

LA PLATA ELECTRIC ASSOCIATION, INC.  
Durango, Colorado

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, March 20, 2013, in the headquarters building in Durango, Colorado. President McCaw called the meeting to order at 9:03 A.M., with the following directors present:

Jerry McCaw	Joe Wheeling	Heather Erb
Jeffrey Berman	Davin Montoya	Ken Fox
Britt Bassett	Harry Goff	J. Robert Formwalt
Lindon Stewart	Tom Compton	Herb Brodsky

Excused Absence;

Also present were:

Greg Munro, Chief Executive Officer  
Barry Spear, Attorney  
Dennis Svanes, Chief Financial Officer  
Rachel Lasiewicz, Controller  
Steve Gregg, Manager of Operations  
Mark Schwantes, Manager of Corporate Services  
Ron Meier Manager of Engineering  
Indiana Reed, Marketing & Communications Consultant  
Laura Rome, Executive Assistant

Director Formwalt led the board in the Pledge of Allegiance.

GUESTS (from sign in sheet)

Bill McEwan, Larry Lane and Jack P. Turner

AGENDA

President McCaw addressed the agenda.

**Motion:** Director Montoya moved to approve the agenda with the ability to move around;  
Director Berman requested an executive session to discuss a personnel issue;  
motion seconded and passed without dissent.

MEMBER COMMENTS AND CONCERNS

None

CONSENT BOARD ITEMS

The consent board items were presented and reviewed.

**Motion:** Director Erb moved to approve the February 13, 2013 minutes, accept new members, capital credit payments to estates and February write offs; motion seconded and carried without dissent.

ITEMS REQUIRING BOARD ACTIONS

Director reimbursements were presented and reviewed.

### LPEA Committee of the Whole Meeting 03/18/13

Davin Montoya	\$219.43	Lindon Stewart	\$266.60
Jeffrey Berman	\$200.00	Ken Fox	\$266.60
Joe Wheeling	\$212.21	Britt Bassett	\$200.00
Robert Formwalt	\$266.60	Heather Erb	\$212.21
Jerry McCaw	\$216.65	Tom Compton	\$219.43
Herb Brodsky	\$200.00		

### LPEA Board Meeting 03/20/13

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Robert Formwalt	\$266.60	Heather Erb	\$212.21
Jerry McCaw	\$216.65	Tom Compton	\$219.43
Herb Brodsky	\$200.00	Harry Goff	\$200.00

Jerry McCaw	NRECA Annual meeting	\$2,576.13
Heather Erb	NRECA Annual meeting	\$ 2,198.26
Davin Montoya	NRECA Annual meeting	\$ 2,705.89

**Motion:** Director Brodsky moved to approve the director reimbursements as presented; motion seconded and passed without dissent.

### **REVIEW 2012 AUDIT REPORT AND MEET WITH AUDITOR**

Larry Lane with Schmidt & Company LLC presented the audit report. He summarized the written reports he provided to the board and discussed in detail the specifics of his report. He noted that the audit for LPEA also included its subsidiaries WESODI and FastTrack. He discussed in detail the balance sheet for the consolidated companies for 2012 and 2011. Other items he highlighted included; consolidated statements of revenue and patronage capital, he noted specifics of the operating revenue, operating revenue deductions, total operating revenue and patronage, net margin, operating margins, net margin and miscellaneous margins. He presented a graph of the net gain for LPEA with a four year comparison 2009-2012 operating margins and net income. He noted that the LPEA accounting procedures are following RUS guidelines. He thanked the staff for their assistance in completing the audit. He took questions on his report.

### **EXECUTIVE SESSION**

**Motion:** Director Compton moved to go into executive session to discuss the audit report at 10:14 A.M.; Motion seconded and passed without dissent.

The regular board meeting reconvened at 10:33 A.M.

### **UNCLAIMED CAPITAL CREDIT FUNDING REQUESTS**

CEO Munro reviewed the applicants for the unclaimed capital credits. He recommended that the 4CORE/Housing Solution request be put on hold for weatherization efforts, as they have experienced some changes and are meeting soon to do their strategic planning for this year. After that, if they would still be doing weatherization they could request funds in the fall cycle of Capital Credit Funding requests. Discussion ensued on the requested amounts. The following list was considered; Pine River Library, the Liberty School, Boys & Girls Club of La Plata

County, Small Business Development Center (FLC), Bayfield Association for the Advancement of Music and the LPEA RoundUp Foundation.

**Motion:** Director Montoya moved to fund the following amounts: Liberty School \$5,000; Boys & Girls Club of La Plata County \$10,400; Small Business Development Center, FLC, \$10,216; Bayfield Association for the Advancement of Music, \$5,000; LPEA RoundUp Foundation, \$4,500; Pine River Library \$0; 4CORE/Housing Solutions \$0; for a total of \$35,116.00 awarded; Motion seconded and passed without dissent.

