

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, September 19, 2018
Pagosa Springs, Colorado
Ross Aragon Community Center

I. CALL TO ORDER

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, September 19, 2018 at the Ross Aragon Community Center in Pagosa Springs, Colorado. President Lynch called the meeting to order at 9:00 a.m., with the following Directors present:

Mike Alley	Bob Lynch, President	Kirsten Skeeahan
Britt Bassett, Vice President	Doug Lyon	Jack Turner
Dan Huntington, Secretary	Kohler McInnis	Guinn Unger
Rachel Landis	Davin Montoya	Tim Wheeler, Treasurer

LPEA STAFF:

Mike Dreyspring, Chief Executive Officer
Dennis Svanes, Chief Financial Officer
Nadine Ontiveros, Manager of HR
Ron Meier, Manager of Engineering and Member Relations
C. E. Charistopoulos, Executive Assistant
Shay Denning, LPEA General Counsel

EXCUSED ABSENCE: Dan Harms, Manager of Rates and Technology; Justin Talbot, Manager of Operations; Jerry Wills, District Manager, Pagosa Springs

GUESTS (from sign in sheet): The following guests were present: Betsy Romere, Sarah Ferrell, Emily Bowie, Heath Rowe

REVIEW OF EXIT AND EGRESS FROM BUILDING AND MEET UP SITE IN EVENT OF EVACUATION – CEO Dreyspring reviewed the emergency evacuation procedures.

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

I. APPROVAL OF AGENDA

President Lynch addressed the September 19, 2018 Board meeting agenda.

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

II. MEMBER COMMENTS AND CONCERNS

A member requested a show of hands from the Board of Directors to indicate if any had received campaign funds from San Juan Citizens Alliance (SJCA), two Directors responded affirmatively. The member expressed concern about the loyalty of Directors who receive campaign funds from SJCA and that Director presentations on renewables are biased and misleading.

A member shared information on the 2nd Annual Climate Change Solutions Series, to be held at 12:00 p.m. and 5:30 p.m., Tuesday October 30, 2018 at the Community Concert Hall.

III. CONSENT BOARD ITEMS.

President Lynch addressed the Consent Board Items and asked for a motion to approve the minutes for the August 13, 2018 Committee of the Whole meeting.

Motion: Director Landis moved to approve the minutes for the August 13, Committee of the Whole meeting. Motion seconded and carried without dissent.

President Lynch addressed the August 15, 2018 Board meeting minutes. Discussion ensued on the written summary of the Director Conflict of Interest exercise on page 3 of the August 15, 2018 Board meeting minutes.

Motion: Director Montoya moved to approve the August 15, 2018 Board meeting minutes with Conflict of Interest attachments as presented. Motion seconded.

Discussion ensued regarding the purpose and content of the minutes.

Motion Resumed: Motion failed 7 to 5 with Directors Turner, Wheeler, Skeehan, Bassett, Unger, Landis, and Lynch opposed.

Motion: Director Bassett moved to approve the August 15, 2018 Board meeting minutes with the removal of attachments and content about the conflict assessment conversation, reporting only the results of the Conflict of Interest form discussion.

Discussion ensued.

Motion Resumed: Motion carried with Directors Montoya, Lyon, Huntington, Alley, and McInnis opposed.

Motion: Director Turner moved to develop a verbatim transcript of the August 15 Board discussion item, *VII. A. Review of Conflict of Interest*, for posting on the LPEA website. Motion seconded and carried 11 to 0 with Director Bassett recused.

Motion: Director McInnis moved to approve the remaining consent items: capital credit payments to estates, monthly write-offs, and new member list. Motion seconded and carried without dissent.

IV. CEO AND STAFF REPORTS

CEO Dreyspring advised that Safety and Regulatory Compliance Superintendent, Brett Cochrane would provide an update on electrical contact by a third-party contractor. Dreyspring addressed the written report and took questions. CFO Svanes addressed the financial statements, reported on Equity Retirements from CFC and Western United, and discussed cost shifting in Expenses due to NERC compliance requirements that account for variances in the reporting of Actual versus Forecast construction costs. Nadine Ontiveros addressed the written report in the Board packet and took questions.

Ron Meier discussed assisting a large customer with NERC compliance challenges, line decertification efforts between Tri-State and LPEA, the installation of an Airport transfer switch; and reported an increase in solar installations. Meier will discuss the interconnection policy next month. Meier took questions for Dan Harms on phishing, cyber-security training, email filtration and interception.

