

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, December 13, 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, December 13, 2017 at the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 9:01 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,		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
Dan Harms, Manager of Rates, Technology and Energy Policy
Lonnie Tucker, Communications Coordinator
Nadine Ontiveros, Manager of HR
C. E. Charistopoulos, Executive Assistant
Shay Denning, LPEA General Counsel

EXCUSED ABSENCE: Doug Lyon, Treasurer, Ron Meier, Manager of Engineering and Member Relations. Director Lynch remained until 2:07 p.m.

GUESTS (from sign in sheet): The following guests were present: Michael Bell, Dave Peters, Sarah Ferrell, Susan Atkinson, Kirby MacLaurin, Karen Pontius, Emily Bowie, Jenn Wheeling, Tony Hudspeth, Justin Becher, Kelly Hebbard, Natambo Obleton, Lauri Costello, Monica Rodriguez, David Saleh, Richard Fultner

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

I. APPROVAL OF AGENDA

President Montoya addressed the December 13, 2017 Board meeting agenda. Director McInnis's request to move his Discussion of Tri-State to occur after the approval of the Consent Items was met with approval.

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

II. REVIEW OF EMERGENCY EVACUATION PROCEDURES

CEO Dreyspring reviewed the emergency evacuation procedures.

III. MEMBER COMMENTS AND CONCERNS

A member discussed the health effects of coal and asked the Board to consider the externalized costs of coal on the health of the community. A member of the Early Bird Toastmasters thanked LPEA for keeping the lights on and for allowing the group to meet monthly in the multipurpose room. A member expressed concern about member scrutiny of Director expenses, and thanked the LPEA Staff for their many efforts. A member spoke about the importance of Director education, and spoke in favor of forming a committee to study renewable energy implementation. A member of the Durango EV Enthusiasts expressed appreciation to LPEA for allowing the group to meet monthly in the multipurpose room. The member also shared that cities that make investments in clean energy are making a statement that they care about their citizens, and asked the Board to move in this direction by forming a committee.

IV. CONSENT BOARD ITEMS.

President Montoya addressed the Consent Board Items.

Motion: Director McInnis moved to approve the Consent Board Items: accepting new members, capital credit payments to estates, monthly write-offs, and minutes for the November 2017 Board meeting. Motion seconded, and carried without dissent.

TRI-STATE REPORT – Director McInnis, LPEA representative to Tri-State, addressed member and Director concerns about LPEA representation at Tri-State, and about Tri-State as a primary power supply source. McInnis explained the governance structure and tenure-based path of Director participation on Tri-State Committees, and the various means by which the interests and concerns of member cooperatives can be addressed. McInnis addressed the limitations of renewable energy production and the importance of a guaranteed on-demand power supply to maintain reliability. Tri-State is currently running possible scenarios for a huge wind-farm project, and is focused on a meaningful reduction of fossil fueled energy supply.

VETTING CEO VISION – CEO Dreyspring reviewed items from the CEO Vision, took input and direction from Directors on next steps, and noted plans to present a valuation model of the wholesale power contract in February of 2018. Discussion ensued on the benefit of Board engagement and standards of conduct, fleshing out the formation of a not for profit transmission affiliate within the Power Supply O&I of the Strategic Plan as a means to determine the justification through a future business plan, drilling down on the whys of preparing the grid, how to expand broadband services to all

LPEA members while allowing FastTrack Communications pursue projects outside the LPEA service territory that allow it to remain profitable, a facilitated Board retreat to discuss climate change, legislative and regulatory advocacy for retail deregulation competency, and increasing transmission infrastructure for Electric Vehicles and energy storage.

Dreyspring and Staff will incorporate Board direction on the CEO Vision into the O&I framework of the Strategic Plan, and return to the Board for further processing. Dreyspring will also include an update on the case for forming a transmission affiliate as it evolves in the Power Supply O&I, in the monthly CEO Report.

V. CEO AND STAFF REPORTS

CEO Dreyspring reported on conversations with CenturyLink and FastTrack Communications about a highspeed broadband deployment to the LPEA office in Pagosa Springs with the intent to re-sell to the community, and discussed proposed legislation that would bring significant improvements to the *811 Call Before You Dig Law*.

CFO Svanes addressed the written Finance and Accounting Department Report in the Board packet. Svanes noted that LPEA was underbilled by Tri-State as a result of equipment glitches, however 2017 Financials will remain in line with the 2017 Budget Forecast. The BKD Auditing Firm will be onsite the week of January 29th to conduct the 2017 Audit. Svanes highlighted conferences attended and took questions.

Jerry Wills stated he is committed to the successful outcomes of the organizational changes, and to meeting the needs of the members in Pagosa Springs. LPEA will be posting a full-time Engineering Clerk and the CSRs are happy to be working with the new service from Brinks. The Energy Advisors are busy, the warehouse is stocked for upcoming projects, and crews are still busy with the drier weather.

