

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors Minutes of Meeting
March 16, 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, March 16, 2016 in the headquarters building in Durango, Colorado. President Rendon 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	Michael Rendon
Britt Bassett	Jack Turner	J. Robert Formwalt
Mark Garcia	Tom Compton	Bob Lynch

Excused Absence:

None

Also present were:

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

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

Betsy Romere
Ron Bishop
John Beebe
Lori Schell
Robin Duffy-Wirth

Attorney Denning led the Board, Staff, and guests in reciting the Pledge of Allegiance.

I. APPROVAL OF AGENDA

President Rendon addressed the March 16, 2016 agenda.

Motion: Motion by Director Formwalt to approve the agenda; motion seconded by Director Lynch. Motion carried unanimously.

II. MEMBER COMMENTS AND CONCERNS -- Ron Bishop thanked Director Wheeling for standing up for Tri-State. Bishop then asked the Board why a retail rate is paid for electricity with both a base charge and energy charge. Dan Harms responded that LPEA's rates for residential members have historically been set at base and energy or kilowatt-hour charges, and the rate change at the beginning of this year maintained those classifications.

III. CONSENT BOARD ITEMS

The consent board items were presented.

Motion: Director Berman moved to approve consent items which include: capital credit payments to estates, monthly write-offs, accepting new members and minutes of the February 24, 2016 regular Board meeting with corrections as discussed and agreed upon by the Board.

Motion seconded. All in favor of approving the consent Board items including the February 24, 2016 minutes with approved changes. Motion carried.

IV. CEO AND STAFF REPORTS

Written reports by CEO Dreyspring and Staff were included in the March Board packet. Staff also presented annual reports from 2015 and took all questions.

CEO Dreyspring highlighted 2015 accomplishments including adoption of LPEA strategic plan, and negotiations with SUAE on solar project to begin construction in 2016. Of note, Ron Meier addressed progress on the updated strategic plan format in 2015 and advised that Marketing and Communications Consultant, Indiana Reed, and Public Relations Coordinator, Jeannie Bennett have been added to his department as the new Manager of Engineering, Member Relations and Marketing.

Dan Harms reported on 2015 accomplishments in the areas of technology, highlighting the \$2,700 cost to install a server which cost \$181,000 in 1999. Harms reported that 750 rebates were processed (a 36% increase in residential rebates) and that LED rebates accounted for 2.7% drop in residential and commercial energy usage. The Board gave direction for staff to include information on the meaning of a kelvin in member communications, and to include a review of Tri-State policy 115 on the April Board agenda.

CFO Svanes addressed the 2015 annual financial report, stating that the audit went well. LPEA has a strong financial position and continues to perform reliably well. Negotiations continue with the On-Bill Financing partnership with First SW Bank, but are temporarily postponed due a family emergency suffered by the banker that is working with Svanes on this project. Svanes took all questions.

Linda Looman reported 2015 HR highlights and took questions on succession planning for retiring staff. Reed and CFO Svanes gave an update on the current number of member survey responses which will close April 18, 2016. Justin Talbot reported on safety, outage data, and tree-trimming, noting that a 3 year raptor protection equipment testing project is expected to be

complete in July 2016. The Board discussed and gave direction for Talbot to improve SAIDI graph, and for staff to provide a policy and legal review of tree trimming.

V. ITEMS REQUIRING BOARD ACTION

ANNUAL MEETING UPDATE—CEO Dreyspring reported that Director candidate packets have been turned in for the following: District 1– Director Mark Garcia, Callum McNeil, Mike Alley; District 2 – Lori Schell, Dan Huntington; District 3 – Doug Lyon; District 4 – Director Jack Turner, John Beebe, Ron Bishop, Robin Duffy-Wirth. March 23, 2016 is the deadline for application submission. The detailed timeline for the Annual Meeting was addressed and discussion of bylaws and achieving targeted end time of 12:00 PM prompted Board direction to re-arrange speakers so that guest presenter Greg Aliff will be scheduled for 11:00 AM, followed by Board reports, and ending with Q&A. A logistics rehearsal is scheduled for late afternoon May 6th if the meeting room is available or 8:00 AM, May 7th prior to commencement of the Annual meeting.