V. ITEMS REQUIRING BOARD ACTION

POLICY 117 REQUEST FOR COOPERATIVE INFORMATION BY JEFF BORK – CEO Dreyspring and Ron Meier advised that the requests have been resolved through dialogue and the Policy 117 Request for Cooperative Information had been withdrawn. Director Bassett requested access to a bill frequency report on consumption by category, and the 2018 Tri-State bills to LPEA.

PUBLIC ASSESS TO BOARD MEETING DOCUMENTS ATTACHED TO OFFICIAL MINUTES OF MEETING – CEO Dreyspring recalled previous Board and Attorney discussion about providing links to certain non-confidential, non-sensitive Board meeting documents on the website for member reference. Attorney Denning is asking for direction from the Board regarding what information should be automatically posted on the website as opposed to provided upon request.

Discussion ensued on the issue of how and when to provide Board meeting documents.

Motion: Director Lyon moved to direct Staff to publish Board meeting documents on the LPEA website, using discretion to protect sensitive material with a bias towards publication. Motion seconded and carried without dissent.

VIDEO STREAMING AND RECORDING OF LPEA BOARD MEETING – CEO Dreyspring asked for Board direction on whether to livestream and/or record for public access,

any LPEA Board meetings. Discussion ensued on the options for livestreaming and/or recording meetings and the limitations on the media format.

Motion: Director Bassett moved to direct Staff to record (for archive) and broadcast (livestream) regular monthly Board meetings using existing equipment. Motion seconded.

Motion to Amend: Director Montoya moved to amend the motion to make the meeting recordings available on the LPEA website for members to view on demand. Motion seconded.

Discussion ensued on the amendment. There was general agreement among the Board that the intent is to make the recordings available in the future after a measure of footing is gained with logistics, policy, and best practices.

Motion to Amend: Motion to amend failed with Directors McInnis, Skeehan, Lyon, Bassett, Wheeler and Turner opposed.

Motion Resumed: Motion to direct Staff to record (for archive) and broadcast (livestream) regular monthly Board meetings using existing equipment carried 10 to 2 with Directors McInnis and Alley opposed.

CEO Dreyspring advised that Staff will follow up with a report on best practices, the legal implications and security risks of meeting recordings; a suggested policy to guide decision making on meeting recordings; and a deeper discussion on taking minutes in light of publishing meeting documents online and livestreaming the meetings.

APPOINT VOTING DELEGATE AND ALTERNATE FOR BASIN ELECTRIC POWER COOPERATIVE ANNUAL MEETING – There was consensus among the Board that no one was available to attend the Basin Annual Meeting, and a delegate would not be appointed.

2019 CAPITAL ITEMS BUDGET – Controller, Rachel Gillman stated that the Capital Budgets and Financial Forecast make achieving the LPEA mission possible, reviewed the timeline for final approval in November 2018, and discussed the prioritization of asset items in the Capital Items Budget based on Urgent Need, Safety Need, Financial Need, and Technical Need.

Discussion ensued on the budgeting process, vetting of expenditures, and how to tie the process to the Strategic Plan for Board discussion and decision making. Gillman addressed the Capital Items Budget by Department, type, and trends over the previous 5 years. Discussion ensued on prioritized allocations, a 2019 increase of 12% for new buildings to protect assets, and funding long term projects without an increase in Revenue. Budget and Revenue Requirements as well as, the Capital Projects Budget will be presented in October, and approved in November.

POLICY 107 CAMPAIGN FINANCE – CFO Svanes invited comment on the draft of the proposed policy. Discussion ensued on various points within the policy and Attorney Denning

gave input. Denning and Svanes will prepare a revised draft for further review at a future meeting.

POLICY 127 DIRECTOR ELECTIONS AND ANNUAL MEETING VOTING

PROCEDURES: RENUMBERED AS POLICY 105 – Attorney Denning and CFO Svanes discussed proposed revisions to the policy and will present a revised draft for further review in December.

REVIEW POLICY 117 DISCLOSURE OF COOPERATIVE INFORMATION:

RENUMBERED AS POLICY 108 – President Lynch advised that due to time constraints this policy will be reviewed in November.

DIRECTOR EXPENSE APPROVAL – Director Wheeler reported the Director expense items to be reimbursed. Discussion ensued on the role of Jack Turner as Liaison between CREA and the Power Supply Committee (PSC). There was consensus among the Board that Turner would receive per diem and travel expense compensation pending approval of the upcoming PSC Expenditures.

