

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, January 17, 2018
Durango, Colorado

I. CALL TO ORDER

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, January 17, 2018 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
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
Ron Meier, Manager of Engineering and Member Relations
Lonnie Tucker, Communications Coordinator
Nadine Ontiveros, Manager of HR
C. E. Charistopoulos, Executive Assistant
Shay Denning, LPEA General Counsel

EXCUSED ABSENCE: None. Director Lyon stepped away from 12:00 p.m. to 2:15 p.m.

GUESTS (from sign in sheet): The following guests were present: Michael Bell, Dave Peters, Sarah Ferrell, Susan Atkinson, Kirby MacLaurin, Karen Pontius, Jenn Wheeling, Lauri Costello, Betsy Romere, Richard Grossman, Ron Bishop, Ruth Hamm, Richard Fultner, Gail Harriss, Joe Zuber, Monique DiGiorgio, Lorene Bonds, Tom Bonds, Ann McCoy Harold, Charles Dickson, Pat Story, Kristin Jensen.

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

I. APPROVAL OF AGENDA

President Montoya addressed the January 17, 2018 Board meeting agenda. Director Unger requested to move discussion of item VII. E., Board Subcommittee, Appointment of Attendees, Scope of Committee, Authorized Meetings and Duration, to occur following Member Comments and Concerns.

Motion: Director Unger 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

Several members expressed support for the formation of a Board Subcommittee to investigate and explore long-term energy path scenarios for LPEA. Members addressed public health concerns related to fossil fuels, and encouraged the Board to lay all options on the table, include members in the decision-making process, and pursue economically sensible options. Members asked for diversity on the subcommittee, and a SWOT (Strength-Weakness-Opportunity-Threat) or Cost Benefit Report to justify Board action.

Several members expressed opposition for the subcommittee stating concerns that all Directors need to be involved in the process, political biases are at odds with affordability for members, the LPEA Strategic Plan already addresses issues that the subcommittee wants to explore, and the expertise of LPEA Staff is being given a backseat to political interests.

Members urged the Board to let the members vote and make decisions on matters affecting them. Other members voiced concern that there is disregard for discussions about alternative power supply to Tri-State, the true cost of transmission not being taken into consideration, future trends and energy prices that have never been accurately predicted, and that Tri-State is the top solar energy generator in the country.

A Director addressed the need for members to be heard and to participate, and advised that she will be proposing Director “Power Hours” to meet with members, as well as televised Board meetings. Another Director advised that LPEA is an energy distributor, not a generator, that no Directors are opposed to expanding or implementing renewable energy sources, and that KCEC (also an energy distributor) is not able to meet loan covenants and is seeing huge rate increases following their buyout from Tri-State. The Director reiterated LPEA’s mission to provide safe, reliable, affordable, and environmentally responsible electricity to its members.

IV. CONSENT BOARD ITEMS.

President Montoya addressed the Consent Board Items. Director McInnis proposed several modifications to the Committee of the Whole meeting minutes and the regular December Board Meeting Minutes.

Motion: Director Barger moved to approve the Consent Board Items: accepting new members, capital credit payments to estates, monthly write-offs, and Minutes for

the December 2017 Committee of the Whole and Board meetings, with approved modifications. Motion seconded, and carried without dissent.

Discussion ensued on the monthly write-offs, and CFO Svanes was directed by the Board to present a discussion of the Net Present Value of the Capital Credits at the February 21, 2018 Board Meeting.

POSSIBLE APPROVAL: SUBCOMMITTEE FOR THE BOARD, APPOINTMENT OF ATTENDEES, SCOPE OF COMMITTEE, AUTHORIZED MEETINGS AND DURATION – CEO Dreyspring and Attorney Denning addressed the draft Statement of Functions of the Long-Term Strategies Committee. Discussion ensued on membership appointment, term of the committee, meeting duration, duties and responsibilities of committee members, authority constraints, and scope of investigation.