In September the LPEA Board will review the \$59,000 unclaimed capital credit funds available.

#### **APPOINT DELEGATE/ALTERNATE TO THE WESODI ANNUAL MEETING**

Discussion ensued on who would attend.

**Motion:** Director Compton moved to appoint Director Goff as delegate and Director Montoya as the alternate to attend the WESODI Annual meeting and to support the present board which included Daryl Crites, Davin Montoya, Jerry McCaw and Harry Goff; Motion seconded and passed with Director Berman dissenting.

#### **APPOINT DELEGATE/ALTERNATE TO THE TRI-STATE ANNUAL MEETING AND APPROVAL OF OTHER ATTENDEES.**

**Motion:** Director Stewart moved to appoint Director Montoya as delegate and CEO Munro as the alternate to the Tri-State annual meeting; Motion seconded and passed without dissent.

#### **WORK PLAN AMENDMENT – RESOLUTION 2013-04**

Ron Meier, Manager of Engineering, reviewed his written report and provided a PowerPoint presentation of the work plan amendments. Items in his report included; the process of planning and budgeting, 10 year range plan and he reviewed in detail the projects of the work plan amendment #5. Ron Meier indicated that it is the recommendation of CEO Munro to pass resolution 2013-04 for the amount of \$7,203,478.00. He took questions on his report. Discussion ensued on the topic.

**Motion:** Director Compton moved to approve Resolution 2013-04 Work Plan amendment in the amount of \$7,203,478.00; Motion seconded and passed without dissent.

The regular board meeting recessed for lunch at 11:49 A.M. and President McCaw called the meeting back to order at 12:33 P.M

#### **ATTORNEY REPORT**

Attorney Spear summarized his written report which included a brief on the PUC complaint and two foreclosures. He took questions on his report.

#### **COMMUNICATIONS PLAN UPDATE AND PR 101**

Indiana Reed, Marketing & Communications Consultant, gave a PowerPoint presentation and did an overview of marketing, communications, and public relations. Some of her highlights included; public relations are subtly managing communications, advertising creates awareness, and public relations shape an opinion and motivate action. She reviewed the difference between

public relations and publicity. She displayed the annual meeting graphics for the director elections, flyer and postcards, poster for LPEA's lobby, mailer and advertising. She took questions on her report.

### **FINANCIAL REPORT**

CFO Svanes summarized the financial statement explanation. He gave details and specifics on the issues they faced which included the Time of Use (TOU) program and when it was implemented under the new tariffs. LPEA under charged for the TOU in January and February due to the length of time it took to get the meters reprogrammed. CFO Svanes noted that with the new AMI meters in the future this would not happen. He took questions on his report.

### **CEO REPORT AND STAFF REPORTS**

CEO Munro summarized his written report and stated he had talked with PUC Commissioner Pam Patton and she is unavailable to be the speaker at the LPEA annual meeting. He did note that Kent Singer with CREA would be available. He attended the CREA managers meeting and gave highlights of the leadership development and culture model. He took questions on his report.

CFO Svanes noted there were one hundred and seventy three applicants for the customer service position and his staff would be making an offer for the position this week.

Manager of Operations Steve Gregg noted the fiber build from Ignacio to Bayfield would be completed in the next week and half. He took questions on his written report.

Manager of Engineering Ron Meier took questions on his written report.

Manager of Corporate Services Mark Schwantes thanked the LPEA Board for the help with the alternative energy plan and noted the highlights of the residential lighting seminar that his staff presented. He announced that the scholarships selection committee would be meeting this Friday March 22, 2013 to review applicants and select who would be granted scholarships. He summarized his written report and took questions.

Director Berman requested information on the USDA grant funds and for the LPEA Board to receive the report on how the funds were distributed. Manager of Corporate Services, Mark Schwantes and CEO Munro stated they believe the report had been sent out, but would send the report out again to the board.

### **CEO TRAVEL REPORT**

CEO Munro noted the written report was in the board packet and asked if there were questions on his report. There were none.

### **4CORE REPORT**

Manager of Corporate Services, Mark Schwantes reported on upcoming 4CORE activities

### **CEO EVALUATION**

President McCaw indicated the form is available for the board to fill out.

### **RESOLUTION 2013-05 ELECTION SUPERVISORY COMMITTEE**

**Motion:** Director Montoya moved to approve Resolution 2013-05 as presented; Motion seconded and passed without dissent.

## **RESOLUTION 2013-06, ELECTION THIRD PARTY CONTRACT**

**Motion:** Director Montoya moved to approve resolution 2013-06 as presented; Motion seconded and passed without dissent.