Nadine Ontiveros reported that a new LPEA employment candidate portal has been launched, CFO Svanes led an Excel workshop as part of the ongoing, in-house Learning and Leadership Development Program, and Doug Moore was awarded the Meterman Foreman position. Controller, Rachel Gillman introduced Monica Rodriguez, the newly hired Assistant Controller.

CEO Dreyspring took questions on the written Engineering Report that was included in the Board packet. Lonnie Tucker presented the Media Report and gave updates on contact with seven area schools about the Youth Tour education program. Tucker worked with Touchstone Energy on a team of ten individuals to develop a fully scalable, responsive website for 700 cooperatives around the U.S., including LPEA. The new LPEA website is scheduled to launch January 1, 2018.

Justin Talbot highlighted items from the Safety minutes, noted that high winds at Purgatory were responsible for outages in that area, and reported that construction projects are strong because of favorable weather conditions. System maintenance and SCADA upgrades are almost complete. CEO Dreyspring will arrange for Director Unger and Director Turner to attend an LPEA Safety meeting.

Dan Harms presented information, at the Board's request, that looks at residential load profiles with and without energy storage to find out what happens when charging occurs during off-peak and discharge occurs during on-peak hours. Harms reviewed pricing signals in TOU comparisons in a 24-hour period on a typical solar profile. At the tail end of the on-peak period, a different pricing signal is needed for load profiles with energy storage between 4-8 PM in order to mold the demand to the constraints of the grid. It's critical to size batteries and energy storage devices (like ETS heaters) appropriately to hold a day's peak charge that can then be fully discharged during on-peak hours. Staff is studying the data to build a pricing structure around meeting this need.

A Director observed that the Legislative Update contained information stating that the Colorado Energy Office would be de-funded as of June 2018, making it highly likely to become a legislative issue.

DISCUSSION OF EXPECTATIONS FOR POSSIBLE SUBCOMMITTEE – President Montoya asked for a consensus on the formation of a subcommittee, the topics to address, and which Directors would participate.

Director Unger presented a proposed summary for the scope of the committee and its purpose. Director Unger proposed that the committee should evaluate likely LPEA scenarios 10 -15 years out, evaluate alternatives, and report findings to the full Board of Directors; that participation would include 3 - 5 Directors, meeting indefinitely, twice a month or as needed; and reporting monthly to the full Board. There was consensus among the Board to develop a subcommittee which will sunset at seven meetings, with Directors Unger, Bassett, Lynch, Landis, and Huntington interested in participating.

Attorney Denning and CFO Svanes will draft the Policy and Resolution required to form the committee with its stated purpose and charter as provided by Director Unger.

VI. ITEMS REQUIRING BOARD ACTION

POLICY 117 REQUEST FOR COOPERATIVE INFORMATION, DAVE PETERS – President Montoya addressed Peters' request for year-end summaries of Director expenses dated 2014 through 2016.

Motion: Director Turner moved to approve Policy 117 Request for Cooperative Information by Dave Peters. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 109 COMPENSATION OF DIRECTORS –Attorney Denning reviewed proposed revisions to Policy 109 Compensation of Directors and took questions.

Motion: Director Landis moved to adopt Policy 109 Compensation of Directors with approved modifications. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 117 DISCLOSURE OF COOPERATIVE INFORMATION – Attorney Denning addressed proposed revisions to Policy 117 Disclosure of Cooperative Information, and took all questions.

Motion: Director Turner moved to adopt revised Policy 117 Disclosure of Cooperative Information. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 359 RENEWABLE GENERATION AND ENVIRONMENTAL ATTRIBUTES – CFO Svanes addressed proposed revisions to Policy 359 Renewable Generation and Environmental Attributes, and took all questions.

Motion: Director Alley moved to adopt revised Policy 359 Renewable Generation and Environmental Attributes. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 367 ENERGY EFFICIENCY AND DEMAND-SIDE MANAGEMENT (FORMERLY, ENERGY AUDIT REBATE PROGRAM) – CFO Svanes addressed proposed revisions to Policy 367 Energy Efficiency and Demand-Side Management, and took all questions.

Motion: Director Turner moved to adopt revised Policy 367 Energy Efficiency and Demand-Side Management. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY RESCISSIONS – CFO Svanes discussed recommendations to rescind Policy 357 Customer Demand-Side Management Programs, and Policy 360 Customer Efficient Electric Motor Program, as they have been incorporated into Policy 367 Energy Efficiency and Demand-Side Management; and Policy 358 Low-Income Energy Assistance Program, and Policy 362 Solar Domestic Hot Water Rebate, as they are no longer needed.

