

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, June 18, 2014, in the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 9:02 A.M., with the following directors present:

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

Excused Absence;  
Heather Erb

Also present were:  
Greg Munro, Chief Executive Officer  
Barry Spear, Attorney  
Dennis Svanes, Chief Financial Officer  
Steve Gregg, Manager of Operations  
Ron Meier, Manager of Engineering  
Indiana Reed, Marketing & Communications Consultant  
Laura Rome, Executive Assistant

Steve Gregg led the board in the Pledge of Allegiance.

President Montoya announced that Director Erb had her baby on Saturday and would be absent for the June Board meeting

**AGENDA**

President Montoya addressed the agenda and requested to add for discussion per diem at Tri-State and would discuss under the Tri-State report. CEO Munro noted a correction that items G and I should be combined as one item.

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

**GUESTS (from sign in sheet)**

The following guest were present; Betsy Romere, Lin Stewart, Ken Fox and Ann McCoy Harold.

**CONSENT BOARD ITEMS**

The consent board items were presented and reviewed.

**Motion:** Director Turner moved to approve the May 21, 2014 minutes, capital credit payments to estates and May write offs; motion seconded and carried without dissent.

## **MEMBER COMMENTS AND CONCERNS**

Betsy Romere addressed the board and sought clarification on who receives 1099 forms from LPEA. Discussion ensued on the subject with both CFO Svanes and Director Bassett addressing the question.

## **ITEMS REQUIRING BOARD ACTIONS**

Director reimbursements were presented and reviewed.

### Committee of the Whole 6/16/14

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
Jerry McCaw	\$216.65	Jack Turner	\$216.95
Tom Compton	\$219.43		

### LPEA Board Meeting 6/18/14

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
Jerry McCaw	\$216.65	Jack Turner	\$216.95
Tom Compton	\$219.43		

Jeff Berman    CREA            2 days            \$400.00

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

## **ELECTION OF OFFICERS AND REPRESENTATIVES**

President Montoya introduced Attorney Spear to review the election process. Attorney Spear reviewed the voting process and different options for nominating and voting. He took questions on the process. President Montoya appointed Attorney Spear to conduct the election of Officers.

**Motion:**        Director Compton moved to retain the current executive committee: President Montoya, Vice President Erb, Treasurer Wheeling and to add Director Rendon as Secretary. Director Rendon declined; motion seconded and did not pass.

Director Compton amended the motion to add Director Turner as Secretary and Director Turner declined.

Director Compton amended the motion to elect the current executive committee without a Secretary appointed.

All motions were seconded and voted on but failed to pass.

### **Representatives for LPEA Board.**

The first office considered for nomination was President. Director Montoya, Director Berman and Director Rendon were nominated. Director Berman removed his name. Director Rendon addressed the board. Director Rendon was voted in as President

The second office considered for nomination was Vice President. Director Formwalt, Director Lynch, Director Berman, and Director Erb were nominated. Director Formwalt and Director Lynch removed their names. Director Erb was voted in.

**Motion:** Director Berman requested to see the vote count for the Vice President; motion seconded and passed without dissent. Attorney Spear stated it was six to five for Director Erb.

The third office considered for nomination was Treasurer. Director Wheeling and Director Garcia were nominated. Director Garcia was voted in.

The fourth office considered for nomination was Secretary. Director Wheeling, Director Turner, Director McCaw, and Director Berman were nominated. Director Wheeling and Director Turner declined the nomination. Director Berman was voted in as Secretary.

### **Representatives to other boards were addressed.**

#### **Tri-State Representative**

Director Berman nominated Director Wheeling as the Tri-State representative.

**Motion:** Director Berman moved to appoint Director Wheeling as the Tri-State representative; motion seconded and carried without dissent.

#### **CREA Representative**

**Motion:** Director Bassett moved to appoint Director Berman as the CREA representative; motion seconded and carried with five directors dissenting.

