

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors Minutes of Meeting
March 15, 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, March 15, 2017 at the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 9:02 A.M., with the following Directors present:

Mike Alley		Kohler McInnis, Vice President
Karen Barger, Treasurer	Dan Huntington	Davin Montoya, President
Britt Bassett	Bob Lynch	Jack Turner
Jeff Berman		Joe Wheeling, Secretary

LPEA STAFF:

Mike Dreyspring, Chief Executive Officer
Dennis Svanes, Chief Financial Officer
Dan Harms, Manager of Rates, Technology, and Energy Policy
Ron Meier, Manager of Engineering, Member Relations and Marketing
Justin Talbot, Manager of Operations
Indiana Reed, Marketing & Communications Consultant
C. E. Charistopoulos, Executive Assistant
Shay Denning, Attorney
Nadine Ontiveros, Assistant HR Director

EXCUSED ABSENCE: Linda Looman, Manager of HR and Customer Service, Bob Formwalt, Doug Lyon

GUESTS (from sign in sheet): The following guests were present: Michael Moravan, Susan Atkinson, Guinn Unger, Lissa Ray, Harry Riegle, Jim Fogler, Sweetie Marbury, Karen Patries, Kirby Maclaurin, Lori Schell, L. Costello, Louise and Nicolaus Van Vonis, Tony Hudspeth, Kristin Jensen, and 6 others.

CEO, Mike Dreyspring led the Board, Staff, and guests in reciting the Pledge of Allegiance.

II. MEMBER COMMENTS AND CONCERNS — Member, Michael Moravan invited all in attendance to test-drive an electric bicycle, advised that his foundation is donating 5 electric bicycles to the Durango Police Department River Trail Patrol, and that he is working with Ed Zink on an Electric Iron Horse Classic project.

Member, Kirby McLaurin asked the Board to create a resolution opposed to methane firing, and urged concrete action on renewables and financial incentives to make solar and wind affordable and attainable. Board President Montoya advised that Dan Harms will host a workshop from 5:00 p.m. - 7:00 p.m. at LPEA on April 13 to discuss battery storage, and offered clarification

that LPEA is a facility that purchases power for transmission only, and does not generate power itself.

Member, Susan Atkinson expressed dissatisfaction with the amount of renewable energy that LPEA can access, and asked that LPEA look towards creative solutions to provide more. She requested increased affordability and accessibility in the net metering program; that LPEA drop the Green Power Program (an accounting exercise in her view); and that LPEA move to increase the 5% renewable limit in the Tri-State contract.

Member Laurie Costello, advocate for *The Health of We the People*, urged the Board to focus on renewables and continue to be non-partisan in deliberations.

Member, Nicolas Van Voren urged the Board to support local Qualifying Facilities (QFs), and to support DMEA's right to negotiate with QFs without having to defer to Tri-State.

Member and City Counselor, Sweetie Marbury, urged LPEA to bring back Community Solar Gardens and offer other opportunities for members to subscribe to such programs.

Members Karen Patries, Lissa Ray, and one other spoke in favor of increased renewables.

Several Board members responded to the member comments. CEO Dreyspring and Dan Harms encouraged the members to attend the Integrating Renewable/Distributed Generation meeting hosted by LPEA on April 13th to continue the discussion on how LPEA plans to continue integrating renewable generation.

I. APPROVAL OF AGENDA

Motion: Director Turner moved to amend the agenda to discuss the Western Leaders Network Letter while members were still present. Motion seconded, and carried without dissent.

III. CONSENT BOARD ITEMS — Director Montoya addressed the Consent Board Items. Director McInnis advised of a grammatical correction, and language clarification needed on page 5 of the February minutes.

Motion: Director McInnis moved to approve the consent items: accepting new members, capital credit payments to estates, monthly write-offs, and minutes for the February 15, 2017 Board meeting with approved corrections. Motion seconded, and carried without dissent.

VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

REVIEW OF WESTERN LEADERS NETWORK LETTER – A letter from The Western Leaders Network, written to U.S. Senators asking them to oppose a proposal that would use the Congressional Review Act to block rules issued by the BLM to limit natural gas waste from the oil and gas sector, was signed by three LPEA Directors. The Board discussed whether individual Director support was an expression of free speech by an individual, or a conflict of interest for appearing to speak on behalf of the entire LPEA Board by including, *LPEA Board of Directors* title with their name.

Motion: Director Bassett moved that the LPEA Board of Directors support the Western Leaders Network. Motion seconded.

Discussion ensued about whether intent of the agenda item was to review and discuss the expression of free speech when Directors speak as individuals on behalf of a cause, versus the appearance of conflict of interest by appearing to speak on behalf of the entire Board of Directors; or if the intent of the agenda item was to discuss LPEA Board support for opposing the BLM rule limiting natural gas waste. Concern was expressed that there was not sufficient notice to research the topic in order to consider whether to support it, and a few Directors were not prepared to support the letter if the intent was to do so.

Attorney Denning reviewed Article IV, Section 5 of LPEA Bylaws and expressed concern that use of LPEA name may be in violation of statutes and advised Directors to make it clear that they are speaking as individuals unless and until the Board of Directors votes to act on an issue.

Motion carried 8 to 2, with Directors Huntington and McInnis dissenting.

The Board agreed to postpone further discussion and allow Attorney Denning to review Policy 129 Code of Ethics and Conduct, Policy 104, Board of Directors – Chief Executive Officer Relationship, and address challenges Directors face when engaging members and causes at the April Board meeting.

IV. CEO AND STAFF REPORTS

CEO AND STAFF REPORTS, MONTHLY AND ANNUAL – Dan Harms introduced FLC intern, Rihab Amar from Tunisia. Amar specializes in Power and Energy, and is studying renewable energy and the means of establishing and funding projects. Harms presented the purpose and benefit of energy storage for decreasing peak demand and increasing hosting capacity, described optimal scenarios to deploy storage, and discussed economic considerations for a Time of Use Rate and the payback on peak shaving based on energy sized for the system.

CEO Dreyspring reported that Staff is loading Strategic Plan Objectives and Initiatives into the new web-based interface tool rolled out by Systems IT Specialist, Brad Fuquay, to track changes to the system, and that the Strategic Plan Gaps Analysis will be presented at the April Board meeting. LPEA retired \$4.2 million in Capital Credits in 2016, and Dreyspring continues to

engage regularly with County Commissioners, and Town and City Counsellors on a variety of issues.

Nadine Ontiveros highlighted strategic initiatives in employee health insurance, a newly hired CSR, employee engagement and leadership development, and customer service statistics. CFO Svanes advised that the Unclaimed Capital Credits are published in the Durango and Pagosa Springs newspapers. Svanes addressed the monthly Financial Report and annual Finance Department Report, and took questions.

LPEA EV STATISTICS AND METRICS – CFO Svanes addressed the costs for LPEA to own and operate the 2015 plug-in hybrid, Chevy Volt. Discussion ensued on charging stations, payment for EV charging, data and diagnostics, and LPEA incentive programs. A Nissan Leaf electric vehicle will be available for test drive at the LPEA Annual Meeting, May 13 in Ignacio.

Ron Meier addressed the Engineering, Communications, and Member Relations monthly and annual department reports and took questions. Justin Talbot highlighted the February maintenance, outage, and safety items; as well as outages, safety, power quality, and reliability in the annual department report. CEO Dreyspring discussed the issue of the Cascade 115 kV line and recent dialog with Tri-State and took questions.

LPEA 2016 FINANCIAL AUDIT PRESENTATION BY BKD AUDITORS AND ADVISORS – Rob McCoy, of BKD Auditors and Advisors in Denver, CO, presented by speakerphone the independent auditor’s report of LPEA’s consolidated financial statements, and its subsidiary, as of December 31, 2016 and 2015. The audit report contained an unqualified, or “clean” opinion on LPEA’s financial statements. McCoy and CFO Svanes took all questions on the presentation of the audit report provided in the director packet.

Motion: Director McInnis moved to discuss the audit report in Executive Session with Mr. McCoy and Directors only. Motion seconded and carried without dissent. The Board of Directors remained in Executive Session from 10:20 a.m. to 10:40 a.m.