Issues related to open meetings, scenarios of investigating the strategic landscape, trends in power supply and energy costs, and valuation of the Tri-State contract buyout were discussed; as well as, concerns about the ability of the subcommittee to adhere to the agreed-upon intent as stated in December, the premature nature of putting a buyout discussion ahead of evaluating scenarios and the contract valuation, and the need to determine an alternative power supplier to Tri-State in the event LPEA ultimately pursues a buy-out.

A Director urged the committee to adhere to the previously agreed upon intent, and to develop a Vision and Mission statement for the subcommittee. CEO Dreyspring advised that a model for mark-to-market valuation of LPEA's APR contract with Tri-State will be presented at the February 21, 2018 Board meeting.

Motion: Director Bassett moved that the LPEA Board of Directors shall establish a Long-Term Strategy Committee consistent with the Statement of Functions of the Long-Term Strategies Committee document presented by Attorney Denning. Motion seconded.

Motion To Amend: Director Turner moved to amend the motion to approve a one-time meeting of the committee to craft a Vision and Mission statement to be approved by the Board, with the intent to establish the value of the committee to the Board before allowing it to move forward. Motion seconded.

Director Formwalt stepped out of the meeting.

Discussion of the Motion to Amend ensued. The Board took a break to allow Attorney Denning to make modifications to the Statement of Functions document consistent with the discussions. Following the break, the Board reviewed the revised Statement of Functions. Director Turner clarified his Motion to Amend to affirm that the revised Statement of Functions document accurately reflected his amendment.

The amendment to the motion carried 6 to 5 with Directors Huntington, Bassett, Montoya, McInnis, and Unger opposed. The amended motion carried 6 to 5 with Directors Huntington,

Barger, Montoya, McInnis, and Alley opposed. The final Amended Motion approved by the Board is as follows:

Motion: Move that the LPEA Board of Directors shall establish a Long-Term Strategies Committee consistent with revised the Statement of Functions of the Long-Term Strategies Committee document presented by Attorney Denning.

Final Amended Motion: Move that the LPEA Board of Directors shall establish a Long-Term Strategies Committee consistent with revised the Statement of Functions of the Long-Term Strategies Committee document presented by Attorney Denning.

A copy of the Statement of Functions of the Long-Term Strategies is attached to the end of this report as Exhibit A.

V. CEO AND STAFF REPORT

CEO Dreyspring highlighted meetings attended, discussed LPEA's interest in tracking Senate Bill 18-002 Financing Rural Broadband Deployment, reported that Ron Meier attended the La Plata County Land Use meeting and took questions on LPEA's interests. Dreyspring took questions on broadband in Pagosa Springs.

CFO Svanes advised that the monthly 2018 GSA mileage reimbursement rate increased to 0.545 cents per mile, the BKD Auditing firm will be here in two weeks, and will present the Auditor's Report in March. Dan Harms discussed a billing issue with Tri-State and Svanes affirmed that corresponding adjustments to the 2017 Financials have been made. Svanes discussed volumetric totals for the current (2017), forecasted, and prior year kWh bought by LPEA and sold to Residential, Commercial, and Industrial customers; and reported that fourth quarter delinquent accounts were the lowest in years. Svanes was directed to provide the Board with the number of delinquent accounts in February.

Jerry Wills reported that the favorable weather conditions allowed for more projects to be completed, and an underground wire that caused an outage that affected 247 customers was replaced with cable-in-conduit line, as opposed to the previous bare wire.

Nadine Ontiveros reported on the Employee Annual Meeting held January 15th, noting that a team-building exercise hosted by Cheeriodicals provided "boxes of cheer" that were received well by clients of the Durango VA Clinic, Mercy Hospital, the Pagosa Springs Hospital, and Thrive Pregnancy Center in Pagosa Springs.

Ron Meier advised that LPEA will have a float in this year's Snowdown Parade, addressed work order statistics and noted that he is getting up to speed on call center demands. The scholarship season was kicked off by Jeannie Bennett, and Youth Tour applications are being received by Lonnie Tucker. The December Giving Tree project initiated by the CSRs to raise money for members facing hardship with winter electric bills raised \$7,000 in the Durango office and \$600 in Pagosa Springs. The December Green Chili lunch raised \$1,300 for the Salvation Army.

