

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, August 16, 2017
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 16, 2017 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	Dan Huntington	Kohler McInnis
Karen Barger, Secretary	Rachel Landis	Davin Montoya, President
Britt Bassett	Bob Lynch, Vice President	Jack Turner
Bob Formwalt	Doug Lyon, Treasurer	Guinn Unger

LPEA STAFF:

Mike Dreyspring, Chief Executive Officer
Dennis Svanes, Chief Financial Officer
Ron Meier, Manager of Engineering, Member Relations and Marketing
Linda Looman, Manager of HR and Customer Service
C. E. Charistopoulos, Executive Assistant
Betsy Lovelace, Customer Service Supervisor
Ryne Waggoner, Staff Engineer
Shay Denning, LPEA General Counsel

EXCUSED ABSENCE: Dan Harms, Manager of Rates, Technology and Energy Policy, Justin Talbot, Manager of Operations.

GUESTS (from sign in sheet): The following guests were present: Harry Riegle, Lissa Ray, Jenn Wheeling, Betsy Romere, Susan Atkinson, Karen Pontius, Kirby MacLaurin, Lori Schell, John Shaw, Charles Shaw, Michael Bell, Werner Heiber, Kristin Jensen, Brigid Korce, Julie Westendorff, Gwen Lachelt, Joanne Spina, Brad Blake, Emily Bowie, Pam Patton.

Guinn Unger led the Board, Staff, and guests in reciting the Pledge of Allegiance.

I. APPROVAL OF AGENDA

President Montoya addressed the August Board meeting agenda.

Motion: Director McInnis moved to approve the agenda as presented. Motion seconded and carried without dissent.

II. MEMBER COMMENTS AND CONCERNS

Member, Pam Patton spoke in honor of former LPEA Board member, Harry Goff who passed away recently, noting a Memorial Service to be held in October at the Methodist church. Patton then addressed a concern about the 2017 Director Election robo-calls, mailings, and print ads, and asked the Board to consider a bylaws amendment to require campaign finance transparency and reporting requirements. President Montoya and Director Landis thanked Patton for a recommendation that was timely.

Member, Susan Atkinson reported that since signing up for the Time of Use rate program, she has realized a savings of 10% on her bill, even with charging her electric vehicle. Atkinson suggested LPEA promote the program with a case study of three different customer usage profiles. She also prefers that contributions to the Tri-State Green Blocks Program stay local like the Local Green Fund.

Member, Kirby McLaurin voiced support for transparency. He stated the Tri-State Green Blocks Program doesn't follow the values of LPEA members. McLaurin requested a Committee of the Whole (COW) meeting to discuss LPEA's relationship with Tri-State. He expressed concern over Tri-State's cost increases. President Montoya and LPEA representative to Tri-State, Kohler McInnis advised that there would not be a rate increase from Tri-State in 2018.

Member, Harry Riegle asked that the petition for a bylaws amendment requiring signatures from 10% of the membership be reduced to a more attainable 5%. President Montoya stated that it was a fair point to discuss. Member, Lissa Ray related a story about her hometown of Fort Stockton, TX which has become a solar wind farm that, despite providing inexpensive local energy, benefits mostly land-owners and wealthy outside corporate investors. President Montoya added that based upon past wind surveys done in LPEA's service territory, there is little potential for wind production in this area due to the topography.

Director Turner recognized John Shaw, of Shaw Solar, and Director Bassett, formally with CalCom Solar as being successful in implementing solar energy production, and asked for comment about the feasibility of farmers and ranchers leasing their land for renewable energy farms. Shaw discussed a Community Solar Garden leased to an Ignacio rancher, noting that the land has become Shaw's most valuable property. As for other in-front-of-the-meter projects, Shaw stated that there is not a lot of opportunity for that with current Tri-State and LPEA Policy.

Member Charles Shaw asked the Board to consider a full-time staff member committed to the study of a buyout from Tri-State, and to make that a top priority. President Montoya advised that LPEA's biggest priority is knowing what the alternative to Tri-State would be before pulling out altogether.