Motion: Director Wheeling moved to accept the 2016 LPEA Auditors Report as presented. Motion seconded, and carried without dissent.

V. ITEMS REQUIRING BOARD ACTION

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 211 INTERNAL CONTROL OF GENERAL FUNDS – CFO Svanes addressed recommended revisions to Policy 211 Internal Control of General Funds, and took all questions.

Motion: Director Wheeling moved to adopt revised Policy 211 Internal Control of General Funds, with Board approved modifications. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 414 SAFETY – CFO
Svanes addressed recommended revisions to Policy 414 Safety, and took all questions.

Motion: Director Alley moved to adopt revised Policy 414 Safety, with Board approved modifications. Motion seconded and carried without dissent

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: DISCUSS RESCISSION OF POLICY 210 CUSTOMER REIMBURSEMENT FOR SMALL CLAIM DAMAGES —
CFO Svanes addressed the recommendation to rescind Policy 210 Customer Reimbursement for Small Claim Damages, on the basis that this matter is covered under the delegation of authority to the CEO.

Motion: Director McInnis moved to rescind Policy 210 Customer Reimbursement for Small Claim Damages. Motion seconded and carried without dissent

BORK-LAVIN MOTIONS TO STRIKE AND DISMISS — Attorney Denning advised that a hearing date was set and properly noticed with Presiding Officer, Scott Ehmke to address the Formal Complaint filed by Bork-Lavin. The Complainants failed to appear, and Attorney Denning asked the Presiding Officer to dismiss their Formal Complaint. Presiding Officer granted the motion and dismissed the Formal Complaint. Therefore, the remaining issue to consider was whether the Board should grant the Motions to Strike and Dismiss submitted by Bork-Lavin and waive the requirement to proceed with the formal complaint process.

Denning recommended that the Board require Bork-Lavin to continue with the formal complaint process under LPEA Policy 363 Regulations Governing Complaints, and to deny the motion to strike and dismiss as being moot. The Board agreed to table the discussion until after Executive Session.

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

LPEA Mileage Reimbursements

Mike Alley	\$64.20	Bob Lynch	\$64.20
Karen Barger	\$13.91	Doug Lyon	\$00.00
Britt Bassett	\$00.00	Kohler McInnis	\$8.56
Jeff Berman	\$00.00	Davin Montoya	\$18.73
Robert Formwalt	\$00.00	Jack Turner	\$14.45
Dan Huntington	\$25.68	Joe Wheeling	\$14.98

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
Jeff Berman	\$1200.00	Davin Montoya	\$1200.00

Robert Formwalt	\$00.00	Jack Turner	\$1200.00
Dan Huntington	\$1200.00	Joe Wheeling	\$1200.00

Other External Meetings

Mike Alley	\$2623.51	Bob Lynch	\$00.00
Karen Barger	\$2720.51	Doug Lyon	\$00.00
Britt Bassett	\$00.00	Kohler McInnis	\$600.00
Jeff Berman	\$808.23	Davin Montoya	\$00.00
Robert Formwalt	\$00.00	Jack Turner	\$00.00
Dan Huntington	\$00.00	Joe Wheeling	\$00.00

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

VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

ANNUAL MEETING UPDATE: FINALIZE PLANS – Ron Meier reviewed candidate packet statistics. CEO Dreyspring led a discussion about guest speaker and subject matter options, and advised that a rehearsal will take place the night before the Annual Meeting.

CYBER-SECURITY: DUAL FACTOR IDENTIFICATION –Drew Timmerman reviewed LPEA strategies to protect and defend critical systems, and gave an overview of Wide Area Network firewalls and intrusion detection, perimeter, mobile, and internal security, and authentication.

RUS BUYOUT PROPOSAL BY CFC – CFO Svanes discussed the economic benefit and impacts to LPEA of an FFB buyout with CFC, and took questions on loan details, the process, and a sensitivity review. Svanes recommended moving forward with the buyout and asked for Board approval. The financial impacts and resolution will be presented at the April Board meeting.

Motion: Director Turner moved to support the FFB buyout process with CFC and review the financial impact and resolution in April. Motion seconded and carried without dissent.