Meier discussed community outreach, noting that the Board room was built with the idea in mind to serve the community, and LPEA currently provides meeting space to an average of 17 different local non-profit organizations each month.

Dan Harms reported that a recent Net Metering Production Audit uncovered discrepancies in PV systems and discovered that 11 PV systems had stopped working without the owners' knowledge. LPEA will streamline a procedure to provide this reporting service on a quarterly basis. Members are encouraged to engage with SmartHub to monitor their PV system performance. Harms discussed fluctuations in natural gas prices and the cascading effect on the electric power market.

Justin Talbot reported that crews are taking fire precautions with the warmer weather, and discussed the substation ownership boundary changes that are underway with Tri-State to streamline facility operations and maintenance. Talbot addressed major outages that originated at the Purgatory, Piedra, and Coyote Gulch substations with causes from weather, tree fall, and equipment failure; and reviewed accident reports, vehicle incidents, and training.

VI. ITEMS REQUIRING BOARD ACTION

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 102 FUNCTIONS OF THE BOARD OF DIRECTORS –CFO Svanes reviewed proposed revisions to Policy 102 Functions of the Board of Directors and took questions.

Motion: Director Bassett moved to adopt Policy 102 Functions of the Board of Directors with approved language modifications. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 361 RENEWABLE GENERATION FUND (RENUMBER TO 303) – CFO Svanes addressed proposed revisions to Policy 361 Renewable Generation Funds (renumber to 303), and took all questions.

Motion: Director McInnis moved to adopt Policy 303 Renewable Generation Funds (renumbered from 361). Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: RECESSION OF RATE TARIFF RL19 – CFO Svanes addressed proposed recession of Rate Tariff RL19 on the basis that it is no longer applicable due to the revision of Policy 361 Renewable Generation Funds (renumber to 303), and took questions.

Motion: Director Turner moved to rescind Rate Tariff RL19. Motion seconded and carried without dissent.

RESOLUTION 2018-01 INDEPENDENT THIRD-PARTY APPOINTMENT, TIFFANY PARKER – CFO Svanes addressed Resolution 2018-01 Independent Third-Party Appointment,

Tiffany Parker, which appoints Tiffany Lee Parker, La Plata County Clerk & Recorder, to be the independent third-party to receive, prepare and secure the return envelopes containing ballots, tabulate ballots and report final voting results to the Board.

Motion: Director Turner moved to adopt Resolution 2018-01 Independent Third-Party Appointment, Tiffany Parker. Motion seconded and carried without dissent

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

LPEA Mileage Reimbursements

Mike Alley	\$65.40	Bob Lynch	\$65.40
Karen Barger	\$14.17	Doug Lyon	\$1.09
Britt Bassett	\$00.00	Kohler McInnis	\$8.72
Robert Formwalt	\$65.40	Davin Montoya	\$20.17
Dan Huntington	\$26.16	Jack Turner	\$14.72
Rachel Landis	\$00.00	Guinn Unger	\$28.34

LPEA Board Meetings

Mike Alley	\$1200.00	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	\$1200.00	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	\$125.00	Guinn Unger	\$00.00

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

VII. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

ANNUAL MEETING: TIMELINE REVIEW – Ron Meier reviewed the updated LPEA Director Candidate packet checklist and took questions. A general “New Director FAQ” that helps explain Director duties and responsibilities is being drafted by a third-party to serve as a guideline for members who are considering running for Board election. Discussion ensued on the candidate packet items. Meier will revise all items according to Board direction and forward the draft FAQ to Directors for review and approval. Meier also ran through a detailed timeline

of action items and events that are required to remain compliant with LPEA bylaws and state statutes.

ANNUAL MEETING: REVIEW MEMBERSHIP/BOARD DISTRICTS – CFO Svanes reviewed Board District boundaries and reported that LPEA membership representation within the four Districts ranged from 24.2% in District 4 to 26.3% in District 2. Board consensus was to retain the current District boundaries.

