

LA PLATA ELECTRIC ASSOCIATION, INC.
LPEA Annual Meeting of Members Minutes
Fort Lewis Collège Community Concert Hall, Durango Colorado
6:30 p.m., Thursday, May 2, 2019

CALL TO ORDER

The 80th Annual Meeting of the Members of La Plata Electric Association, Inc. was held at the Fort Lewis College Community Concert Hall on Thursday, May 2, 2019. President Bob Lynch called the meeting to order at 6:30 p.m.

OFFICIAL WELCOME

LPEA Board President Bob Lynch welcomed attendees, announced the closing of the ballot box, and advised that Director election results would be announced at the end of the meeting followed by Q&A responses to written questions.

Lynch introduced Production Manager, LeAnn Brubaker who thanked LPEA for holding the 2019 Annual Meeting of the Members at the Community Concert Hall. Following the *Star-Spangled Banner*, the membership joined in the Pledge of Allegiance.

ATTENDANCE REPORT

President Lynch reported that 263 members had registered as of 5:30 p.m., registration was officially closed, and a quorum of LPEA members was established.

APPOINTMENT OF ACTING SECRETARY AND PARLIAMENTARIAN

President Lynch appointed LPEA Executive Assistant, Charis Charistopoulos as acting Secretary and LPEA Legal Counsel, Shay Denning as Parliamentarian for the 2019 LPEA Annual Meeting of the Members.

OFFICIAL NOTICE OF MEETING AND STANDING RULES OF PROCEDURES

Attorney Denning confirmed that the Annual Meeting notice was posted pursuant to the LPEA bylaws, no less than 10 days and no more than 45 days prior to the date of the meeting, in accordance with the bylaws. Denning requested a motion to waive the reading of the 2019 LPEA Annual Meeting notice as presented.

Motion: Member, Larry Zauberis moved to waive the reading of the 2019 LPEA Annual Meeting notice as presented. Motion seconded and carried without dissent.

Attorney Denning advised that La Plata County Clerk and Recorder, Tiffany Parker was hired as the independent third party to tabulate the ballots. Denning addressed the Standing Rules and

Procedures included in the 2019 Annual Meeting of the Members packet. Denning requested a motion to accept the Standing Rules and Procedures as presented.

Motion: Member and Director, Guinn Unger moved to accept the Standing Rules and Procedures as presented. Motion seconded and carried without dissent.

APPROVAL OF 2019 AGENDA AND 2018 ANNUAL MEETING MINUTES

President Lynch asked for motions to approve the 2019 meeting agenda and to accept the 2019 Annual Meeting minutes.

Motion: Member and Director, Jack Turner moved to accept the agenda as presented. Motion seconded and carried without dissent.

PRESIDENT INTRODUCES BOARD OF DIRECTOR INCUMBENTS AND CANDIDATES

President Lynch introduced incumbents and new candidates running for election in each District: In District 1, Holly Metzler and Michael Whiting ran for the seat vacated by Mike Alley. In District 2, Jeffery Mannix ran against incumbent Dan Huntington. In District 3, Joe Lewandowski ran unopposed and was elected by resolution for the seat vacated by Doug Lyon. In District 4, Sarah Ferrell ran against incumbent, Jack Turner.

INTRODUCTION OF LPEA CEO AND OTHER GUESTS

President Lynch recognized Colorado Rural Electric Association Executive Director, Kent Singer; Tri-State G&T Board President, Rick Gordon; Tri-State G&T CEO, Duane Highley; and Western United Electric Supply Representative, Brandon Kibler. Lynch also recognized representatives and dignitaries present from La Plata County and the City of Durango; as well as former LPEA, Round Up Foundation, and 4CORE Directors.

REPORTS

LPEA Board President Report – President Lynch expressed gratitude for presiding over a diverse, deeply engaged, and bright Board of Directors that takes the time to make wise and thought-out decisions for the best interests of the cooperative. Lynch praised hard-working LPEA employees who are celebrating 80 years of service to the members with a foremost commitment to safety; as well as LPEA responsiveness during the 416 Fire, focus on continuous improvement, commitment to the LPEA mission, and constantly moving the bar of excellence higher and higher.

