

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, November 19, 2014, in the headquarters building in Durango, Colorado. President Rendon called the meeting to order at 9:03 A.M., with the following directors present:

Heather Erb	Joe Wheeling	Michael Rendon
Jeffrey Berman	Davin Montoya	Bob Lynch
Britt Bassett	Jack Turner	J. Robert Formwalt
Mark Garcia	Tom Compton	Jerry McCaw

Excused Absence:

Dennis Svanes, Chief Financial Officer

Also present were:

Mike Dreyspring, CEO
Steve Gregg, Manager of Special Projects
Barry Spear, Attorney
Justin Talbot, Manager of Operations
Ron Meier, Manager of Engineering
Mark Schwantes, Manager of Corporate Services
Indiana Reed, Marketing & Communications Consultant
Laura Rome, Executive Assistant

Director Montoya led the board in the Pledge of Allegiance.

AGENDA

President Rendon addressed the November 2014 agenda.

Motion: Director Compton moved to approve the November agenda with the ability to move around; motion seconded and passed without dissent.

MEMBER COMMENTS AND CONCERNS

Member Ben Jason brought attention to the board an application he submitted for a solar system. He detailed the specifics of the project and noted it was denied. He requested reconsideration and approval from LPEA. Discussion ensued on the details of the project with staff providing information on the denial, the project, limitations and costs. President Rendon introduced Josh Dillinger, who will take over as General Manager for Empire Electric on January 1, 2015.

GUESTS (from sign in sheet)

The following guests were present; Betsy Romere, Gary Friedrich, Ben Jason, Bob & Radel McKibben, Vi McDermot, Jason Nichols, Myra Marin, Sally Bellerue, Bob & Dot Agllar, Tina Sebestyn, Deb Shisler, Angie Anderson, Sally Florence, John Shaw and two names that were unreadable (which a copy of the original sign in sheet was attached to the printed minutes).

CONSENT BOARD ITEMS

The consent board items were presented and reviewed.

Motion: Director Formwalt moved to approve the October 15, 2014 minutes with one edit; the capital credit payments to estates, October write offs and accepting new members; motion seconded and carried without dissent.

ITEMS REQUIRING BOARD ACTIONS

REVIEW/APPROVE BOARD POLICY 215, AMI OPT OUT PROGRAM

Manager of Engineering, Ron Meier gave a history and detailed timeline of the implementation of the advanced metering system, he reviewed the research for net metering solutions; indicated that LPEA performed a test pilot program, the two year deployment goal, noted the marketing and information provided to members. Discussion ensued with feedback from members. Items discussed included: radio frequency; opt out programs across Colorado; review of Policy 215 opt-out program; policy elements; net metering; poly phase, safety aspect; meter tampering; opt-out program options; potential costs; health issues; “Take Back Your Power” movie; Colorado Public Utilities Commission; the request for the board to reconsider the opt out fee; capital credits and funds; cost of service study; and the effects of radio frequency on bees and their pollination patterns.

Motion: Director Bassett moved to adopt revised Board Policy 215 AMI Opt out Program as presented; motion seconded and passed without dissent.

Additional discussion ensued on the following items: miscellaneous meter reading fee; time of use members; net metering; net metered accounts; safety; community solar gardens; and the difference between rate tariff’s and policy.

REVIEW/APPROVE MISCELLANOUS FEE TARIFF, RESOLUTION 2014-37

President Rendon requested discussion with questions and comments from the members present at the meeting.

Motion: Director Berman moved to preliminary adopt resolution 2014-37, Miscellaneous Fee Tariff as presented; motion seconded and passed without dissent.

Director Bassett requested for a radio frequency test and report at a site with a bank of meters. Staff indicated they would conduct the test and report back to the board.

The regular board meeting recessed for lunch at 12:22 P.M., and President Rendon called the meeting back to order at 12:45 P.M.

Director reimbursements were presented and reviewed.

Committee of the Whole 11/17/14

Davin Montoya	\$219.43	Mark Garcia	\$263.28
Jeffrey Berman	\$200.00	Bob Lynch	\$266.60
Joe Wheeling	\$212.21	Britt Bassett	\$200.00
Robert Formwalt	\$266.60	Michael Rendon	\$200.00
Jack Turner	\$216.95	Tom Compton	\$219.43
Heather Erb	\$212.21	Jerry McCaw	\$216.65

Board meeting 11/19/14

Davin Montoya	\$219.43	Mark Garcia	\$263.28
Jeffrey Berman	\$200.00	Bob Lynch	\$266.60

Joe Wheeling	\$212.21	Britt Bassett	\$200.00
Robert Formwalt	\$266.60	Michael Rendon	\$200.00
Jack Turner	\$216.95	Tom Compton	\$219.43
Heather Erb	\$212.21	Jerry McCaw	\$216.65

Bob Formwalt	Western United	\$200.00
Bob Lynch	CREA Conference	\$1,261.55
Mark Garcia	CREA Conference	\$1,543.90
Britt Bassett	CREA Conference	\$1,780.45
Jack Turner	CREA Conference	\$1,651.59
Jeff Berman	RMEL and CREA Conference	\$2,198.00

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

SELECT AREA OF EMPHASIS FOR THE AUDIT

President Rendon requested discussion. CEO Dreyspring noted that staff recommended the area of emphasis for internal controls be considered. Director Garcia suggested impacts of WESODI on the membership, and recommended a financial report on the subsidiary. Discussion ensued on the following: audit report; publishing all audits to the member; WESODI in the process of shutting down and time frame; information included in the annual audit; and forensic accounting. Director Montoya addressed questions concerning WESODI.

