

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors Minutes of Meeting
August 17, 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, August 17, 2016 at the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 9:03 A.M., with the following Directors present:

Mike Alley	Bob Formwalt	Kohler McInnis, Vice President
Karen Barger, Treasurer	Dan Huntington	Davin Montoya, President
Britt Bassett	Bob Lynch	Jack Turner
Jeff Berman	Doug Lyon	Joe Wheeling, Secretary

EXCUSED ABSENCE:

None

LPEA STAFF:

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

GUESTS (from sign in sheet): The following guests were present: Betsy Romere, Michael Bell, and Tony Hudspeth.

Director Lyon led the Board, Staff, and guests in reciting the Pledge of Allegiance.

I. APPROVAL OF AGENDA

President Montoya addressed the August 17, 2016 agenda. There was consensus among the Board to strike item VIII. E., Amendment 69, *Colorado Cares* from the agenda.

Motion: Director McInnis moved approve the agenda with the exception of item VIII. E., Amendment 69, *Colorado Cares*. Motion seconded and carried without dissent.

II. MEMBER COMMENTS AND CONCERNS – There were no member comments or concerns brought before the Board.

III. CONSENT BOARD ITEMS

Director Montoya addressed the Consent Board Items. A request was made to remove the word “instead” from page 6 of the July Committee of the Whole minutes, as it created uncertainty in the context of the content.

Motion: Director McInnis moved to approve the consent items: accepting new members, capital credit payments to estates, monthly write-offs, minutes for the July 2016 Board meeting as presented, and the Committee of the Whole meeting with approved corrections: Motion seconded, and carried without dissent.

V. ITEMS REQUIRING BOARD ACTION

LPEA POLICY APPROVAL: POLICY 109 COMPENSATION OF DIRECTORS –

Director Montoya discussed proposed changes to director compensation and approved expenses. Following substantial discussion, Staff was directed to revise the policy and the Board will consider Policy 109 at the September Board meeting. A concurrent vote to rescind Policy 108 Insurance for Directors, which was incorporated into Policy 109, will also be deferred to the September Board meeting.

LPEA POLICY APPROVAL: POLICY 117 MEMBER REQUESTS FOR

COOPERATIVE INFORMATION – CFO Svanes discussed proposed policy changes and took all questions.

Motion: Director Berman moved to adopt revised Policy 117 Member Requests for Cooperative Information. Motion seconded and carried without dissent.

REVIEW LEGAL CONTRACT AND EXECUTE SIGNATURE FOR SERVICES –

Attorney Denning advised that a date correction will be made to the contract prior to executing signatures, and recommended that an Attorney Action List also be reviewed with the Board, following the CEO Action List, for follow-up.

Motion: Director Alley moved to approve and execute the one-year contract with Maynes, Bradford, Shipps, and Sheftel for legal services provided by Attorney Shay Denning. Motion seconded, and carried without dissent.

RESOLUTION 2016-16 LONG TERM STRATEGIC RATE OBJECTIVES – Dan Harms discussed LPEA’s 10 Strategic Planning Goals intended to aid a rate design that fairly collect revenue from members as outlined in Policy 214. The Board agreed to review the Strategic Rate Objectives annually in August as part of the rate decision process. Harms applied the strategic goals to theoretical 2017 rates and discussed outcomes.

Director Turner joined the meeting at 10:07 a.m.

Motion: Director Wheeling moved to adopt Resolution 2016-16 Long-Term Strategic Rate Objectives with minor wording changes to Exhibit A-LPEA Rate Design Strategic Planning Goals. Motion seconded and carried without dissent.

OPERATING FORECAST ASSUMPTIONS – CFO Svanes introduced revenue assumptions for each rate class. Dan Harms clarified the 10 Strategic Planning Goals applied to each rate class. Directors discussed fixed costs, the energy rate, and the mitigating effect of TOU on the demand component. Svanes discussed a wide array of expense assumptions including the cost of power, inflation rates, generation, capital credits, and covenant ratios.

Motion: Director Lyon moved to accept the 2017 Operating Forecast Assumptions. Motions seconded and carried without dissent.

APPOINT BASIN ELECTRIC ANNUAL MEETING DELEGATE AND ALTERNATE – CEO Dreyspring and CFO Svanes will attend the Basin Electric Annual Meeting in Bismarck ND, November 9-10, 2016.

Motion: Director Formwalt moved to appoint CFO Svanes as the LPEA voting delegate and CEO Dreyspring as the alternate voting delegate. Motion seconded and carried without dissent.

APPOINT DELEGATES FOR: FEDERATED, CFC, NISC, NRTC – Directors Barger and Lynch will attend the NRECA Region 7 meeting in Reno, NV, October 7-9, 2016.

Motion: Director Wheeling moved to appoint Director Barger as the LPEA voting delegate, and Director Lynch as the voting alternate. Motion seconded and carried without dissent.