### **ALTERNATIVE ENERGY PLAN UPDATE**

Manager of Corporate Services, Mark Schwantes presented a PowerPoint presentation that was developed to answer specific questions he received from LPEA directors during Monday's Committee of the Whole work session regarding the alternative energy plan. The presentation provided the board with an update on Local Renewable Generation in LPEA's service territory. The presentation included total service territory production numbers, total amount of local renewable generation that goes against the 5%, and an estimate of the available local renewable generation to reach the five percent limit. He displayed a graph that showed the total amount that goes against the 5% limit. He noted the Tri-State policy limit, waste heat recovery, hydro and the total allowed. Another item of special note included; based on 2012 data, LPEA is at 84% of the 5% allowed. He speculated on the options with biomass, waste heat or solar photovoltaic. He took questions on his report. Discussion ensued on the topic which included community solar gardens, Tri-State policies, virtual net metering and case law on the 5% provision in the Wholesale Electric Service Contract. Additionally discussion ensued on the legalities, the potential case law if LPEA goes over 5% and if the LPEA attorney should look into this. In the mean time, CEO Munro will do more research on the topic and share what he learns and discovers with the board.

### **LA PLATA ELECTRIC ROUND UP FOUNDATION**

Director Fox reported that the RoundUp Board met on Monday March 18, 2013. He noted that LPEA employee Dennis Baxter presented a public thank you and plaque to RoundUp for participation in the Bayfield Lions Club Project. There were three RoundUp grant requests and three educational grant requests presented this month. He gave specifics of each with the total for RoundUp grants requested being \$7,000 with \$3,500 granted. The total educational grants requested was \$6,866 with \$5,675 being granted. He announced that the total members rounding up were 13,998 this month and it is down by one from last month. He took questions on his report.

### **FASTTRACK REPORT**

Director Wheeling summarized his written report and gave highlights. Some of the highlights included; met with the auditor last week, the audit went smooth, one of the FastTrack employees received CCIE certification and the Bayfield fiber build is going well. He took questions on his report.

### **WESODI REPORT**

President McCaw reported that WESODI had completed all of their contracts except for one in Arizona and one at Three Springs in Durango. All other contracts have been fulfilled. He noted that they are working on collecting accounts receivable. He took questions on his report.

### **TRI-STATE REPORT**

Director Wheeling summarized his written report. Items included; a visit from the new RUS Administrator, the audit report, and other issues. He took questions on his written report. Director McCaw asked if Director Wheeling attended the Tri-State fiduciary class. CEO Munro noted he has the PowerPoint from the class and will share with the board. Discussion ensued on specifics of his report.

### **CREA REPORT**

Director Compton noted CREA had not had a meeting since the last board meeting. He did mention a brief overview of legislation and current Bills being considered.

### **WESTERN UNITED REPORT**

Director Formwalt stated that Western United did not meet this month but gave a brief overview of the Western United Annual meeting.

### **NRECA ANNUAL MEETING REPORTS**

Director Montoya remarked that the NRECA annual meeting went quickly and was well done. Director Erb stated the rate class she attended was very beneficial. Director McCaw noted there were really good speakers at the event, and noted the written report from Director Erb.

### **FUTURE COMMITTEE OF THE WHOLE MEETINGS AND FUTURE AGENDA ITEMS**

CEO Munro identified the following items for future agenda items and noted that they were also listed in the March board packet; Committee of the Whole, Monday, April 15, 2013. Items for the Committee of the Whole meeting included alternative energy plan as a work session and CEO evaluation. The regular LPEA Board meeting is Wednesday, April 17, 2013 and future agenda items included; safety and outage reports, estimating and actual costs report, consultant and contractor report, construction and maintenance report, annual meeting update, financial report plus, finalize annual meeting plans and Tri-State rate issues.

### **REVIEW 2012 AUDIT REPORT AND MEET WITH AUDITOR**

**Motion:** Director Montoya moved to accept the 2012 Audit report as presented; Motion seconded and passed without dissent.

### **UPCOMING EXTERNAL MEETINGS**

CEO Munro mentioned the upcoming external meetings list which was included in the board packet. Director Compton asked for approval to attend the NRECA legislative meeting April 29-May 1, 2013 in Washington DC. Director Fox recommended the COBANK meeting in June in Colorado Springs for LPEA Board of Directors and requested permission to attend.

### **TRI-STATE RATE ISSUES**

**Motion:** Director Compton moved to go into executive session to discuss Tri-State rate issues, a personnel issue and WESODI items at 3:28 P.M.; Director Wheeling was asked to stay for the personnel issue and WESODI items and was excused for the Tri-State rate issues at 4:30 P.M.; Motion seconded and passed without dissent.

The regular LPEA board meeting reconvened at 5:46 P.M.

### **OTHER BUSINESS**

None

With no further business, the regular board meeting adjourned at 5:46 P.M.

Recorded by: Laura Rome

*Jerry McCaw*

Approved by: \_\_\_\_\_  
Jerry McCaw, President

*Ken Fox*

\_\_\_\_\_  
Ken Fox, Secretary