Motion: Director Turner moved to rescind Policy 357 Customer Demand-Side Management Programs, Policy 358 Low-Income Energy Assistance Program, Policy 360 Customer Efficient Electric Motor Program, and Policy 362 Solar Domestic Hot Water Rebate. Motion seconded and carried without dissent.

APPOINT DELEGATE TO THE NRECA ANNUAL MEETING, FEBRUARY 25-28, 2018 – President Montoya addressed the 2018 NRECA Annual Meeting. There was consensus among the Board to appoint Staff member, Ron Meier as the voting delegate.

Motion: Director Turner moved to appoint Ron Meier as the voting delegate to the 2018 NRECA Annual Meeting. Motion seconded and carried without dissent

PROPOSED BYLAWS CHANGES AND BALLOT FORMATION – Attorney Denning reviewed 11 proposed bylaws amendments and Director input from the December 11, 2014 Committee of the Whole discussion for final approval.

Motion: Director Landis moved to approve bylaws amendment ballot issue #1, to make the Bylaws reflect the current state of the law regarding married couples and make references to gender neutral, for vote at the May 12, 2018 LPEA Annual Meeting of the members. Motion seconded and carried without dissent.

Motion: Director Formwalt moved to approve bylaws amendment ballot issue #2, Article III Directors, Section 2 Qualifications and Tenure, (a) and (b), for vote at the May 12, 2018 LPEA Annual Meeting of the members. Motion seconded and carried without dissent.

There was consensus among the Board to allow Attorney Denning to make further revisions and postpone the bylaws amendment Ballot issue #3, Article III Directors, Section 2 Qualifications and Tenure, (c), until January 2018 Board meeting.

There was consensus among the Board to reject and eliminate bylaws amendment Ballot issue #4, Article III Directors, Section 2 Qualifications and Tenure, (d), for vote at the May 12, 2018 LPEA Annual Meeting of the members.

There was consensus among the Board to create a policy that speaks to campaign finance disclosure for review by March 1, 2018, and amend language in the bylaws amendment Ballot issue #5, Article III Directors, Section 2 Qualifications and Tenure, (d).

Motion: Director Turner moved to approve bylaws amendment Ballot issue #5, Article III Directors, Section 2 Qualifications and Tenure, (d), for vote at the May 12, 2018 LPEA Annual Meeting of the members, with approved modifications; and the creation of a Policy to address campaign finance disclosure. Motion seconded, and carried without dissent.

Motion: Director Alley moved to approve bylaws amendment ballot issue #6, Article III Directors, Section 2 Qualifications and Tenure, (addition of a final paragraph) to expand the timeline for director nominations by 15 days for vote at the May 12, 2018 LPEA Annual Meeting of the members. Motion seconded and carried without dissent.

Motion: Director Landis moved to approve bylaws amendment ballot issue #7, Article III Directors, Section 4 Nomination of Directors, for vote at the May 12, 2018 LPEA Annual Meeting of the members. Motion seconded and carried without dissent.

Motion: Director Formwalt moved to approve bylaws amendment ballot issue #8, Article IV Meetings of Directors, Section 3 Notice, to update the method of communication and allow for notices to Directors to be delivered via email or other electronic communication, for vote at the May 12, 2018 LPEA Annual Meeting of the members with approved modifications. Motion seconded and carried without dissent.

Motion: Director McInnis moved to approve bylaws amendment ballot issue #9, Article V Officers, Section 10 Bonds of Officers, to bring the practices of the organization into line with standard business practices, for vote at the May 12, 2018 LPEA Annual Meeting of the members with approved modifications. Motion seconded and carried without dissent.

Motion: Director Landis moved to approve bylaws amendment ballot issue #10, Article X Set-Off, for vote at the May 12, 2018 LPEA Annual Meeting of the members. Motion seconded and carried without dissent.

Motion: Director Alley moved to approve bylaws amendment ballot issue #11, XV Amendments, for vote at the May 12, 2018 LPEA Annual Meeting of the members. Motion seconded and carried without dissent.

ENERGY OUTREACH COLORADO, CARE PROGRAM – Dan Harms requested Board approval for a one-year agreement with Energy Outreach Colorado that allows LPEA to sponsor the Colorado Affordable Residential Energy Program to provides energy efficiency services to qualified members.

Motion: Director Formwalt moved to go forward with the EOC CARE Program. Motion seconded and carried without dissent.

DISCUSS COBANK FUNDING POSSIBILITIES FOR USJHS AMBULANCE – CFO Svanes discussed CoBank and Unclaimed Capital Credits as funding sources for projects. There was consensus among the Board to act within the usual and customary channels of awarding grants to qualified applicants per Policy 208 Disposition of Unclaimed Capital Credits.