Motion: Director Compton moved to accept the staff's recommendation for area of emphasis for the audit of internal control; motion seconded and passed without dissent.

Director Garcia requested adding WESODI financials discussion on the December agenda. Discussion ensued on financials, when the company was shut down and pending projects. It was determined to have the committee of whole discuss WESODI financials in December.

DISCUSS APPOINTMENT OF ROUND UP BOARD DIRECTORS

Director Turner noted that Director Debbie Rice was resigning in district two, Director Bob Boe in District three term was expiring and in District one, Director Gayle Broadbent's term that she filled was ending. Director Turner requested appointment recommendations from the LPEA board at the December board meeting.

REVIEW/ACTION 2015 BUDGET & FINANCIAL FORECAST – RESOLUTION 2014-32

President Rendon requested discussion. Manager of Engineering, Ron Meier reviewed the additions to the 2015 capital projects that were added.

Motion: Director Berman moved to adopt Resolution 2014-32, 2015 Budget and Financial Forecast as presented; motion seconded and passed without dissent.

Discussion ensued on the board and staff looking at major projects and tools in January or February and looking at alternatives, cost effectiveness and new technologies.

REVIEW/APPROVE CONSTRUCTION BID PROPOSALS – RESOLUTION 2014-33

Resolution postponed.

REVIEW/APPROVE 115 KV TRANSFER TO TRI-STATE, RESOLUTION 2014-36

President Rendon requested discussion. Chief Operations Officer, Steve Gregg reviewed Resolution 2014-36.

Motion: Director Erb moved to adopt Resolution 2014-36, 115 kV transfer to Tri-State as presented; motion seconded and passed without dissent.

REVIEW & PRELIMINARY APPROVAL OF 2015 RATE TARIFFS, RESOLUTION 2014-34

President Rendon requested discussion. It was determined to postpone the resolution due to the PUC case and a potential temporary rate for a twelve month time frame.

Motion: Director Compton moved for LPEA to exercise the option utilizing the temporary TR-1 rate under the PUC case effective December 1, 2014 under the agreement; motion seconded and passed without dissent.

REVIEW/APPROVE RUS DEBT REFINANCE, RESOLUTION 2014-35

President Rendon requested discussion. CEO Dreyspring briefly reviewed. Controller Rachel Gilman and CEO Dreyspring took questions on Resolution 2014-35.

Motion: Director Wheeling moved to adopt Resolution 2014-35 RUS Debt refinance as presented; motion seconded and passed without dissent.

REVIEW/APPROVE BOARD POLICY 102, FUNCTIONS OF THE BOARD OF DIRECTORS

Motion: Director Turner moved to approve Board Policy 102, Functions of the Board of Directors as presented; motion seconded and passed without dissent.

REVIEW/APPROVE BOARD POLICY 366, COMMUNITY SOLAR GARDEN POLICY AND PROGRAM

President Rendon introduced John Shaw. John Shaw gave an update on his two projects. He discussed the costs from LPEA, interconnection and power purchase agreement. Director Bassett reviewed the cost to generate power and requested that the fees John Shaw was incurring be waived. Attorney Spear recommended discussing in executive session. Discussion ensued on: the cost of the engineering from Tri-State with Director Bassett requesting that LPEA incur the costs; metering cost history of the project and reviewed the monies lost due to the time it took to get the meters connected. Discussion ensued.

TRI-STATE REPORT

Director Wheeling highlighted items from the board meeting which included: the meeting with LPEA CEO Mike Dreyspring and Tri-State representative Mike McInnes; refinancing; long term financial forecast was essentially a flat rate; reported to the LPEA board on the political capital for the PUC case settling out of court. He reviewed the percentages of the vote. He took questions on the process. Discussion ensued and included: contractual generation from Tri-State, contract committee process and presentation to the whole board with a buyout figure. Additionally the formula used in the past and the committee was potentially looking at the methodology for the members which could be an advantage to all the members. The LPEA board thanked Director Wheeling for his work on the PUC case.

Director Wheeling left the meeting at 2:32 P.M.