ROUND-UP FOUNDATION APPOINTMENT – The position was vacated upon the resignation of Director Ellen Stein, and Briggen Wrinkle is the recommended replacement.

Motion: Director Bassett moved to appoint Briggen Wrinkle to the Round Up Foundation Board to serve out the remainder of Ellen Stein’s term for District 3. Motion seconded and carried without dissent.

VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

LPEA POLICY UPDATE REVIEW -- CFO Svanes reviewed the 3-year policy review schedule and addressed recommended redline changes to the currently scheduled policies. Policies may be approved by the Board at the time of review, but are anticipated to be approved at the following month’s Board meeting, unless the will of the Board determines otherwise. Svanes addressed redline changes to Policy 101 Policy Formulation and Approval and took all questions.

Motion: Director Lyon moved to adopt revised Policy 101 Policy Formulation and Approval. Motion seconded and carried without dissent.

Svanes addressed redline changes to Policy 102 Functions of the Board of Directors and took all questions.

Motion: Director McInnis moved to adopt revised Policy 102 Functions of the Board of Directors. Motion seconded and carried without dissent.

Svanes addressed redline changes to Policy 110 Committees of the Board of Directors, and rescission of the following policies incorporated into Policy 110: Policy 111 Committee of the Whole, Policy 112 Statement of Function of Finance and Audit Committee, and Policy 113 Statement of Functions of the Executive Committee. Svanes took all questions.

Discussion ensued around concern that incorporations of Policies 111, 112, and 113 do not fully captured the scope or intent of the original language, and that the proposed revision to Policy 110 does not align with bylaws. Of concern was the issue of authority vested in the executive committee in the revised policies. Staff was directed to research bylaw guidelines for the executive committee, if any, and ensure uniformity in the policies under consideration for consolidation.

Svanes addressed redline changes to Policy 129 Ethics Annual Review and took all questions.

Motion: Director Alley moved to adopt revised Policy 129 Ethics Annual Review. Motion seconded and carried without dissent. Motioned seconded and carried without dissent.

NRECA WASHINGTON D.C. YOUTH TOUR PRESENTATION – Jeannie Bennett introduced students who were chosen from four High Schools in the LPEA service territory to participate in the NRECA, Washington D.C. Youth Tour. Bennett read a letter of gratitude from Bayfield High School student, Miranda Talbot who could not be present before introducing Jenna Engelken from Durango High School, and Addie Thompson of Pagosa Springs High School. Engelken and Thompson shared highlights of their experience and expressed gratitude for being selected.

VISION STATEMENT ADOPTION – Ron Meier presented the LPEA Vision Statement draft created by a subcommittee of LPEA employees to complement the Mission Statement and provide direction for the Strategic Plan: *Shaping the future by building trustworthy community partnerships as an innovative, forward thinking industry leader, delivering excellence in our member owned cooperative.*

Motion: Director McInnis moved to adopt the Vision Statement as presented, with minor grammatical changes (hyphens). Motion seconded and carried without dissent.

Director Barger took a moment to bestow praise on the KRTA presented by CFO Svanes, and congratulate Staff for their solid performance in comparison to LPEA's peers across the country.

She specifically highlighted the skills and successes of the Senior Staff, reminding the Board of the talent that LPEA is fortunate to have.

IX. DIRECTOR REPORTS AND OTHER BOARD ACTIONS

CREA – Director McInnis stated that he had nothing to report.

4CORE – Robin Duffy Wirth reported on 2 retreats which focused on an elevator pitch, operating agreements, and the 4CORE values, mission and vision. She reviewed the Solar Barn Raising, budget schedule, and volunteer work. The Solar Home Tour is October 8th, and nominations and sponsorships are currently being taken.

VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

POLICY 129 ETHICS, REVIEW DIRECTOR CONFLICT DISCLOSURE FORMS –CEO

Dreyspring discussed the imperative to disclose any and all potential interests that may conflict with duties and obligations while in service to LPEA. It is never in the best interest of an individual Director to self-determine a conflict of interest; whereas, disclosure alleviates an individual from responsibility for potential conflict, and places the burden for determination upon the Board as a whole.

Policy 129 Ethics states that the purpose of the conflict disclosure form is to declare any known potential conflicts of a standing nature to the Board, for their processing and determination. Unforeseen conflicts that arise must also be declared prior to engaging in potentially conflicting Board activity. A Director does have the prerogative to self- disclose and recuse in a moment when a conflict of interest is suspected or determined.

In the event that a conflict is determined, the Board shall decide collectively on the best course of action, which may include recusing the Director from discussions and/or voting on the matter in conflict. It must be noted that confidential conflict disclosure to the LPEA Attorney does not constitute disclosure to the Board, and places the Director in conflict with Policy 129 Ethics. When in doubt, disclose to the Board, allow them to process, and eliminate potential conflict. Subsequent to the discussion of conflicts, some of the Directors updated their disclosure forms. The Board reviewed the conflict disclosure forms completed and signed by each Director, and discussed possible conflicts.