#### **Western United**

There was a nomination for Director Formwalt as Western United representative.

**Motion:** Director Bassett moved to appoint Director Formwalt to serve on the Western United Board; motion seconded and passed without dissent.

#### **APPOINT ROUND UP DIRECTOR**

President Rendon stepped down from the Round Up board as a Director.

**Motion:** Director Formwalt moved to appoint Director Lynch to the Round Up Board; motion seconded and passed without dissent.

**Motion:** Director Berman moved to appoint Director Turner to the Round Up Board; motion seconded and passed without dissent.

#### **CREA Alternate**

**Motion:** Director Berman moved to appoint Director Turner to be the alternate for CREA; motion seconded and passed without dissent.

### **Western United Alternate**

There was a nomination for Director Erb as Western United Alternate representative. Director Berman suggested having the CREA representative serve as the alternate to the Western United board. Discussion ensued.

**Motion:** Director Formwalt moved to appoint Director Erb as the alternate for Western United; motion seconded and passed without dissent.

### **2014 ANNUAL MEETING REVIEW AND SET NEXT YEAR'S DATE AND PLACE**

Director Bassett suggested the 2015 annual meeting take place on Saturday May 16, 2015 in Pagosa Springs. Discussion ensued and it was determined to look at availability for facilities. Discussion ensued on the time of year to have the annual meeting.

**Motion:** Director Bassett moved to have the meeting in Pagosa Springs on May 16, 2015 as a tentative date with the place to be determined at a later date. Director Bassett amended his motion to include the wording that this was the first choice but in a strategic planning session it could be changed; motion seconded and passed without dissent

CEO Munro stated that the 2014 annual meeting report expenses would be completed next month.

### **CEO REPLACEMENT ITEMS**

CEO Munro stated that he had submitted his letter of resignation and his last day would be August 1, 2014. Director Montoya stated that there would be an executive session to discuss further. Director Rendon gave a brief update on the CEO replacement process and the current status.

### **REVIEW APPROVE RESOLUTION 2014-12, EASEMENT TO THE CITY OF DURANGO**

Manager of Operations Steve Gregg gave the history of the easement requests. It was for an easement for fiber to cross portions of the Riverview substation and Bodo Park substation sites. He requested Eric Pearson from the City of Durango to address the current easement request. Mr. Pearson reviewed in detail the current request. They both took questions on the request. Manager of Operations, Steve Gregg noted staff recommended for board approval.

**Motion:** Director Berman moved to adopt Resolution 2014-12 as presented; motion seconded and passed without dissent.

### **REVIEW LPEA POSITIONS AND NRECA RESOLUTIONS**

CEO Munro gave an update on the NRECA resolutions status. Director Berman discussed that NRECA was going through their resolutions and if there were changes that the LPEA board would like to make to send suggestions or comments to NRECA. Director Berman stated he had drafted a LPEA resolution 2014-13 with recommended changes to NRECA resolutions and requested discussion. He read his proposed resolution and recommended submitting to NRECA. CEO Munro noted that each region at the regional meetings was the timing NRECA reviewed resolutions. Discussion ensued. Director Montoya indicated he could not support the resolution.

**Motion:** Director Turner moved to adopt Resolution 2014-13 as presented; Motion seconded and passed with Director McCaw, Director Formwalt, Director Wheeling, Director Montoya and Director Compton dissenting.

It was requested to report that it was a close vote for and against when representing this resolution to other COOPs for support.

### **TRI-STATE RATE AND MEMBER ISSUES**

Director Montoya requested for discussion the per diem rate for Tri-State Directors that was approved by the Tri-State Board to change it from \$400 to \$500 a day. He wanted to express his dissatisfaction of the Tri-State Board's decision. Discussion ensued with feedback from Director Wheeling. He stated that per diem was voted on in his absence, and noted that Tri-State was on the lower end of per diem scale for G & T's. He asked if the concern is the per diem amount or that the Tri-State Board was too big. Discussion continued on the change. President Rendon suggested putting the matter on the July agenda. It was determined to add the subject to the July agenda.