CEO EVALUATION – President Rendon stated that the CEO and Attorney evaluation will be moved to the August agenda.

VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

FLOWCHART OF CAPITAL CREDIT ESCHEAT PROCESS – CFO Svanes discussed the process for distribution of Capital Credits and Unclaimed Capital Credit (UCC) retirements. UCC checks are valid for 90 days, at which time recipient names are published on the website and in newspapers in the service area. Three years after the publish date, UCCs are eligible to be moved into UCC Education Grant funds.

DG PURCHASE COST COMPARISON TO TRI-STATE RATE – Dan Harms presented scenarios for adding renewables (DG) into LPEA energy system in light of current Tri-State policy, in answer to the question of how much the various forms of DG cost LPEA. Discussion ensued around technology advancement, trends in energy production, and renewable resources; as well as the cost of DG and need for understanding the benefits of DG.

THREE YEAR POLICY REVIEW SCHEDULE AND PLAN – CEO Dreyspring stated that the three year review process will begin with staff in April by comparing management directives to policies in order to consolidate and eliminate redundancy or conflicts among policies, and to ensure compliance with management directives. From July 2016 - March 2019, all policies will be reviewed by the Board of Directors at a rate of two policies per month during regular monthly Board meetings. Regularly reviewed policies will be excluded from this process.

REVIEW POLICY 202 EQUITY MANAGEMENT– CFO Svanes reviewed Policy 202 Equity Management and presented recommendations to develop an equity management plan with a 10-year forecast, a long-range forecast, an investment plan and line extension policy, describing it as a plan of cash flow over the next decade. The EMP is a living document that is impacted by the strategic plan and will change with Board direction over the course of the 10 year period. There was consensus among the Board to move forward with the plan.

REVIEW TRI-STATE PROPOSED BYLAWS CHANGES – CEO Dreyspring reviewed the proposed amended bylaw changes and had no concerns with the changes which will be voted on by members at the Tri-State Annual Meeting, April 6-7, 2016. Following substantial discussion, there was consensus among the Board to support the bylaw changes as amended. Director Lynch is the voting delegate, Director Turner is the alternate.

Motion: Motion by Director Montoya to direct Delegate Lynch to vote in favor of Tri-State bylaws changes as written, and approve any amendments only if they align with LPEA policies. Motion seconded by Director Compton. Motion carried without dissent.

FTC UWC TO HOLD ANNUAL SHAREHOLDERS MEETING APRIL 19, 2016 –

Motion: Motion by Director Formwalt to approve FastTrack Communications Unanimous Written Consent to move the Annual Shareholder’s meeting to 8:30 AM – 12:00 PM, Tuesday April 19, 2016. Motion seconded, carried without dissent.

INDIVIDUAL TRAVEL EXPENSES PRESENTED BY DIRECTORS – CEO Dreyspring stated that per review of Policy 121 by the Board, a method of gathering data to project a baseline for realistic training and travel expense, and frame discussion about individual versus group budgets, per diems, etc. and used as a guide to work with the overall Directors budget. The Board gave direction for CEO Dreyspring and CFO Svanes to create a worksheet that allows Directors to capture relevant expenses, reflects the needs and goals of the strategic plan, and aligns with Policy 121. Discussion ensued on importance for continued Director education and training in order to keep pace with advances in technology and changing industry trends.