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

LPEA Mileage Reimbursements

Mike Alley	\$128.40	Bob Lynch	\$128.40
Karen Barger	\$27.82	Doug Lyon	\$00.00
Britt Bassett	\$00.00	Kohler McInnis	\$8.56
Robert Formwalt	\$128.40	Davin Montoya	\$37.45
Dan Huntington	\$51.36	Jack Turner	\$28.89
Rachel Landis	\$00.00	Guinn Unger	\$55.64

LPEA Board Meetings

Mike Alley	\$1200.00	Bob Lynch	\$1200.00
Karen Barger	\$1200.00	Doug Lyon	\$00.00
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	\$1200.00	Guinn Unger	\$1200.00

Other External Meetings

Mike Alley	\$00.00	Bob Lynch	\$00.00
Karen Barger	\$325.00	Doug Lyon	\$00.00
Britt Bassett	\$00.00	Kohler McInnis	\$00.00
Robert Formwalt	\$200.00	Davin Montoya	\$00.00
Dan Huntington	\$00.00	Jack Turner	\$00.00
Rachel Landis	\$00.00	Guinn Unger	\$00.00

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

VII. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

11:30 PHIL BRYSON TO DISCUSS UPCOMING BOARD RETREAT CONCEPTS – Phil Bryson, of On The Edge Consulting, discussed concepts for a Director Retreat that will focus on bringing out the best ideas and intentions, and defining collective goals to meet the challenges and realities of a rapidly changing future. There was consensus among the Board to work with Bryson, and the LPEA Executive Assistant will work with both parties to begin making arrangements for the off-site meeting.

ANNUAL MEETING: APPROVE 2018 ELECTION SUPERVISORY COMMITTEE APPOINTMENTS, RESOLUTION 2017-14, 2018 ESC APPOINTMENTS

Motion: Director Landis moved to adopt Resolution 2017-14, 2018 ESC Appointments. Motion seconded and carried without dissent.

REVIEW MEMBER ELECTRIC SERVICE DEPOSIT REQUIREMENT – CFO Svanes reviewed the billing and collection process for delinquent accounts, the process of notifying customers when a Disconnect for Non-Payment is triggered, deposit requirements for collection, waivers, and refunds, and interventions and payment plans. Svanes discussed efforts to push the Pre-Pay option and reduce the number of days in the billing cycle.

GREEN FUND REQUEST: ESCALANTE PV REPAIR – Dan Harms reported that the inverter on the Escalante solar array has gone bad, and LPEA was asked if they could assist with repairs by contributing the \$2,000 inverter, and Shaw Solar will donate the labor to install. Discussion ensued about realistic expectations and the responsibility of the school for maintaining the project.

Motion: Director Bassett moved to approve the \$2,000 Green Fund repair request (which acknowledges that installation will be donated by Shaw Solar); with stipulations that students will present LPEA with an annual report on the performance of the system beginning in 2018 and ending in 2022, that the school maintain an annual budget for maintenance, and internal school media communication that encourages parents to support the Green Fund. Motion seconded and carried without dissent.

VIII. ATTORNEY REPORT

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

IX. DIRECTOR REPORTS AND OTHER BOARD ACTIONS

ROUND UP FOUNDATION REPORT – Director Unger reported Round Up grants awarded to Community Foundation Serving SW Colorado for \$1,000, and Animas High School Interact Fund for \$1,750; and Education grants awarded to Durango Bluegrass Meltdown for \$1,000, and SASO for

\$3,000. Officer elections took place with the following results: Briggen Wrinkle, Board President, Carmen Hubbs, Secretary, and Sheryl Ayres, Vice President.

CREA REPORT – Director Barger addressed the written report in the Board packet and took questions. Barger noted that CREA is gearing up for the legislative session to begin in January 2018, and a cooperative effort to take volunteers to Guatemala to bring electrification to villages is underway.

FASTTRACK COMMUNICATIONS REPORT – Director Barger reported that FTC continues to look at strategies to grow the business and maintain profitability.

XI. UPCOMING EXTERNAL MEETINGS

President Montoya addressed the External Meeting

XII. REVIEW OF CEO ACTION LIST

CEO Dreyspring reviewed the list of action items taken from the Board meeting and answered all questions.

XIII. FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES

Director Turner requested an agenda item for the Campaign Finance Disclosure Policy. President Montoya advised that the sub-committee schedule would be forthcoming.

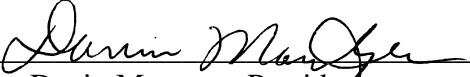
XIV. EXECUTIVE SESSION

Motion: Director McInnis moved to enter into executive session to discuss updates on personnel and FastTrack. Motion seconded and carried without dissent.

The Board met in executive session from 3:38 p.m. to 4:14 p.m.

There being no further business, the LPEA Board of Directors meeting adjourned at 4:14 p.m.

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


Davin Montoya, President


Karen Barger, Secretary