Member, Werner Heiber addressed President Montoya's August 5, 2017 letter to the editor, *Dirty Politics in Play Around Clean Energy*, stating that the inability of LPEA representative to Tri-State, Kohler McInnis, to act in the best interests of the coop is like a "gag order." President Montoya responded that no one can dictate to another person how to think. Heiber referred to the DMEA Board of Directors who are able to work together for the interests of the members, stating that the price of renewables is considerably lower than coal, and that Tri-State should be challenged on not being able to

keep up with the utility industry changes. Heiber stated that it is the duty of the Board President to seek collaborative solutions.

Member Kirby McLaurin stated that Montoya's letter to the editor was damaging the ability to move forward in finding meaningful solutions, and that members look to the Board President for leadership. McLaurin asked that the Board President provide opportunities for real discussion for the members who own the coop. Member, Karen Pontius expressed a desire for more renewable energy opportunities which benefit all people, and frustration over Director McInnis's vote against LPEA's request to increase the cap in renewable energy from 5% to 10%.

Director Landis stated concern that the tone of conversation, words used, polarization, and creating of groups that don't exist, is not helpful to dialogue, process, and the ability to move forward. Landis stated that as a Board, Directors need to address this issue. Landis asked if there was a way to address the issue collectively, as she wanted to hear from all members in attendance, consider their input, and not play politics.

President Montoya responded that the letter to the editor was written in response to an attack article on Director McInnis (Durango Herald, July, 24, *LPEA renewable energy goal faces uncertainty*) and that Directors will have to agree to disagree. Member Susan Atkinson stated that she contacted Mary Shinn at the Durango Herald to write the story, and that the resulting article was different than the conversation she had with Shinn.

III. CONSENT BOARD ITEMS.

President Montoya addressed the Consent Items. A correction to the July 19, 2017 minutes was requested by Director McInnis.

Motion: Director Huntington moved to approve the consent items: accepting new members, capital credit payments to estates, monthly write-offs, and minutes for the July 2017 Board meeting with approved correction. Motion seconded, and carried without dissent.

IV. CEO AND STAFF REPORTS

CEO Dreyspring reviewed the Tri-State 90-day notice of approved changes to Policy 117 – Member System Local Renewable Project REC Policy, and discussed the intent of Policy 117 to incentivize Distributed Generation projects under Tri-State Policy 115 by offering renewable energy credits (RECs). Discussion ensued about the decreased value of the RECs and the effect on LEED certification. Dreyspring gave an update on the July 26 dedication of the Oxford Solar Plant dedication by the Southern Ute Indian Tribe (SUIT).

CFO Svanes gave a report on the July Financials, highlighting the Auditor engagement letter which is in process, Revenue is slightly below forecast, attributed to the new Meter Data Management System (MDM) which provides a more accurate unbilled revenue adjustment up to the July 31 month end. Director Lyon requested an agenda item to discuss Equity Management. Svanes took questions on

interest, net metering accounts, billing and the MDM. Svanes addressed the 2018 Forecast Assumptions about Sales, Cost of Power, Inflation Rates, Succession Planning, Transmission and Distribution Expenses, Customer Service, G&A, Depreciation and Amortization, Long-Term Debt, Capital Credits and Covenant Ratios. The Board discussed capital structures for innovative projects by utilizing excess margins and the impact that might have on the financials and electric service rates.

Linda Looman addressed the HR and Customer Service Report and reported on members' ability to pay for services as requested by Director Lyon. Looman gave an overview of the collections process and noted that delinquency notices average 3,636 per month, representing 8.5% of the membership, and disconnects for non-payment average 113 per month, reflecting .02% of the membership. Looman discussed assistance programs through Energy Outreach Colorado and the Round Up Foundation which donates 20% of proceeds to the Community Emergency Assistance Coalition (CEAC) program.