DIRECTOR REIMBURSEMENTS - Treasurer Barger reported that CREA per diems were adjusted up for some Directors to reflect an entire day of travel to be consistent with policy, and all other totals were correct, with no questions necessary. The Board read and gave direction to review Policy 109 in April to understand and clarify travel per diem criteria. Director reimbursements were presented and reviewed:

LPEA Mileage Reimbursements

Karen Barger	\$28.08	Bob Lynch	\$129.60
Britt Bassett	\$00.00	Kohler McInnis	\$17.28
Jeff Berman	\$00.00	Davin Montoya	\$37.80
Tom Compton	\$37.80	Michael Rendon	\$00.00
Robert Formwalt	\$129.60	Jack Turner	\$28.08
Mark Garcia	\$129.60	Joe Wheeling	\$27.00

LPEA Board Meetings

Karen Barger	\$1400.00	Bob Lynch	\$1400.00
Britt Bassett	\$1400.00	Kohler McInnis	\$1400.00
Jeff Berman	\$1400.00	Davin Montoya	\$1400.00
Tom Compton	\$1400.00	Michael Rendon	\$1400.00
Robert Formwalt	\$1400.00	Jack Turner	\$1400.00
Mark Garcia	\$1400.00	Joe Wheeling	\$1400.00

Other External Meetings

Karen Barger	\$1869.61	Bob Lynch	\$1752.64
Britt Bassett	\$00.00	Kohler McInnis	\$1747.88
Jeff Berman	\$1565.40	Davin Montoya	\$00.00
Tom Compton	\$00.00	Michael Rendon	\$00.00
Robert Formwalt	\$1985.97	Jack Turner	\$2166.40
Mark Garcia	\$00.00	Joe Wheeling	\$00.00

Motion: Director Turner motioned to approve Director expenses as presented. Motion seconded. All in favor, motion carried.

VII. ATTORNEY REPORT

Attorney Denning took questions on the written report that was included in the Board packet.

VIII. DIRECTOR REPORTS AND OTHER BOARD ACTIONS

LPEA ROUND-UP FOUNDATION MEETING REPORT - Director McInnis had nothing to report.

FASTTRACK COMMUNICATIONS REPORT - Director Wheeling reported and took questions on FastTrack Communications, and advised that the Annual Shareholders meeting will take place 8:30 AM to 12:00 PM, Tuesday, April 19, 2016.

VOTE TO ACCEPT AUDITOR’S REPORT --

Motion: Motion by Director Formwalt to accept the auditor’s report as it stands, and to correct any deficiencies if necessary. Motion seconded by Director McInnis. Directors Compton and Garcia opposed. Motion carried 10/2.

TRI-STATE REPORT – Director Wheeling reported and took questions on the Tri-State report that was included in the Board packet.

Motion: Motion by Director Turner to appoint Director Lynch as the voting delegate to the Tri-State Annual Meeting, and Director Turner as the alternate. Motion seconded and approved without dissent.

CREA ANNUAL REPORT – Director Berman reported and took questions on the CREA Annual Meeting report that was included in the Board packet, and advised that he has been added to the CREA legislative committee.

WESTERN UNITED REPORT – Director Formwalt reported and took questions on the Western United report that was included in the Board packet.

IX. UPCOMING EXTERNAL MEETINGS – Upcoming external meetings were discussed and no additional training and travel was requested.

X. REVIEW OF CEO ACTION LIST -- CEO Dreyspring reviewed the list of action items taken from the Board meeting, and answered all questions.

XI. EXECUTIVE SESSION

Motion: Motion by Director Montoya to go into Executive Session to discuss and receive an update on negotiations with an Industrial Member Negotiations. Motion seconded by Director Berman and carried unanimously. The Board of Directors went into Executive Session from 5:23 PM to 5:55 PM.

The Board requested that Attorney Denning take minutes of the executive session discussion.

XII. FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES –

Discuss 2016 funding for 4CORE-April
Review recording of Board meetings, by request of Director Wheeling-April
Review Right of Way Policy-April
CEO and Attorney evaluations -- August
UCC (bylaws and statute research, options for Board considerations) – September
Review of Line Extension policy
Provide info to members on meaning of kelvin (Formwalt)
Research surge in water heater and ETS

There being no further business, the LPEA Board of Directors meeting adjourned at 5:56 PM.

Recorded by: Charis Charistopoulos

Approved by: _____
Michael Rendon, President

Jeff Berman, Secretary