

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors Minutes of Meeting
October 19, 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, October 19, 2016 at the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 9:00 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:

Linda Looman, Manager of HR and Customer Service

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
C. E. Charistopoulos, Executive Assistant
Shay Denning, Attorney
Bret Cochran, Line Super, Regulatory, Compliance, and Safety
Darrick Robinson, Line Superintendent, Systems Operations
Nancy Andrews, Energy Management Advisor

GUESTS (from sign in sheet): The following guests were present: Michael Bell, Trevor Hewitt, Tony Hudspeth, Betsy Romere, Lissa Ray, H.L. Riegle.

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

II. MEMBER COMMENTS AND CONCERNS – Member Lissa Ray shared a story about her home town in Fort Stockton, TX in which large wind companies came into the area and put the electric company out of business, and urged LPEA to be proactive in studying large solar installations in our service territory. President Montoya responded that the LPEA Board is considering a mission appropriate use of capital credits to benefit local Distributed Generation projects.

III. CONSENT BOARD ITEMS--Director Montoya addressed the Consent Board Items. Direction was given to clarify three points of language in the minutes, and corrections were made.

Motion: Director Formwalt moved to approve the consent items: accepting new members, capital credit payments to estates, monthly write-offs, and minutes for the September 21, 2016 Board meeting with approved corrections: Motion seconded, and carried without dissent.

IV. CEO AND STAFF REPORTS – Written reports by CEO Dreyspring and Staff were included in the October Board packet. CEO Dreyspring and Attorney Denning met with Tri-State to discuss concerns about conflicts between the wholesale contract and changes to Policy 115 Member Distributed Generation, and to clarify expectations for resolution. Discussion ensued about utilizing Tri-State Policy 316, Non Rate Dispute Resolution, to file a formal complaint if concerns are not resolved. CFO Svanes addressed the Finance Report, advising that he is working with auditors, and the On Bill Financing program has been well-received.

Justin Talbot gave the Operations Report and discussed recent security enhancements that have been initiated to meet National Energy Regulatory Commission (NERC) requirements. Ron Meier further elaborated on cyber-security issues, regulations, threats, security implementations and documentation.

Addressing the Communications Report, Indiana Reed advised that TV spots featuring CEO Dreyspring will begin running November 10th on IDTV. Dan Harms reported a 20% increase in Time of Use (TOU) customers, and the warehouse LED retrofit is nearing completion. Harms discussed Strategic goal of increasing TOU accounts to positively impact the wholesale power contract through peak shaving.

REVIEW EVACUATION PROCESS, LOCATION OF FIRE EXTINGUISHERS AND AEDs
Brett Cochran advised on the evacuation routes and process, threat and communication protocol, AED and first aid station locations.

QUARTERLY FINANCIAL REPORT PLUS—CFO Svanes addressed the Quarterly Financial Report included in the Board packet. Electricity sales are higher than forecast due to weather and increase in customers, and the number past due accounts continues to decrease steadily.

V. ITEMS REQUIRING BOARD ACTION

RESOLUTION 2016-17 RESAP—Justin Talbot presented the leadership commitment to the Rural Electric Safety Achievement Program.

Motion: Director Wheeling moved to adopt Resolution 2016-17 RESAP. Motion seconded and carried without dissent.

RESOLUTION 2016-18 CAPITAL CREDIT RETIREMENTS—CFO Svanes reviewed the Capital Credit Retirement schedule and took questions.

Motion: Director McInnis moved to adopt Resolution 2016-18 Capital Credit Retirement, allocating \$3,850,000 to members. Motion seconded and carried without dissent.

REVIEW OF UPDATED CONFLICT OF INTEREST DISCLOSURE FORMS—The Board discussed updated conflict disclosure forms submitted by Directors Basset and Barger and found no current conflicts.

APPOINT DELEGATE/ALTERNATE TO FASTTRACK 2017 ANNUAL MEETING—President Montoya stated that the appointment would take place in February 2017, no action was taken.

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

LPEA Mileage Reimbursements

Mike Alley	\$ 64.80	Bob Lynch	\$ 72.90
Karen Barger	\$ 14.04	Doug Lyon	\$ 64.80
Britt Bassett	\$ 00.00	Kohler McInnis	\$ 46.44
Jeff Berman	\$ 64.80	Davin Montoya	\$ 37.80
Robert Formwalt	\$ 64.80	Jack Turner	\$ 92.88
Dan Huntington	\$ 81.00	Joe Wheeling	\$ 95.04

LPEA Board Meetings

Mike Alley	\$1325.00	Bob Lynch	\$1325.00
Karen Barger	\$1325.00	Doug Lyon	\$1325.00
Britt Bassett	\$1325.00	Kohler McInnis	\$1325.00
Jeff Berman	\$1325.00	Davin Montoya	\$1325.00
Robert Formwalt	\$1325.00	Jack Turner	\$1325.00
Dan Huntington	\$1325.00	Joe Wheeling	\$1325.00

Other External Meetings

Mike Alley	\$00.00	Bob Lynch	\$1767.50
Karen Barger	\$1600.98	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	\$1056.00
Dan Huntington	\$00.00	Joe Wheeling	\$00.00

Motion: Director Formwalt moved to approve Director expenses as presented.