Brigid Korce, Program Manager for CEAC presented an overview of services aimed at preventing homelessness and providing emergency assistance to individuals in the County who face near-term financial crisis. Korce highlighted 2016 statistics: \$137,781 in CEAC grants to landlords and other vendors, 323 families participated in the counselling process, and 190 applications (55% of the requests) were approved for payment with an average award of \$725. In addition, 29% of the applicants were in rural areas of the County, 49% from Durango, 14% from Bayfield, and 8% from Ignacio. Energy Outreach Colorado awarded \$25,000 in emergency assistance for electric and heat to 80 families.

Ron Meier addressed the Engineering, Member Relations, and Marketing Report and introduced Staff Engineer, Ryne Waggoner, who gave a report on the August 5th unscheduled outage and took questions. Mike Dreyspring took questions on the written monthly Rates, Technology, and Energy Policy Report by Dan Harms who was not in attendance; as well as, the written monthly Operations Report by Justin Talbot, who was also not in attendance.

VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

WASHINGTON D.C. YOUTH TOUR AND LEADERSHIP CAMP PRESENTATION –

Communications Coordinator, Lonnie Tucker introduced the NRECA Washington D.C. Youth Tour delegates, Collin Jackson and Sloan Mazur from Bayfield High School, and Jesse Laverty from Pagosa Springs High School who shared their experiences of travelling to the State Capital and Washington D.C. for in-depth exposure to the electric cooperative industry and the Nation's Capital.

The Youth Leadership Camp students, Liam Doctor and Justus Logan, both from Pagosa Springs High School, shared their experiences of travelling to Clark Colorado, near Steamboat Springs, with peers from Colorado, Kansas, Wyoming and Oklahoma to learn about the issues surrounding the electric industry, how the United States government works, and to discuss current issues with State congressional representatives.

LUNCH WORK SESSION WITH LA PLATA COUNTY COMMISSIONERS – County Manager Joanne Spina, and County Commissioners, Julie Westendorff, Gwen Lachelt, and Brad Blake joined the LPEA Staff, Board of Directors, and attending cooperative members for a working lunch session. Discussion ranged from mutual gratitude for the strong working relationship and emergency assistance

with the Lightner Creek fire, discussion of the multi-use event center proposed for Ewing Mesa, rural broadband issues, county budget shortfalls and reduced services, taxes, and the 2017 La Plata County Comprehensive Plan.

REVIEW AFFILIATE O&I – President Montoya advised that this discussion would take place in executive session with the FastTrack Communications Report.

UPDATE ON COUNTY FAIR AUCTION – Archuleta County Fair Representative, Director Lynch reported that the prices were 30% above average, and he opted to put the \$2,500 toward add-on bids for multiple animals. La Plata County Fair Representative, Director McInnis reported that two goats were purchased for \$1,100, and \$1,300 was put toward add-on bids. The goats were sold back to Sunnyside Farm Market.

V. ITEMS REQUIRING BOARD ACTION

LPEA POLICY REVIEW AND POSSIBLE ACTION – There was consensus among the Board to move the LPEA Policy Review and Possible Action to the September agenda due to time constraints.

APPOINT VOTING DELEGATE/ALTERNATE TO NRECA REGIONAL MEETING AND BASIN ELECTRIC ANNUAL MEETING – No Directors will be attending the NRECA Regional meeting due to the conflicting date with the LPEA October COW Meeting. Dennis Svanes will attend the Basin Electric Annual Meeting, no Board action required.

ATTORNEY ENGAGEMENT LETTER FOR CONSIDERATION – There was consensus among the Board to table discussion of the Attorney Engagement Letter until September, pending the results and outcome of discussion on the Attorney evaluation survey which will be administered by LPEA Network Administrator, Tracy Graybeal, Thursday August 17th.

Motion: Director Huntington moved to table discussion of the Attorney Letter of Engagement until September. Motion seconded and carried without dissent.

DIRECTOR EXPENSE APPROVAL – Treasurer Lyon reported the Director expense items to be reimbursed.