REVIEW/APPROVE TRI-STATE PRIMARY METERING INSTALLATION FOR DURANGO COMMUNITY SOLAR GARDEN

Attorney Spear pointed out that because Director Bassett was a subscriber and had a financial interest in John Shaw's Community Solar Garden project that a conflicting interest transaction was created under Section 7-28-501, C.R.S. for the Board's discussion as to whether John Shaw should be charged for a meter installed by Tri-State. Director Bassett requested safe harbor under the statute which allows a conflicted director to vote on a matter if it is fair to the cooperative, and that during the discussion he be allowed to speak. Discussion ensued on: conflicting interest transactions and whether both Director Lynch and Director Bassett were conflicted directors because of their financial interest in CSGs. Discussion continued on bylaws, state statutes and the definition of safe harbor. It was determined that both Director Lynch and Director Bassett could be involved in the discussion but could not vote. Discussion ensued on nullifying their vote and the details of the project.

EXECUTIVE SESSION

Motion: Director Berman moved to go into executive session to discuss the Tri-State Primary Metering installation for Durango Community Solar Garden issues, with Director Lynch and Director Bassett allowed to be involved with the discussion but not allowed to subsequently vote on the issue, ; motion seconded and passed without dissent.

The Board went into executive session at 3:12 p.m.

Director Formwalt left the meeting at 3:40 P.M.

The board came out of executive session at 4:37 P.M.

The regular LPEA board meeting reconvened at 4:37 P.M.

Motion: Director Berman moved for LPEA to limit its billing to subscriber organizations for CSG meters to secondary meters on CSG systems approved in 2014; motion seconded and passed with Director Montoya and Director McCaw dissenting. Both Director Lynch and Director Bassett abstained from voting on the motion.

Motion: Director Montoya moved to have the costs to LPEA for CSG meters not covered by subscriber organizations to come out of the LPEA Green Fund if there were any; motion seconded but did not pass with Director Bassett and Director Lynch abstaining.

REVIEW TRI-STATE BYLAWS

Postponed to the December board meeting.

ATTORNEY REPORT

Attorney Spear summarized his written report which was included in the November board packet. He highlighted: the PUC case and actions; noted that the Community Solar Garden discussion was moved to December and took questions on his report. Discussion ensued on the need for a legal memo regarding the contractual terms of the Wholesale Power Agreement with

Tri-State and the interplay of Tri-State's Policy 115. Attorney Spear noted his firm previously had not been requested to opine on the specific issues discussed, but that a memo was provided to the LPEA board fifteen months ago regarding whether the LPEA alternative energy programs came under Policy 115. He indicated he would provide that memo to the board again and his firm would draft a new memo for the board for review in December regarding the relationship of Tri-State Policy 115 and the Wholesale Power Agreement.

CEO AND STAFF REPORTS

CEO Dreyspring highlighted: two items in his written report. The resolutions on the website had been updated and he requested extending Steve Gregg's employment. Discussion ensued. He took questions on his report.

FINANCIAL REPORT

There were no questions on the written report.

MEMBER OPPORTUNITY REPORT

There were no questions on the written report.

REBATE PROGRAM UPDATE

Update postponed to December.

SUAE PROJECT UPDATE

Update postponed to December.

PAGOSA BIOMASS UPDATE

There were no questions.

CONTENT FOR ANNUAL REPORT

The report was postponed to December.

CREA DISCUSSION

Discussion was postponed to December.

ROUND UP BOARD REPORT

There was no report given.

FASTTRACK COMMUNICATIONS REPORT

There was no report given.

CREA REPORT

Director Berman noted next week's meeting.

CREA FALL MEETING REPORTS

Reports were postponed to December.

BASIN ELECTRIC ANNUAL MEETING REPORT

Reports were postponed to December.

WESTERN UNITED REPORT

No report given

FUTURE COMMITTEE OF THE WHOLE MEETINGS AND FUTURE AGENDA ITEMS

CEO Dreyspring identified the following items for future agenda items and noted that they were also listed in the November board packet; financial report, Tri-State rate and membership issues, 2015 rate tariffs, miscellaneous meter reading fees, Community Solar Garden 366 policy and program, discussion on 1099, Items added included: committee of the whole meeting, content for annual meeting, Round Up Director appointments, Pagosa biomass, CREA budget discussion, Policy 108, Policy 127, Policy 129, review/approve 2015 budget focus, appoint delegate/alternates to NRECA, NISC, NRTC, CFC and Federated annual meetings, review/approve CFC debt for RUS, Policy 362, WESODI financials, financial analysis of the TR-1 rate impact to Community Solar Gardens, and the strategic plan SWOT analysis.

UPCOMING EXTERNAL MEETINGS

President Rendon noted the upcoming external meetings list included in the November board packet. CREA Annual Meeting – February 7-10, 2015, Denver, CO; NRECA Annual Meeting, Feb 19-27, 2015 in Orlando, FL; Tri-State Annual Meeting & Membership meetings, April (pending date) 2015, Denver, CO; NRECA Legislative Conference May 3-5, 2015, Washington DC; CFC Forum, June 8-10 2015, Chicago, IL.

TRI-STATE RATE AND MEMBER ISSUES


OTHER BUSINESS

None

With no further business, the regular board meeting adjourned at 5:07 P.M.

Recorded by: Laura Rome

Approved by:



Michael Rendon, President



Jeff Berman, Secretary