### **CONSIDERATION FOR BOARD AND EMPLOYEE EVENT**

Director Turner had requested to have it on the agenda. Discussion ensued and included: potential breakfast; showing staff appreciation; not to add a burden to the staff and that the board take on the project; criteria of event; have one at each office, Pagosa Springs and Durango; timeframe of the event to happen within the next twelve months. Discussion continued with Director Bassett recommended creating a subcommittee. President Rendon asked what staff would want. CEO Munro noted past similar events and that they were usually in the fall, a pancake breakfast, and the staff cooks. Director Wheeling pointed out the new CEO might be here by then. It was determined that CEO Munro determine a time to have a pancake breakfast for the employees, and let the Board know at the next Board meeting.

### **ATTORNEY REPORT**

Attorney Spear summarized his written report which included: the status of the PUC case; the Tri-State 115 kV line transfer agreement; and Grassy Mountain communication building lease. He took questions on his report.

### **BENEFITS REPORT**

Human Resource Manager Linda Looman presented the benefits report. She highlighted: the compensation elements; retirement savings plan; Schwab index advantage; Schwab retirement planner; guided choice is the co-fiduciary; medical plan 2013 costs; premiums for employees were not increased; premium calculations medical/dental/vision plan expenses; she displayed a graph with LPEA's premium comparison; employee contribution; Colorado average vs. LPEA; LPEA medical 2014 plan changes and changes in maximum out of pocket calculations and limits; removal of pre existing and the added lifestyle management benefit. She took questions on her report.

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

CEO Munro reviewed the written report that was included in the June board packet. He noted he could present after lunch the Tri State EPA report, how it could affect each state and Tri-State. In regards to proposed new RUS rules, he mentioned that he was working with other Coops to have RUS not adopt the changes, and that it was a national effort. He gave a status update on the 115 kV transfer with discussion ensuing on the topic. He and LPEA Staff met with JR Ford and Tri-State staff on the Biomass project. He highlighted the challenges that both JR Ford and

LPEA staff were facing with costs and ways that LPEA can support. Other items he briefly mentioned included that he attended the CFC forum, and listed the speakers. He took questions on his report.

President Rendon noted he had a conference call at 1:00 pm and requested Secretary Berman to run the board meeting after lunch.

The regular board meeting recessed for lunch at 11:57 A.M. and Secretary Berman called the meeting back to order at 1:01 P.M.

### **CEO REPORT AND STAFF REPORTS Cont.**

CFO Svanes gave an update of the new kiosk that would be in place soon at the drive thru and noted it would be self service and available 24 hours. He took questions on his update.

Steve Gregg, Manager of Operations noted two employees had retired; Tom Gottlieb and James Forsythe. He took questions on his report.

Manager of Engineering, Ron Meier gave a status update on an AMI antenna that had been damaged due to high winds. CEO Munro pointed out that the Pagosa Springs Town Council requested LPEA to attend their council meeting on July 1, 2014 to be available for questions on AMI. He took questions on his report.

Indiana Reed, Marketing & Communications Consultant highlighted that Mark Schwantes was the chaperone for the Washington DC Youth tour. She took questions on her report.

Steve Gregg took questions on a company providing pole inspections. He reviewed in detail the transformers also being inspected. Discussion ensued on interconnection agreements.

### **STAFF CONFERENCE AND TRAINING REPORT**

CEO Munro took questions on the written staff conference and training report included in the June board packet.

### **FINANCIAL REPORT**

CFO Svanes took questions on the written report included in the June board packet.

