at the March 16, 2016 Board meeting. Harms led the Board in a survey exercise within the DirectorPoint app to facilitate a brief discussion of average residential peak demand.

**COO STEVE GREGG RETIREMENT, FEBRUARY 19, 2016** – Vice President Compton presented recently retired Gregg with a plaque, honoring and thanking him for 43 years of leadership and service at LPEA. Gregg thanked the Board and Staff and remained for an honorary lunch on his behalf.

**DIRECTOR EXPENSES & MONTHLY YTD BUDGET VS. ACTUAL REPORT --**  
Treasurer Barger reported that totals were correct and that no questions were necessary. Director reimbursements were presented and reviewed:

LPEA Mileage Reimbursements

Karen Barger	\$14.04	Bob Lynch	\$64.80
Britt Bassett	\$00.00	Kohler McInnis	\$8.64
Jeff Berman	\$00.00	Davin Montoya	\$18.90
Tom Compton	\$18.90	Michael Rendon	\$00.00
Robert Formwalt	\$64.80	Jack Turner	\$16.20
Mark Garcia	\$00.00	Joe Wheeling	\$14.04

LPEA Board Meetings

Karen Barger	\$1200.00	Bob Lynch	\$1200.00
Britt Bassett	\$1200.00	Kohler McInnis	\$1200.00
Jeff Berman	\$1200.00	Davin Montoya	\$1200.00
Tom Compton	\$1200.00	Michael Rendon	\$1000.00
Robert Formwalt	\$1200.00	Jack Turner	\$1200.00
Mark Garcia	\$1200.00	Joe Wheeling	\$1200.00

Other External Meetings

Karen Barger	\$00.00	Bob Lynch	\$00.00
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Britt Bassett	\$00.00	Kohler McInnis	\$2,306.25
Jeff Berman	\$3,561.67	Davin Montoya	\$00.00
Tom Compton	\$00.00	Michael Rendon	\$00.00
Robert Formwalt	\$200.00	Jack Turner	\$1,977.36
Mark Garcia	\$00.00	Joe Wheeling	\$00.00

**Motion:** Director Lynch motioned to approve Director expenses as presented. Motion seconded by Director Berman. Director Montoya opposed, motion carried 10/1.

**TOWN OF PAGOSA SPRINGS FRANCHISE AGREEMENT UPDATE** – CEO Dreyspring reported that Ron Meier will take over for COO Gregg with this project. The key issue is a 4% franchise fee requested by the Town of Pagosa as an add-on to monthly bills of LPEA members within the town limits. Dreyspring intends to officially notify the Pagosa members of this fee and provide an opportunity for members to comment by holding the April and May Committee of the Whole meetings in Pagosa Springs. Discussion ensued about LPEA’s role in educating and fielding concerns about the fee.

Dreyspring suggested inviting Pagosa Springs Town Manager, Greg Schultheis to describe to the LPEA Board how the fee has merit, with the expectation that LPEA will not be held liable in the eyes of the members for the add-on to their monthly bill. The Board gave consent to the request and also gave direction for Dreyspring to find out what the 4% fee would amount to.

**VII. ATTORNEY REPORT**

A written report by Attorney Spear was included in the February Board packet. A verbal report was given by Spear who also took questions. Discussion ensued regarding Board use of Attorney services and protocol for obtaining services.

**VIII. DIRECTOR REPORTS AND OTHER BOARD ACTIONS**

**LPEA ROUND-UP FOUNDATION MEETING REPORT** - Directors McInnis and Lynch presented on the Round-Up Foundation report and took all questions.

**FASTTRACK COMMUNICATIONS REPORT** - Director Wheeling reported and took questions on the FastTrack Communications report included in the Board packet.

**Motion:** Motion by Director Formwalt to appoint Director McInnis as the delegate to the FastTrack Annual Shareholders Meeting April 19, 2016. Motion seconded and carried unanimously.

**TRI-STATE REPORT** - Director Wheeling reported and took questions on the Tri-State written report included in the Board packet. Discussion ensued regarding Policy 101, the DMEA/FERC case, and Tri-State proposed bylaws changes, which will be discussed in detail at the March 16, 2016 Board meeting. CEO Dreyspring was directed to obtain a 2010 Tri-State Depreciable Life Study of Tri-State Generation Assets.

**APPROVED TRAVEL** - Directors Berman, Montoya, Turner, Garcia, and Lynch requested and received approval to attend Tri-State Annual Meeting in Broomfield CO, April 6-7, 2016.

**CREA REPORT** – Director Berman presented and took questions on his CREA and DistribuTECH conference written reports included in the Board packet. Discussion ensued regarding technology and there was consensus among the Board to view a video on Disruptive Technologies from the NRECA annual meeting by Salim Ismail during the March 14, 2016 Committee of the Whole meeting.

**WESTERN UNITED REPORT** - Director Formwalt reported and took questions on the Western United report included in the Board packet.

**4CORE REPORT** - Director Turner reported that Kurt Schneider has been hired as the Interim Executive Director and Laurie Dickson as Program Manager. 4CORE is considering a partnership under the SWCOGS “umbrella.” Ron Meier is evaluating interest in building a community solar garden at Southwest Horizons. Direction was given for Meier to follow-up with more information on the Southwest Horizons project at the March 16, 2016 Board meeting.

#### **IX. UPCOMING EXTERNAL MEETINGS**

A list of upcoming external meetings was included in Board packet.

#### **X. REVIEW OF CEO ACTION LIST**

1. Schedule review of ethics policy 127
2. Summary of DG purchase costs compared with Tri-State costs
3. Schedule review of all board policies (3 year cycle)
4. Adult Education Foundation – attend awards, contact Rich Ballantine, let board know dates
5. Time allocation detail of annual meeting
6. Postpone VI A Renewable Policy 362 Green Blocks
7. Invite Greg Schulte to present to LPEA board on need for franchise, why 4% and notification to Pagosa Spring citizens.
8. Determine financial impact of PS franchise tax/fee monthly/annually.
9. Request report from Tri-State: 2010 Depreciable Life Study of TS Generation Assets
10. Review video Disruptive Technologies at COW or BOD lunch in March. Salim Ismail

#### **XI. EXECUTIVE SESSION**

There was agreement among the Board that Executive Session was not necessary.

#### **XII. FUTURE AGENDA ITEMS**

Future agenda items were included in the Board packet.

#### **ADJOURN**

There being no further business, the LPEA board of directors meeting adjourned at 3:04 PM.

Recorded by: Charis Charistopoulos

Approved by:   
Michael Rendon, President

  
Jeff Berman, Secretary