

LA PLATA ELECTRIC ASSOCIATION, INC.
Committee of the Whole Board of Directors Minutes of Meeting
Monday, December 11, 2017
Durango, Colorado

I. CALL TO ORDER

The Committee of the Whole Board of Directors meeting of La Plata Electric Association, Inc. was held Monday, December 11, 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	
Karen Barger, Secretary		Davin Montoya, President
Britt Bassett	Bob Lynch, Vice President	Jack Turner
Bob Formwalt,		Guinn Unger

LPEA STAFF:

Mike Dreyspring, Chief Executive Officer
Jerry Wills, Pagosa Springs Office District Manager
Dennis Svanes, Chief Financial Officer
Justin Talbot, Manager of Operations
Nadine Ontiveros, Assistant HR Director
Dan Harms, Manager of Rates, Technology and Energy Policy
Lonnie Tucker, Communications Coordinator
C. E. Charistopoulos, Executive Assistant
Shay Denning, LPEA General Counsel

EXCUSED ABSENCE: Rachel Landis, Doug Lyon, Treasurer, Kohler McInnis, Ron Meier, Manager of Engineering and Member Relations

GUESTS (from sign in sheet): The following guests were present: Dave Peters, Sarah Ferrell, Betsy Romere.

IX. COMMITTEE OF THE WHOLE

RETAIL DEREGULATION WORKSHOP – CEO Dreyspring advised that though Senator Cook will not introduce Retail Deregulation legislation in 2018, and despite opposition to Retail Deregulation from the CREA Manager’s group, it is imperative to be educated on the subject and to be focused on legislative leadership that will protect the interests of LPEA and its members. Dreyspring is looking for Board input and direction on a course of action that will give LPEA a seat at the legislative table and provide choice to members.

Dreyspring explained how retail deregulation works, current legislation, challenges to low-income households presented by a third-party billing system, transmission issues and concerns, stranded asset costs and the dangers of homogenization, and implications for renewable energy and net metering. Dreyspring laid out specific recommendations for legislation including, choice about if and when to opt in to Retail Deregulation, reciprocity, recovery of stranded costs to opt in, honoring the sanctity of contracts, and the right to bill members for wires cost to protect Capital Credits and tax-exempt status.

Substantial discussion ensued. There was consensus among the Board that opposing choice is a bad political position, and LPEA can lead the way on sharing information and getting a seat at the legislative table if/when Retail Deregulation is brought up again. As a strategic planning priority, the issues are complex and need to be understood now in order to craft legislation, regardless of whether or not LPEA supports Retail Deregulation. It is critical to be engaged and establish a position; cooperatives need to drive the legislation rather than the legislators.

Based on Board feedback, CEO Dreyspring will come back in January with specific concepts for the Board to consider in forming a position.

PROPOSED BYLAWS CHANGES – Mike Dreyspring reviewed a petition to amend the bylaws brought by member, Dave Peters, with the following proposed additions to election requirements for LPEA Board members:

- A. *Be a member of the cooperative for at least one year prior to becoming a Director.*
- B. *Be a bona fide resident of the person's Director district for at least 90 days prior to becoming a Director, which means that the person must be a permanent occupant receiving electric service from the cooperative at the person's primary residential abode.*
- C. *We, the undersigned, expect the Board to bring forward an amendment that will provide transparency in campaign finance that has the ability for the members to understand the amount of financial assistance and by whom it was provided.*

Attorney Denning presented 9 bylaw amendment ballot issues for review and advised that unanimity is strongly advised to move forward with presenting a revision for a vote before members at the 2018 LPEA Annual Meeting. Denning asked for consensus on language and approval to move forward with adoption at the December 13th Board meeting.

Bylaws amendment ballot issue #1, The Board of Directors propose this amendment to make the Bylaws reflect the current state of the law regarding married couples and make references gender neutral.

Bylaws amendment ballot issue #2, Article III Directors, Section 2 Qualifications and Tenure, (a) and (b), The Board of Directors propose this amendment to ensure that a candidate running for the Board will have spent enough time in the district to be familiar with the members and their concerns in his/her district. Items A and B of the proposed amendments from the member petition were incorporated into this ballot issue.

Bylaws amendment ballot issue #3, Article III Directors, Section 2 Qualifications and Tenure, (c), The Board of Directors proposes this amendment to remove the condition that a Board member may not be

employed by a business selling electric energy because the Board foresees a future where all members will have the opportunity to sell energy to LPEA, therefore, the purposes for which this condition was created appear to no longer be applicable. For example, a candidate who sells electricity to LPEA as a result of a net metered account should not be prohibited from running for the Board of Directors. In addition, Board Policy 129 adequately addresses conflicts of interest for a Director that might be employed by a major supplier of LPEA.