Lynch highlighted LPEA's financial and operational performance achievements, applauded the engaged membership, increased transparency and board meeting accessibility through livestream video, and the board's adoption of a unifying goal in January 2019 that, *LPEA will strive to*

reduce its carbon footprint by 50% from 2018 levels by year 2030 while keeping member's cost of electricity lower than 70% of its Colorado cooperative peers. Lynch discussed participating on Tri-State's Contract Committee, learning about power supply and markets through work done by the LPEA Long Term Strategies and Power Supply Committees, and thanked retiring CEO, Mike Dreyspring for five years of leadership.

Round Up Report – President Lynch introduced LPEA Round Up Board President, Briggen Wrinkle, who is also the Executive Director of the Community Foundation serving Southwest Colorado. Wrinkle described the Round Up Foundation as a lifeline to community nonprofit organizations that benefit from 60-80 grants that are awarded every year, and which directly affect LPEA members. The funds collected from LPEA members who elect to round-up their bills to the next highest dollar are donated to the Round Up Foundation (RUF). Since its inception in 1996, the RUF has awarded over \$1 million in grants to hundreds of local nonprofits.

LPEA CEO Report – President Lynch introduced LPEA CEO, Mike Dreyspring, who thanked the members for being engaged in the governance of their cooperative, the employees of LPEA who are very committed to serving the members, and those who serve and have served in the U.S. military.

Dreyspring acknowledged LPEA achievements and performance highlights throughout 2018. Most notably, the outstanding responsiveness by the LPEA operations personnel during the 416 fire who dealt head-on with devastation caused to underground facilities by mudslides and found innovative solutions to critical transmission line issues.

Dreyspring reported that the Power Supply Committee (PSC), consisting of directors and staff, was formed, and charged to discover valuation methods for LPEA's contract with Tri-State, as well as alternative power supply options in order to educate themselves on the question of exiting the Tri-State contract. The PSC worked with outside consultants who have shown that LPEA would be able to obtain reliable power from an alternative supplier. The PSC is set to complete its work on March 31, 2019 and will present the findings at member district meetings in the coming weeks.

Dreyspring reported that the question of exiting the Tri-State contract is the biggest decision the cooperative will ever make, and it is critical to understand the options, costs and impact to LPEA members; and that the board and staff will pursue indicative pricing from various power suppliers, continue with transmission analysis, and investigate various financial models in this ongoing contemplation. Dreyspring encouraged members to remain engaged in the dialogue and thanked them for participating in the governance of their cooperative.

LPEA Financial Report – Treasurer, Tim Wheeler addressed the 2018 financial status of the cooperative and reported that LPEA has met all financial obligations for the year and received a clean audit report from BKD Auditors. Total assets of \$302 million and liabilities that are in compliance with key ratio requirements help preserve margins that are paid back to the members. Member equity has grown, and \$5.3 million in capital credits were retired in 2018. Wheeler discussed major revenue and expense categories, noting the majority of revenue comes from residential customers, and the majority of the expense goes to the power LPEA receives from

Tri-State and distributes to members. LPEA paid \$1.25 million in combined property taxes to La Plata and Archuleta Counties. In the interests of transparency, LPEA has included financial information on the LPEA website such as Board Expenditure Reports, Donations and Sponsorship Reports, the Annual Form 7, and the IRS Form 990 Tax Return Report.

CREA Report – Director Jack Turner, LPEA representative to the Colorado Rural Electric Association, discussed CREA’s role in service to the Colorado cooperatives through safety training, director and employee education, communication through Colorado Country Life magazine, and government and legislative support.

Turner introduced CREA Executive Director, Kent Singer who discussed CREA’s 2019 legislative actions and the passage of various bills, most notably, *Colorado HB 19-1261 Climate Action Plan to Reduce Pollution* which sets reductions for carbon emissions, but there is uncertainty about how the bill will be implemented. Singer thanked Turner for his service on the CREA board, expressed appreciation LPEA’s contribution to CREA.