RESOLUTION 2018-01 FEBRUARY BOARD MEETING DATE – CEO Dreyspring addressed the Resolution 2018-02 to amend the February 14 Board meeting date to take place February 21, 2018.

Motion: Director Turner moved to adopt Resolution 2018-02 February Board Meeting Date. Motion seconded and carried without dissent

INNOVATIVE PROJECTS FUND – Director Lyon proposed a funding mechanism based on Unclaimed Capital Credits for experimental projects and technologies that align with the LPEA Mission and Strategic Plan, to help build organizational capacity from households to industrial users. Discussion ensued around Board willingness to fund projects administered through Tri-State Policy 118 Member System Participative Generation Policy. Staff will draft a new policy addressing the Innovative Projects Fund for discussion at the February 21, 2018 Board meeting.

ELECTRIC DEREG POSITIONS – Due to time constraints, this item was postponed to date to be determined.

BYLAW ISSUE NUMBER 3: DELETE ARTICLE III SECTION 2 SUBPARAGRAPH “SECOND” (C) DIRECTOR QUALIFICATION – PROHIBITION ON SELLING ELECTRICITY – Attorney Denning presented modifications to bylaws amendment Ballot issue #3, Article III, Section 2 Qualifications and Tenure (c) as directed in the December 13, 2017 Board meeting, and took questions.

Motion: Director Bassett moved to adopt the bylaws amendment Ballot issue #3, Article III, Section 2 Qualifications and Tenure (c) with the Board approved modifications, for vote at the May 12, 2018 LPEA Annual Meeting of the members. Motion seconded and carried without dissent.

REVIEW DRAFT OF NEW CAMPAIGN FINANCE POLICY – Director Bassett noted that the intent of drafting the new policy was to support LPEA bylaws Article III Directors, Section 2 Qualifications and Tenure, (d), and proposed to postpone discussion of the new Campaign Finance Policy, pending adoption of bylaws Ballot issue #5, Article III Directors, Section 2 Qualifications and Tenure, (d), at the May 12, 2018 LPEA Annual Meeting of the members. Discussion ensued, and the Board agreed to address the new Campaign Finance Policy after the May 12, 2018 Annual Meeting of the members.

REVIEW OF 811 PROCESS – Justin Talbot discussed and took questions on the Colorado 811 statewide messaging call center that coordinates excavators and underground facility owners and operators for line location requests when excavation is needed, and reviewed the proposed legislative reforms to Colorado 811; such as, the creation of a 12-member Underground Damage Prevention Safety Commission to review complaints and impose penalties or fines, and eliminating tiered memberships to improve efficiency. The updated law will seek to ensure that newly installed facilities are locatable, provide guidelines to coordinate information, and clarify the marking duties of facility owners and operators, and excavators.

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 advised that the January meeting had not yet taken place and a report was not available at this time.

TRI-STATE REPORT – Director McInnis reported that a major outage in December 2017 at the Craig Station resulted from equipment failure, and is expected to remain offline until May 2018.

FASTTRACK COMMUNICATIONS REPORT – Director Barger reported that FTC is interviewing for 2 Network Engineer positions.

CREA REPORT – Director Barger advised that a January meeting did not take place yet and no report was available.

WESTERN UNITED REPORT – Director Formwalt advised that a January meeting had not yet taken place, and no report was available. Formwalt noted that a bylaws amendment will be up for vote at the February 12, 2018 Annual Meeting.

XI. UPCOMING EXTERNAL MEETINGS

President Montoya addressed the Upcoming External Meeting list. Directors Turner and Barger requested to attend the Legislative Conference in Washington, D.C., April 8-11. Director Landis requested to attend the Colorado Community Symposium Utility Track, January 31-February 2, as well as, NRECA Director Summer School, June 22-27.

Motion: Director Lyon moved to accept all Director travel requests. Motion seconded and carried without dissent.

