

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, March 21, 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, March 21, 2018 at the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 8:02 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
Dennis Svanes, Chief Financial Officer
Jerry Wills, District Manager of Pagosa Springs Office
Dan Harms, Manager of Rates, Technology and Energy Policy
Ron Meier, Manager of Engineering, Member Relations
Nadine Ontiveros, Manager of HR
Justin Talbot, Manager of Operations
Shay Denning, LPEA General Counsel
C. E. Charistopoulos, Executive Assistant

EXCUSED ABSENCE: None.

GUESTS (from sign in sheet): The following guests were present: Richard Fultner, Dave Thomson Gene Fisher, Heath Rowe, Emily Bowie, Larry Zauberis, Naomi Dobbs, Jenn Wheeling, Nicolaus Van Vonno, Lori Schell, Lauri Costello, Tony Hudspeth, Sarah Ferrell, Opal Warr.

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

I. APPROVAL OF AGENDA

President Montoya addressed the March 21, 2018 Board meeting agenda, and advised that the Audit Report would take place following Future Agenda Items and Committee Schedules.

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

II. REVIEW OF EXIT AND EGRESS FROM BUILDING AND MEET UP SITE IN EVENT OF EVACUATION

CEO Dreyspring reviewed the emergency evacuation procedures.

III. MEMBER COMMENTS AND CONCERNS

Member comments included appreciation and well wishes towards Directors for participating in a retreat, concern about comments from Directors that they did not understand what they were voting on at the February meeting, and a request to know Director membership, support, or participation in the San Juan Citizens Alliance, 4CORE, Western Leadership Network, and Earthworks. Directors commented that lack of participation or support for the organizations did not reflect lack of care or desire, and that Directors participate and support numerous organizations and cannot be involved in everything.

IV. CONSENT BOARD ITEMS.

President Montoya addressed the Consent Board Items.

Motion: Director Lyon moved to approve the Consent Board Items: accepting new members, capital credit payments to estates, monthly write-offs, and minutes for the February 21, 2018 Board meeting. Motion seconded, and carried without dissent.

VI. CEO AND STAFF REPORTS

CEO Dreyspring advised that the Board meeting would move into executive session at 11:00 a.m. for the Board of Directors Retreat, and due to time constraints, suggested that Staff would take questions on the written reports provided in the Board packet.

CEO Dreyspring briefly discussed cyber-security issues and took questions, CFO Svanes advised of funds available for grants in the Unclaimed Capital Credit Fund and took questions on the February Financials, noting an audit adjustment to the 2017 Year End Financials increased margins by \$1 million. Jerry Wills took questions on meter tampering, Nadine Ontiveros took questions on organizational leadership and Change Management training, Ron Meier took questions on NRECA resolutions and carbon monitoring legislation, and Justin Talbot noted that Operations has been taking advantage of the good weather to do extensive system maintenance.

Dan Harms advised that he would like to present a new educational series on Rates for the Board of Directors in the near future and took questions on the March 14, 2018 visit by Holy Cross Energy (HCE) CEO, Bryan Hannegan. Members of the Long Term Strategic Planning Committee noted surprise that HCE did not have a Time of Use Rate, expressed appreciation for their approach of setting agreeable goals before discussing strategies, and discussed HCE's challenge of handling their Comanche coal assets as they work towards meeting Green Goals.

Discussion ensued on the pros and cons of grandfathering existing LPEA PV customers into the current rate structure if a rate change for net metered members takes place, versus the philosophy that all members are in the same boat whether rates rise or fall (non-discriminatory); as well as, the key role of rate design and communications.

VII. ITEMS REQUIRING BOARD ACTION

RESOLUTION 2018-04 BODO PARK SUBSTATION UPGRADE – Ron Meier discussed the Bodo Substation Upgrade, and Justin Talbot advised that the Tri-State mobile substation will be in use for contingency service, while the LPEA mobile substation is in use at the Bodo Substation for the duration of the upgrade.

Motion: Director Bassett moved to adopt Resolution 2018-04 Bodo Park Substation Upgrade. Motion seconded, and carried without dissent.

LONG-TERM STRATEGIES COMMITTEE REPORT – Committee member, Director Bassett advised that sufficient discussion had taken place during the CEO and Staff reports, and no further comment was necessary. Director Huntington advised that the next Long-Term Strategies Committee meeting was scheduled for March 29, 2018.