Director Wheeling was excused at 1:30 PM for an appointment, and will return for the Executive Session.

UNCLAIMED CAPITAL FUND REQUESTS – Ron Meier advised that \$29,000 in grant funds are available and Special Project requests totaling \$96,000 have been received. Jeannie Bennett, Public Relations Coordinator, confirmed that some of the current applicants have previously received Special Project grants, or funds from the Round Up Foundation. The Round

Up Board will bring award recommendations to the LPEA Board for final consideration at the September Board meeting.

Director McInnis proposed gift certificates for the volunteer Board members of the Round Up Foundation, to thank them and acknowledge their hard work and dedication. The Board agreed to discuss at the September Board meeting.

Director Montoya stated that he would like the Board to consider halting grant applications, discuss funding projects that are more closely aligned with the LPEA mission, and minimize funding for recurring charitable requests. Discussion ensued on the latitude of Policy 208 Disposition of Unclaimed Property, and the designation of unclaimed capital credit funds, “*to educational, special projects, and other projects at the discretion of the Board.*”

Motion: Director Formwalt moved to forward the current list of grant applicants to the Round Up Board for their recommendation to the LPEA Board in September 2016. Motion seconded and carried without dissent.

REVIEW CHAMBER REQUEST FOR NEW BUILDING SUPPORT – Director Montoya advised that he met with Durango Chamber Director, Jack Llewellyn to discuss assistance. Discussion ensued regarding options for support.

TRI-STATE REQUEST FOR FERC SUPPORT – CEO Dreyspring reviewed the letter from Tri-State to LPEA requesting support in the FERC II appeal, and advised that the Board had 3 options: to support, reject, or not get involved in Tri-State’s appeal. Discussion ensued. Board consensus was to not send a letter to FERC.

DIRECTOR REIMBURSEMENTS -- Treasurer Barger reported the Director expense items.

LPEA Mileage Reimbursements

Mike Alley	\$129.60	Bob Lynch	\$129.60
Karen Barger	\$ 28.08	Doug Lyon	\$ 8.64
Britt Bassett	\$ 00.00	Kohler McInnis	\$ 17.28
Jeff Berman	\$ 00.00	Davin Montoya	\$ 37.80
Robert Formwalt	\$129.60	Jack Turner	\$ 28.08
Dan Huntington	\$ 51.84	Joe Wheeling	\$ 28.08

LPEA Board Meetings

Mike Alley	\$1400.00	Bob Lynch	\$1400.00
Karen Barger	\$1400.00	Doug Lyon	\$1400.00
Britt Bassett	\$1400.00	Kohler McInnis	\$1400.00
Jeff Berman	\$1400.00	Davin Montoya	\$1400.00
Robert Formwalt	\$1400.00	Jack Turner	\$1400.00
Dan Huntington	\$1400.00	Joe Wheeling	\$1400.00

Other External Meetings

Mike Alley	\$00.00	Bob Lynch	\$00.00
Karen Barger	\$00.00	Doug Lyon	\$00.00
Britt Bassett	\$00.00	Kohler McInnis	\$00.00
Jeff Berman	\$00.00	Davin Montoya	\$00.00
Robert Formwalt	\$00.00	Jack Turner	\$00.00
Dan Huntington	\$00.00	Joe Wheeling	\$00.00

Motion: Director Formwalt moved to approve Director expenses as presented. Motion was seconded and carried without dissent.

VII. ATTORNEY REPORT – Attorney Denning highlighted work done for LPEA and took questions on the written report included in the Board packet.

X. UPCOMING EXTERNAL MEETINGS – The Upcoming External Meeting schedule included in the Board packet was reviewed without discussion.

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

XII. FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES – The Board reviewed Future Agenda Items and added the following to the September Board Agenda: Discuss Financial analysis of SUAE 115 Project, and Discuss Formalizing the Process For Future Agenda Item Requests.

XIII. EXECUTIVE SESSION

Motion: Director Lyon moved to go into executive session to discuss the Attorney Evaluation, the LPEA letter to Tri-State regarding Policy 115 and the 5% self-generation provision of the wholesale electric service contract, a Review of the FastTrack Business Plan by Joe Wheeling, and the CEO Evaluation. Motion seconded and carried without dissent.


The Board moved into executive session from 3:20 - 4:18 PM. Director Wheeling returned to discuss the FastTrack Business Plan and CEO Evaluation. The positive evaluation by the Board of Directors of the 2015-2016 CEO performance was considered; and

Motion: Director Alley moved to increase the CEO compensation by \$10,000 annually. Motion seconded and carried without dissent.

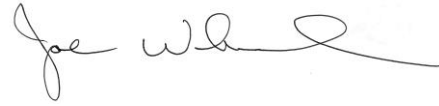
There being no further business, the LPEA Board of Directors meeting adjourned at 4:21 PM.

Recorded by: C.E. Charistopoulos

Approved by:



Davin Montoya, President



Joe Wheeling, Secretary