LPEA Mileage Reimbursements

Mike Alley	\$64.20	Bob Lynch	\$64.20
Karen Barger	\$13.91	Doug Lyon	\$2.14
Britt Bassett	\$00.00	Kohler McInnis	\$8.56
Robert Formwalt	\$64.20	Davin Montoya	\$18.73
Dan Huntington	\$25.68	Jack Turner	\$14.45
Rachel Landis	\$00.00	Guinn Unger	\$27.82

LPEA Board Meetings

Mike Alley	\$1400.00	Bob Lynch	\$1200.00
Karen Barger	\$1200.00	Doug Lyon	\$1200.00

Britt Bassett	\$1200.00	Kohler McInnis	\$1200.00
Robert Formwalt	\$1200.00	Davin Montoya	\$1200.00
Dan Huntington	\$1200.00	Jack Turner	\$1200.00
Rachel Landis	\$1325.00	Guinn Unger	\$1200.00

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
Robert Formwalt	\$00.00	Davin Montoya	\$00.00
Dan Huntington	\$00.00	Jack Turner	\$00.00
Rachel Landis	\$00.00	Guinn Unger	\$27.82

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

VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

POLICY 117 MEMBER REQUESTS FOR INFORMATION – Attorney Denning discussed the intent of Policy 117 to address three levels of information access: that which is publicly accessible (e.g., form 990), that which is member accessible (e.g., SmartHub), and that which requires Board discretion on a case-by-case basis. Discussion ensued as Directors considered the Policy 117 requests for information at hand.

REQUESTS FOR DG WHITE PAPER – Attorney Denning recommended to approve the requests for access to the DG White Paper, and make the DG White Paper generally available to the public. There was consensus among the Board and direction was given to CEO Dreyspring to post the DG White Paper to the LPEA website. As a result, the Nondisclosure Agreements signed by the members seeking copies of the DG White Paper were unnecessary.

REQUEST FOR NUMBER OF MEMBERS, BY DISTRICT, WHO COULD NOT PAY THEIR BILL – The requesting member stated that the presentation by Manager of HR & Customer Service, Linda Looman, and CEAC Program Manager, Brigid Korce on *Members’ Ability to Pay For Services* did satisfy her inquiry. There was consensus among the Board to revise the breakdown of information by District, scrub confidential, identifying member information, and provide that information to the requesting member.

Motion: Director Huntington moved to approve the member request for information under Policy 117 Member Request for Information. Motion seconded and carried without dissent.

ENCOURAGING MEMBER MIGRATION FROM TRI-STATE GREEN FUND TO LOCAL PROJECTS FUND (BASSETT) – CEO Dreyspring advised that a Resolution proposed by Director Bassett was circulated, and recommended delaying the discussion and Board action until September when Dan Harms will be present to discuss his research on the Western Renewable Energy Generation

Information System (WREGIS) Certification, details about the tariff, notification requirements and member communications.

A report on the number of member accounts that would be affected is in the July Financial Report.

Director Bassett discussed his desire to bolster the Local Green Fund by urging non-commercial customers / members who volunteer their money as opposed to purchasing blocks for the purpose of various certifications to move away from the Tri-State Green Blocks program to the Local Green Fund for renewables projects in the community. Discussion ensued about protocols for in-depth discussion of complex matters and new initiatives during a COW meeting before taking Board action; as well as, the role of the Staff to produce work product (construction of a Resolution) at the direction of the whole Board, and the role of the Board act as whole, adhere to policy, request analysis, and discuss findings by Staff in a COW meeting before taking formal action in a Board meeting. There was discussion of the complexities of unilaterally shifting members from the Tri-State Green Block program to the Local Green Fund for renewable projects.

There is concern among some Board members that the lack of COW meetings does not provide the Board with time for the in-depth discussion and study sessions needed to explore innovative concepts in a meaningful way. The Future Agenda Items were addressed and President Montoya directed the Board to come to a consensus about which Future Agenda Items they would like to address at the September 18th COW meeting. Director Bassett asked that the topic of Migrating Members from the Tri-State Green Blocks program to the Local Green Fund remain on the Future Agenda Items until resolved.

VII. ATTORNEY REPORT

Referring to the written report included in the Board packet, Attorney Denning highlighted work done for LPEA and took all questions.