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

LPEA Mileage Reimbursements

Mike Alley	\$65.40	Bob Lynch	\$196.20
Karen Barger	\$14.17	Doug Lyon	\$2.18
Britt Bassett	\$00.00	Kohler McInnis	\$8.72
Robert Formwalt	\$65.40	Davin Montoya	\$19.08
Dan Huntington	\$52.32	Jack Turner	\$15.26
Rachel Landis	\$00.00	Guinn Unger	\$85.02

LPEA Board Meetings

Mike Alley	\$1200.00	Bob Lynch	\$1325.00
Karen Barger	\$1200.00	Doug Lyon	\$1200.00
Britt Bassett	\$1325.00	Kohler McInnis	\$1200.00
Robert Formwalt	\$1200.00	Davin Montoya	\$1200.00
Dan Huntington	\$1325.00	Jack Turner	\$1200.00
Rachel Landis	\$1200.00	Guinn Unger	\$1325.00

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	\$200.00	Davin Montoya	\$00.00
Dan Huntington	\$00.00	Jack Turner	\$00.00
Rachel Landis	\$00.00	Guinn Unger	\$00.00

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

VIII. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

ANNUAL MEETING UPDATE: FINALIZE PLANS – Ron Meier reported that the bylaws ballot amendment messaging was going out online and in Colorado Country Life magazine, and on social media; Director Candidate statements have been approved and are ballot-ready; and a keynote speaker is not anticipated for the May 12, 2018 annual meeting.

CONSIDERATION OF PAGOSA SPRINGS AMBULANCE REQUEST FROM UCC FUNDS – Director Unger discussed the request for \$10,000 towards a matching grant for a new ambulance for the Pagosa Springs Medical Center. The request to the Round Up Foundation was above their funding limits and was referred to the LPEA Board for Unclaimed Capital Credit funding approval.

Motion: Director Turner moved to approve the request and adopt Resolution 2018-05 Unclaimed Capital Credits for Pagosa Springs Medical Center Ambulance. Motion seconded, and carried without dissent.

IX. ATTORNEY REPORT

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

X. DIRECTOR REPORTS AND OTHER BOARD ACTIONS

ROUND UP FOUNDATION REPORT – Director Unger reported March Round Up grants to the Family Center and Leaders of America of Durango High School for \$750, El Centro de Muchos Colores/Ballet Folklorico of FLC for \$800, Modern Language Department of FLC for \$1030, Thingamajig Theater teen program for \$1500, and iAM Music \$1500; and Education grants to iAM Music outreach programs for \$2000, Ignacio Community Library for \$2000, and Ignacio Elementary School equine therapy program for \$2000.

TRI-STATE REPORT – Director McInnis offered to present a report on the Tri-State contract discussion next month when more time is available, briefly discussed the *Generate Possibilities Campaign* with the Renewable Randy mascot, and noted that the Tri-State audit had three non-material adjustments.

FASTTRACK COMMUNICATIONS REPORT – Director Barger reported that the Annual Shareholders Meeting will take place April 13, 2018.

CREA REPORT – Director Barger encouraged Directors to read the CREA Capitol Insider email and participate in the CREA Directors Forum, and shared that San Miguel Power Association Board of

Directors voted unanimously to not buyout of their contract with Tri-State because of the financial difficulties associated with the decision.

WESTERN UNITED REPORT – Director Formwalt reported that membership has doubled and sales are consistently on the rise.

XI. UPCOMING EXTERNAL MEETINGS

TRAVEL REQUESTS - President Montoya addressed the Upcoming External Meeting list, no travel was requested.

XII. REVIEW OF CEO ACTION LIST

CEO Dreyspring reported that there were no follow up action items for the CEO from this Board meeting and answered all questions.

XIII. FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES

No items were requested for future discussion.

V. 2017 FINANCIAL AUDIT PRESENTATION, BKD AUDITORS AND ADVISORS

LPEA 2017 FINANCIAL AUDIT PRESENTATION BY BKD AUDITORS AND ADVISORS – Rob McCoy, of BKD Auditors and Advisors in Denver, CO, presented the independent auditor’s report of LPEA’s consolidated financial statements, and its subsidiary, as of December 31, 2017 and 2016. 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.

XIV. EXECUTIVE SESSION

Motion: Director Lyon 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 went into executive session at 10:53 a.m. The Board came out of executive session at 11:06 a.m.

Motion: Director Formwalt moved to accept the 2017 LPEA Auditors Report as presented. Motion seconded, and carried without dissent.

Motion: Director Formwalt moved to go into executive session for the rest of the day for the purpose of conducting a Director Retreat. Motion seconded, and carried without dissent.

The Board of Directors went back into executive session at 11:09. The Board came out of executive session at 5:00 p.m., and directed CEO Dreyspring to set up a similar meeting for LPEA's April 18 Board meeting to continue the work with facilitator, Phil Bryson. The agenda for the April 18, 2018 meeting will be similar to the March 21, 2018 meeting, with a start time at 8:00 a.m., followed by an Executive Session off-site Director Retreat from 11:00 a.m.- 6:00.

There being no further business, the LPEA Board of Directors meeting adjourned at 5:15 p.m.

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

Davin Montoya, President

Karen Barger, Secretary