COMMUNITY DONATIONS AND SPONSORSHIPS – As requested by the Board, CEO Dreyspring reviewed and discussed sponsorships and donations made by Round Up Foundation grants, Unclaimed Capital Credit project donations, Green Fund grants, and General Fund sponsorships and donations.

REVIEW OF TRI-STATE GENERAL SATISFACTION SURVEY– Director Wheeling advised that the Tri-State General Satisfaction Survey was not yet ready for discussion, no action was taken.

VII. 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 — Round Up grants and Educational grants were made to the Bayfield Lions Club (\$3,000), Bayfield After Prom (\$1,000), Colorado Outdoor Learning School (\$1,200), The Garden Project of Southwest Colorado (\$1,500), San Juan BOCES Science Fair (\$1,000), Southern Ute Montessori Head Start (\$2,500), Big Brother Big Sisters of Southwest Colorado (\$2,500).

CREA — Director McInnis discussed the possibility that a “Retail Choice for Electricity” bill might be introduced that would enable consumers to choose an electricity supplier and require the current utility to grant access to their infrastructure for that purpose. CREA is opposed to the concept, as it would open the door for companies such as Xcel Energy to acquire large loads from cooperatives and result in substantial residential rate increases.

FASTTRACK COMMUNICATION — The Annual Shareholders meeting will take place prior to the LPEA Board meeting, April 19, and is closed to the public. A community within LPEA’s service territory has been selected for the Strategic Initiative test case for a fiber-to-the-home project.

TRI-STATE — Director Wheeling reported that the 2017 Tri-State Annual Meeting will take place April 5-6. The Tri-State Board discussed with a financial rating consultant, the impact of changing financial goals and policies on membership if Tri-State were to modify the Policy 115 cap on Distributed Generation.

4CORE REPORT – Nancy Andrews reported that 4CORE received an \$18,000 grant for upcoming *Home H2O* rain barrel education workshops. LPEA and Mercy each applied for two dual port electric vehicle charging station grants. 4CORE is pursuing a group purchase of Nissan Leaf electric vehicles at a greatly discounted price, available mid-April through May. The Pagosa Springs Socorro Senior Living Apartments is a go with the Tesla Power Wall experiment. The C-PACE Program enables owners of commercial and industrial space to finance 100% of renewable upgrades.

IX. UPCOMING EXTERNAL MEETINGS —The Board discussed upcoming external meetings. Director Turner requested permission to attend the Tri-State Annual Meeting, and Director McInnis requested permission to attend the NRECA legislative conference in April.

Motion: Director Berman moved to approve travel requests made by Directors Turner and McInnis. Motion seconded and carried without dissent.

X. REVIEW OF CEO ACTION LIST — CEO Dreyspring reviewed the list of action items taken from the Board meeting and answered all questions.

XI. EXECUTIVE SESSION — President Montoya requested a motion to move into executive session to discuss the Bork-Lavin Motions to Strike and Dismiss.

Motion: Director Lynch moved to enter into executive session to discuss the Bork-Lavin Motions to Dismiss at 4:05 P.M. Motion seconded and carried without dissent.

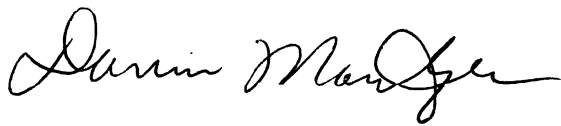
The Board came out of executive session at 4:18 P.M.

Motion: Director Alley moved to deny the complainants' Motions to Strike and Dismiss; and reaffirm that the matters disputed in the formal complaint are subject to Policy 363 Regulations Governing Complaints. Motion seconded and carried without dissent.

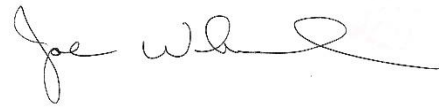
XII. FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES — Green Blocks Program and Local Renewables (Bassett), Union Negotiation Input (McInnis).

There being no further business, the LPEA Board of Directors meeting adjourned at 4:25 P.M.

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



Davin Montoya, President



Joe Wheeling, Secretary