Tri-State Generation and Transmission Report – Kirsten Skeehan, LPEA Director representative to Tri-State stated that governance is not a science, but an art; solutions are not black and white; and the *win-win* is in the overlap, the creativity, the passion and compassion, the ecology and the economy. The *win-win* is in our willingness to be wrong and in our strength to be right, with humility. Skeehan spoke about changes in leadership at LPEA, as retiring CEO Dreyspring is replaced by incoming CEO, Jessica Matlock in July, and introduced the new Tri-State CEO, Duane Highley who requested an invitation to the LPEA Annual Meeting of the Members so he could listen to the members.

Tri-State CEO, Duane Highley expressed gratitude for the opportunity to speak with LPEA’s members and acknowledged Tri-State’s responsibility to its 43 member cooperatives that depend on Tri-State for power supply. All members are united on the importance of reliability, affordability, and cleaner energy; and clear on the reality that these forces are often at odds with one another.

Highley expressed agreement with Director Skeehan’s remarks about the *win-win*, and congratulated LPEA on adopting a unifying goal that aligns with Tri-State’s own challenge to provide the right mix of energy into the network, and which also offers stability and affordability. Highley discussed *Colorado HB 19-1261 Climate Action Plan to Reduce Pollution* as the new standard seeking a 50% reduction in carbon by 2030, and the realities of new and emerging technologies that can make this quick transition possible. Highley touched on new wind and solar projects that Tri-State will have online in early 2020, the role of fossil fuels as backup for the unavoidable disruptions that are inherent with renewable energy, and a recent change in Tri-State bylaws that will allow members to have flexibility in power supply options.

Attorney Denning with Maynes, Bradford, Shipps and Sheftel – General Counsel for LPEA, Shay Denning advised that written questions submitted to LPEA staff will be taken at the end of the meeting during the Q&A session. Denning thanked the members, staff, and board for their hard work and for the opportunity to provide legal counsel to the cooperative for 45 of LPEA’s 80 years.

As LPEA continues to position itself for the future in response to the rapidly changing electric industry, MBSS assists LPEA in navigating the opportunities as well as, the uncertainties. Denning highlighted work done with the Election Supervisor Committee to ensure fair and unbiased elections, with the Power Supply Committee to study future power supply options, assisting LPEA with its participation in the Delta Montrose Electric Association complaint to the Public Utilities Commission, and her participation in a Tri-State member meeting that resulted in changes to Tri-State bylaws that create an opportunity for LPEA to gain increased flexibility in response to future power supply challenges.

Denning praised and encouraged members to take active interest in the cooperative governance process, cited LPEA's policies, bylaws, minutes, and agendas that are available online, and noted that LPEA Board meetings are open to the public, livestreamed, and archived online. Denning thanked the board and staff for the opportunity to serve as general counsel to LPEA.

UNFINISHED BUSINESS

President Lynch asked for any unfinished business items from the 2018 Annual Meeting of the Members, held May 12, 2018. There was none.

BOARD OF DIRECTORS ELECTION RESULTS

President Lynch introduced La Plata County Clerk, Tiffany Parker to announce the 2019 Board of Director election results. Parker thanked the Election Judges, Administrator, and Supervisory Committee before announcing that 6,633 ballots were received (of 25,416 ballots) and the winning results were as follows:

District 1: Holly Metzler was elected with 1,106 votes over Michael Whiting with 794 votes.

District 2: Dan Huntington was elected with 1,751 votes over Jeffrey Mannix with 727 votes.

District 3: Election cancelled; Joe Lewandowski ran unopposed.

District 4: Jack Turner was elected with 1277 votes over Sarah Ferrell with 969 votes

A copy of the certified election results is attached to these minutes and by reference incorporated herein.

DOOR PRIZE

Door prize winners were drawn and announced.

NEW BUSINESS AND MEMBER Q&A

President Lynch confirmed that no new business was requested and introduced the Q&A moderator, Nadine Ontiveros, LPEA Manager of Human Resources. Lynch thanked the members for attending and participating

ADJOURNMENT

President Lynch thanked members for participating and there was consensus to adjourn the meeting. With no further business, the 2019 LPEA Annual Meeting of the Members was adjourned at 8:18 p.m.

Acting Secretary, C.E. Charistopoulos