Bylaws amendment ballot issue #4, Article III Directors, Section 2 Qualifications and Tenure, (d), The Board of Directors proposes this amendment to simplify and clarify LPEA's position.

Bylaws amendment ballot issue #5, Article III Directors, Section 2 Qualifications and Tenure, (d), The Board of Directors proposes this amendment add transparency to the election campaign process and provide a mechanism for candidates to disclose the financial resources used in the candidate's campaign. Item C of the proposed amendments from the member petition were incorporated into this ballot issue.

Bylaws amendment ballot issue #6, Article III Directors, Section 2 Qualifications and Tenure, (addition of a final paragraph), The Board of Directors proposes this amendment to clarify the actions that may be taken if a Director no longer meets the requirements to hold a position on the Board of Directors.

Bylaws amendment ballot issue #7, Article V Officers, Section 10 Bonds of Officers, The Board of Directors proposes this amendment to bring the practices of the organization into line with standard business practices. In lieu of a bond, LPEA has maintained a practice of obtaining insurance to cover any potential loss, which is sufficient to account for potential liability.

Bylaws amendment ballot issue #8, Article X Set-Off, The Board of Directors proposes this amendment to ensure that LPEA can offset past due amounts owed by members before paying retired capital credits to the member.

Bylaws amendment ballot issue #9, XV Amendments, The Board of Directors proposes this amendment to clarify the process for bringing proposed Bylaws to the members for consideration. The Board wants members to understand and be comfortable with the process required to bring an amendment to both the Board's attention and ultimately to the members for consideration.

The Board discussed two additional bylaw amendment ballot issues in Article III Directors, Section 4 Nomination of Directors, amending dates; and Article IV Meetings of Directors, Section 3 Notice, amending notification. These two items will be presented with the original nine items for adoption at the December 13th Board meeting.

POLICY 109 COMPENSATION OF DIRECTORS – Attorney Denning presented proposed revisions to Policy 109 Compensation of Directors. Discussion ensued on items of compensation, per diem, reimbursable expenses, Director education standards and credentials, individual Director travel budgets. Denning will revise the policy with Director input and present for approval at the December 13th Board meeting.

POLICY 117 DISCLOSURE OF COOPERATIVE INFORMATION – Attorney Denning addressed proposed revisions to Policy 117 Disclosure of Cooperative Information and took questions. The policy will be presented for approval at the December 13th Board meeting.

INNOVATIVE PROJECTS FUND – There was consensus among the Board to postpone discussion of this item to January 2018.

EXPECTATIONS FOR POSSIBLE SUBCOMMITTEE – The Board discussed forming a subcommittee with a specific purpose and timeframe. There was interest in exploring energy landscape scenarios, their implications, and possible actions using the CEO Vision as a basis. Director Unger will present specific items of study for Board direction, and the Board will vote on whether or not to approve the formation of a subcommittee at the December 13th Board meeting.

X. DIRECTOR REPORTS

CREA – Director Barger addressed the written report in the Board packet and took questions. Director Barger noted that the CREA Directory will be available electronically in 2018.

WESTERN UNITED – Sales continue to grow rapidly, and a new warehouse is needed to house the back-log of inventory. A bylaws change will take place in January addressing member voting rights.

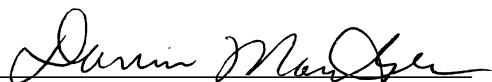
DISCUSSION OF POLICY 359 RENEWABLE GENERATION AND ENVIRONMENTAL ATTRIBUTES – CFO Svanes reviewed proposed revisions to Policy 359 Renewable Generation and Environmental Attributes, and took questions. The Board will vote on whether to adopt the policy at the December 13th Board meeting.

DISCUSSION OF POLICY 367 ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT (FORMERLY, ENERGY AUDIT REBATE PROGRAM) – CFO Svanes reviewed proposed revisions to Policy 367 Energy Efficiency and Demand-side Management (formerly the Energy Audit Rebate Program), and took questions. Dan Harms took questions on the Tri-State 2018 Energy Rebate Program. The Board will vote on whether to adopt the policy at the December 13th Board meeting.

ADJOURN

There being no further business, the LPEA Committee of the Whole Board of Directors meeting adjourned at 1:50 p.m.

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


Davin Montoya, President


Karen Barger, Secretary