### **COMMITTEE OF THE WHOLE MEETING**

CEO Munro gave a presentation on the Pagosa Biomass project. CEO Munro displayed a Biomass Project Economics spreadsheet reviewing the differences and monies needed to help support the project. He took questions on the project. CEO Munro indicated that JR Ford would provide his company's feasibility plan to the LPEA board. Discussion ensued on the type of project it was. Director Formwalt gave an update on the geothermal project in Pagosa Springs.

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

Director Rendon reported that the Round Up Board met on Monday June 16, 2014. Educational grants were Cowboy Poetry Gathering requested \$2,000 and were granted \$2,000; Growing Partners requested \$800 and were granted \$800; Silver Spruce Academy from Pagosa Springs requested \$5,000 for computers and \$5,000 for furniture. They were granted \$2,000 for computers and \$1,000 for furniture.

### **FASTTRACK REPORT**

Director Wheeling gave highlights of the last board meeting and it included: strategic planning; FastTrack recognized as one of the fifty Colorado companies to watch; touched on the Colorado Fiber Network; and CABS billing collection; He took questions on his report.

### **TRI-STATE REPORT**

Director Wheeling highlighted the strategic planning session and outcome; he thought Mike McInnis, the new VP and General Manager was well positioned to address the issues Tri-State is facing including the financial restructure of the project. Additional items included; unique time for Tri-State, rate spreads with discussion ensuing on: rates; rate spreads; Sunflower plant; and solutions for the rate protests. He took questions on his report.

### **CREA REPORT**

Director Berman reported that CREA had its meeting in Lamar, CO at Southeast Colorado Power Association. He gave highlights on its fiber growth but was concerned on its energy efficiency efforts. He noted that he visited three sites, including a wind tower tour, a sunflower oil extraction plant, and a new irrigation pump system. He heard a discussion on the Colorado water plan, and provided materials he collected at the meeting. At the meeting he was encouraged to invite our legislators to meetings and to be members of CARE. He stated that PVREA donated \$10,000 to CARE. Director Berman announced he was contacted by a former DOE employee that wants to provide support for a Energy Efficiency loan program with bill financing. CEO Munro noted that staff has already done a lot of research on the program. Director Berman took questions on his report.

### **WESTERN UNITED REPORT**

Director Formwalt noted there was not a meeting since last month and highlighted the sales and finance report that was included in the June board packet. He noted that next week's meeting was the meeting with the auditor and election of officers. He took questions on his report.

### **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 June board packet; director reimbursement report, capital credits and refunds, safety and outage report; capital items report; consultant and contractor report, construction and maintenance report, financial report plus, county fair appointments, CEO replacement items, consideration for board retreat and strategic planning and Tri-State membership and rate issues. Items added included: appointing NRECA Regional meeting delegate / alternate, Tri-state per diem increase issue; CCL articles; and LPEA's Electric Service Regulations.

### **UPCOMING EXTERNAL MEETINGS**

CEO Munro noted the list included in the June board packet. CFO CoBank Energy Conference in Colorado Springs, and the CREA annual meeting. Director Garcia requested attending the CoBank and CREA director training; Director Lynch requested to attend the NRECA summer school; and Director Berman requesting to attend the EUCE Rate design class July 22 and July 23 in Denver and he noted the cost for the class was \$1,200 if registered before July 11. Discussion ensued on Director Berman's request and it was tabled.

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

To be discussed in executive session.

**EXECUTIVE SESSION**

**Motion:** Director Garcia moved to go into executive session to discuss CEO replacement items, a personnel issue, and the PUC complaint at 3:29 P.M.; motion seconded and passed without dissent. Director Wheeling was excused at 4:30 P.M., for the discussion on the PUC complaint.

The board came out of executive session at 4:56 P.M.

The regular LPEA board meeting reconvened at 4:56 P.M.

**OTHER BUSINESS**

None

With no further business, the regular board meeting adjourned at 4:57 P.M.

Recorded by: Laura Rome

Approved by:

  
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Michael Rendon, President

  
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Jeff Berman, Secretary