APPOINT VOTING DELEGATE AND ALTERNATE TO CREA AND WUE ANNUAL MEETING – There was consensus among the Board to appoint Directors Turner and McInnis as voting Delegates and Alternates to the CREA and WUE Annual Meetings.

Motion: Director Bassett moved to appoint Director Turner as the voting Delegate to the CREA Annual Meeting, and the voting Alternate to the Western United Electric Supply Annual Meeting; and Director McInnis as the voting Delegate to the Western United Electric Supply Annual Meeting, and the voting Alternate to the CREA Annual Meeting. Motion seconded and carried without dissent.

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

President Montoya confirmed that the February Board meeting will take place February 21, and no Committee of the Whole will take place. Director Landis requested a discussion of community engagement through Director Power Hours and televised Board meetings at a future meeting.

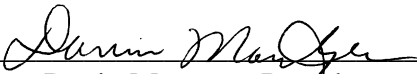
XIV. EXECUTIVE SESSION

Motion: Director Bassett moved to enter into executive session to discuss Pathnet and Forest Lakes. Motion seconded and carried without dissent.

The Board met in executive session from 4:03 p.m. to 4:54 p.m.

There being no further business, the LPEA Board of Directors meeting adjourned at 4:54 p.m.

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


Davin Montoya, President


Karen Barger, Secretary

EXHIBIT A

Statement of Functions of the Long-Term Strategies Committee

I. PURPOSE

The purpose of the Long-Term Strategies Committee (“Committee”) shall be to evaluate likely scenarios for La Plata Electric Association, Inc.’s (“LPEA”) energy needs in the next ten to fifteen years, evaluate alternatives, and report these findings to the full Board of Directors.

II. MEMBERSHIP

- A. The Board President shall be responsible for appointing the members of the Committee and selecting a chair.
- B. The CEO shall not be designated as a voting member of the Committee; however, the CEO and/or his designee(s) shall attend and participate in all Committee meetings to provide advice and support to the Committee.
- C. The cooperative attorney shall not be designated as a voting member of the Committee; however, the attorney may be called upon as needed to render legal opinions or provide advice to the Committee.

III. TERM

The term of the Committee shall be from January 17, 2018 until the Annual Meeting of the Members on May 12, 2018.

III. MEETINGS

The Committee shall be authorized to meet up to twice per month for a total of seven meetings. The Committee Chair shall be responsible for scheduling all meetings and for providing notice of the meetings in the same manner as regularly scheduled meetings of the Board. Staff will assist the Committee Chair in providing proper notice of all meetings and for ensuring that adequate space is made available for the meetings at LPEA’s headquarters in Durango, Colorado. All meetings shall be open to the public and the remaining Board of Directors. However, the Committee may go into executive session as may be needed to discuss any confidential, proprietary, or protected information.

IV. DUTIES AND RESPONSIBILITIES

The Committee shall carry out the following tasks:

- A. The Committee shall, in its first meeting, establish a mission statement and vision, along with a list of tasks that shall be subject to Board approval. Following approval of said list of tasks, the Committee shall move forward in carrying out the list, as approved by the Board.

B. The Committee shall provide the following reports to keep the full Board of Directors and the members updated on the status and progression of the Committee's work:

1. Monthly reports to the Board of Directors during the regularly scheduled Board meeting.
2. Final report to the Board of Directors outlining the Committee's findings and recommendations, which shall be presented at a regularly scheduled Board meeting no later than two months following the conclusion of the Committee meetings.
3. Final written report to the members which shall first be approved by a vote of the full Board of Directors, which may be published on LPEA's website and disseminated to interested parties upon request.

V. AUTHORITY

The Committee shall not have the authority to bind LPEA or commit LPEA to any course of action. Any votes that may be taken by the Committee in fulfilling its Duties and Responsibilities set forth of above shall only be for the purposes of governing the actions of the Committee and not the full Board of Directors or LPEA. The Committee shall coordinate with the CEO to schedule meetings and request staff resources to avoid conflicts and assure completion of any required staff study or support. The CEO is directed to bring any concerns regarding the availability of staff resources or support to the Board of Directors.