VIII. DIRECTOR REPORTS AND OTHER BOARD ACTIONS

ROUND UP FOUNDATION REPORT – Director Unger reported Round Up Foundation grants made in August to Silver Spruce Academy for \$1,500, the Durango Food Bank for \$3,260; and Education grants to Pagosa Pregnancy Crisis Center (THRIVE) for \$3,000, and SUCAP Youth Programs for \$3,000.

TRI-STATE REPORT – Director McInnis addressed the written report in the Board packet with focus on the Holcomb project and Regional Transmission Organization (RTO). Tri-State is long on energy supply and no longer needs the Holcomb Coal Plant, though it is an asset. Tri-State has no appetite to move forward with the project, and if not sold, would incur a loss of roughly \$93 million. CFO Svanes added that Tri State will amortize the Holcomb asset and, as a non-cash activity, it will not affect member rates.

Director Unger inquired whether the loss of the coal asset could be the basis to nullify LPEA's Tri-State contract extension from 2040 to 2050. Attorney Denning advised that she cannot render an opinion on

the merit of the claim without first doing research. Discussion ensued about the claim and the amount of time the Board is willing to grant Denning for research.

Motion: Director Lyon moved to authorize Attorney Denning to spend up to three hours researching whether there is merit to the claim that LPEA would have grounds to nullify its extended contract with Tri-State on the basis of the Holcomb Coal Plant Extension. Motion seconded, and carried 8 to 3 with President Montoya abstaining.

Director McInnis reported that the future of the RTO seems jeopardized by the departure of WAPA from the Mountain West Transmission Group, and whether the MWTG has enough cooperative agreement between other utilities to be able to move forward. CEO Dreyspring added that the benefit to Tri-State of participating in the RTO, is that it will decrease the transmission cost to Tri-State by increasing the efficiency of energy dispatch.

CREA REPORT – Director Barger advised that CREA did not meet and she had nothing to report.

WESTERN UNITED REPORT – Director Formwalt advised that Western United did not meet and he had nothing to report.

FASTTRACK COMMUNICATIONS REPORT – CEO Dreyspring noted that he would like to work to facilitate cooperative discussion between the County Commissioners and other entities for last mile broadband deployment. The City of Cortez is moving forward on a broadband project with FTC after Montezuma County announced their county broadband project is not moving forward at this time.

IX. UPCOMING EXTERNAL MEETINGS

Director Montoya addressed the upcoming external meetings list. No travel requests were made. Director Lynch advised that he would not be present for the September 18th COW, but would be present for the September 20th Board Meeting in Pagosa Springs.

X. 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

There was consensus to include the following topics for consideration at the September 18, Committee of the Whole meeting to take place 8:30 a.m. to 12:00 p.m.: Discussion of Net Metering, Proposed Bylaws Changes (campaign finance transparency, member signature requirement changed to 5%, ESC proposed changes, Attorney and CEO language clean up, clarify language restricting Directors from being in the business of selling electricity), 90-minute discussion of Long-term Strategies for LPEA; and

at the September 20, Board meeting: Regulatory Compliance O&I, Enterprise Risk Management Assessment.

XI. EXECUTIVE SESSION

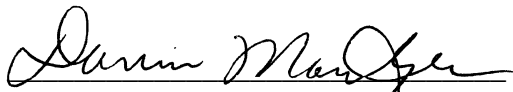
Motion: Director Lyon moved to enter into executive session to discuss FastTrack Communications and the Affiliate O&I, at 3:35 p.m. Motion seconded and carried without dissent. The Board came out of executive session at 4:16 p.m.

The Board moved into Director only executive session with Attorney Denning to discuss the scope of the Attorney Survey, and the CEO Evaluation at 4:14 p.m. and dismissed at 6:03p.m.

Motion: Director Lyon moved to continue CEO Dreyspring’s contract for one year with a salary adjustment of 1.9% annually. Motion seconded and carried without dissent.

There being no further business, the LPEA Board of Directors meeting adjourned at 6:04 p.m.

Recorded by C.E. Charistopoulos, and approved by:


Davin Montoya, President


Karen Barger, Secretary