There was consensus among the Board that approved changes to Policy 109 Compensation of Directors, regarding in/out of state training, would begin enforcement on November 1, 2016.

Motion was seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: President Montoya addressed approved changes made by Attorney Denning to Policy 109 Director Compensation.

Motion: Director Huntington moved to adopt revised Policy 109 Director Compensation. Motion seconded and carried without dissent.

President Montoya addressed revised Policy 119 Statement of Functions for Cooperative Attorney, which was discussed during the Committee of the Whole meeting, October 17th.

Motion: Director Lynch moved to adopt revised 119 Statement of Functions for Cooperative Attorney. Motion seconded and carried without dissent.

President Montoya addressed revised Policy 122 Director Attendance of Outside Meetings which was discussed during the Committee of the Whole meeting, October 17th.

Motion: Director Huntington moved to adopt revised Policy 122 Director Attendance of Outside Meetings. Motion seconded and carried without dissent.

REVIEW LPEA BYLAWS AND POLICIES ON UNCLAIMED CAPITAL CREDITS—

Referring to Policy 208 Disposition of Unclaimed Property, paragraph II.F., and Policy 356 Educational Donations/Contributions, paragraph III.F., President Montoya asked to suspend both paragraphs in order to postpone the grant application process, pending the outcome of Board discussion and consensus on the use of Unclaimed Capital Credits. This will also suspend the February grant application cycle. Discussion ensued about mission appropriate projects.

Motion: Director Formwalt moved to suspend paragraph II.F. in Policy 208 Disposition of Unclaimed Property, and paragraph III.F. in Policy 356 Educational Donations/Contributions. Motion seconded and carried without dissent.

PRELIMINARY BUDGET AND REVENUE REQUIREMENTS—CFO Svanes addressed the Strategically aligned Preliminary Budget and Revenue Requirements that were discussed at the Committee of the Whole Meeting, and took all questions. Discussion ensued about strategic rate design, revised Tri-State Policy 115, and LPEA historical rate trends. CEO Dreyspring was directed to report on historical rate increases by LPEA in November. Svanes asked the Board for preliminary approval of the 2017 Capital Expenditure Budgets and 2017 Financial Forecast as presented, to finalize for Resolution in November.

Motion: Director Formwalt moved to preliminarily approve the 2017 Budget and Forecast for final approval in November 2016. Motion seconded and carried without dissent

VII. ATTORNEY REPORT – Referring to the written report included in the Board packet, Attorney Denning highlighted work done for LPEA and took all questions. Attorney Denning will address options about how to proceed with concerns over revised Tri-State Policy 115 in November.

IX. UPCOMING EXTERNAL MEETINGS— There were no questions about the Upcoming External Meeting schedule included in the Board packet

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

IX. DIRECTOR REPORTS AND OTHER BOARD ACTIONS

4CORE REPORT—Nancy Andrews reported that the SW Counsel of Governments is reviewing the merger with 4CORE with legal counsel. The SW Horizons and Habitat for Humanity home solar projects are nearing completion with a ribbon cutting scheduled for November 4th at SW Horizons, and November 18th at the Habitat home. 4CORE has a Board vacancy. The Solar Home Tour was successful, and October 27th - November 7th purchases at Kroegers Ace Hardware can be rounded up for donation to 4CORE. October 24th, former Governor Bill Ritter will discuss his new book, *Powering Foreword*, at the Power House Science Center.

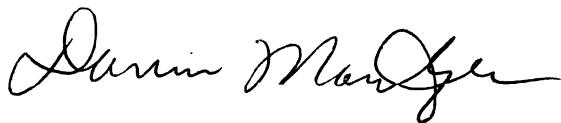
XI. EXECUTIVE SESSION—No executive session was required.

XII. FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES—The Board reviewed Future Agenda Items. Director McInnis requested to discuss Unclaimed Capital Credit FIFO, Director Lynch requested to discuss an RFP for a QF Solar Garden.

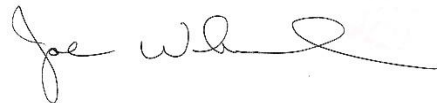
There being no further business, the LPEA Board of Directors meeting adjourned at 11:30 a.m. for a group picture.

Recorded by: C.E. Charistopoulos

Approved by:



Davin Montoya, President



Joe Wheeling, Secretary