LPEA Mileage Reimbursements

Mike Alley	\$5.45	Kohler McInnis	\$17.44
Britt Bassett	\$00.00	Davin Montoya	\$19.08
Dan Huntington	\$26.16	Kirsten Skeeahan	\$7.09
Rachel Landis	\$00.00	Jack Turner	\$95.38
Bob Lynch	\$8.18	Guinn Unger	\$55.59
Doug Lyon	\$54.40	Tim Wheeler	\$00.00

LPEA Board Meetings

Mike Alley	\$1200.00	Kohler McInnis	\$1200.00
Britt Bassett	\$1200.00	Davin Montoya	\$1200.00
Dan Huntington	\$1200.00	Kirsten Skeeahan	\$1200.00
Rachel Landis	\$1200.00	Jack Turner	\$1200.00
Bob Lynch	\$1200.00	Guinn Unger	\$1200.00
Doug Lyon	\$1200.00	Tim Wheeler	\$1200.00

Other External Meetings

Mike Alley	\$265.40	Kohler McInnis	\$325.00
Britt Bassett	\$125.00	Davin Montoya	\$00.00
Dan Huntington	\$00.00	Kirsten Skeeahan	\$00.00
Rachel Landis	\$328.82	Jack Turner	\$850.00
Bob Lynch	\$00.00	Guinn Unger	\$00.00
Doug Lyon	\$00.00	Tim Wheeler	\$125.00

Motion: Director Skeeahan moved to approve Director expenses, with the exception of PSC liaison expense for Director Turner, pending approval of the upcoming PSC Expenditures. Motion seconded and carried without dissent.

VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

BASIN CLASS C MEMBERSHIP: PRESENTATION ON COST AND GET BOARD INPUT FOR RETENTION IF TRI-STATE ELECTS TO CEASE PAYING

MEMBERSHIP DUES – CEO Dreyspring and CFO Svanes discussed the possibility for Tri-State to discontinue paying for the Basin Class C membership for all of its Distribution cooperatives, and the cost to LPEA to continue the Basin Class C membership independently. No action was taken.

REVIEW OR APPROVE UCC SPECIAL PROJECT GRANT REQUESTS – Round Up Foundation Board (RUB) President, Briggen Wrinkle presented Special Project Grant application recommendations for approval by the LPEA Board of Directors. Discussion ensued on applicant requests, the application vetting process, and the LPEA Unclaimed Capital Credits Fund balance.

Motion: Director Bassett moved to approve the full slate of UCC Special Project Grant Requests as presented. Motion seconded and carried 8 to 1 with Director Montoya opposed and Directors Turner, Alley and Landis abstaining.

BOARD APPROVAL FOR POWER SUPPLY COMMITTEE EXPENDITURES – PSC Chairman Bassett discussed the role of Jack Turner as a non-voting member of the Committee and liaison between the PSC and CREA as a valid recommendation. Turner would attend meetings as necessary, perform duties as directed, and receive per diem and expense reimbursement.

Motion: Director Unger moved to approve per diem and expenses for Committee Liaison Turner for participation as requested by the PSC, beginning with the September 6 PSC meeting. Motion seconded. Discussion ensued on establishing budget guidelines for the PSC. Motion carried 9 to 2 with Directors Huntington and Montoya opposed, and Director Turner abstaining.

VII. ATTORNEY REPORT

Referring to the written report included in the Board packet, Attorney Denning highlighted work done for LPEA and took all questions. Denning advised that use of the Potential Conflict of Interest Disclosure Form would be abandoned in lieu of an Attorney memo that urges Directors to make a motion to take action on the question of a conflicted Director as it arises. Denning noted that members cannot initiate a Director Conflict of Interest but must act under Policy 363 Regulations Governing Complaints or seek representation for redress through their District Director. The Conflict of Interest Disclosure form in Policy 129 Code of Ethics and Conduct will be revised for simplicity and reviewed at a later date.

BOARD MEETING REQUIREMENTS BASED ON § 40-9.5-108 and -111, C.R.S – Attorney Denning discussed the requirements of the statutes regarding having open meetings and

providing notice to members. Discussion ensued. Attorney Denning will draft a policy regarding meetings and present the draft policy for Board consideration at a future meeting.

Motion: Director Wheeler moved to enter Executive Session to discuss the incident involving electrical contact by a third-party contractor. Motion seconded and carried without dissent.

Directors remained in Executive Session from 2:51 p.m. to 3:17 p.m.

IX. DIRECTOR REPORTS AND OTHER BOARD ACTIONS

ROUND UP REPORT – Director Landis took questions on the balance reserves for Round Up grants and Education grants and reported Round Up grant awarded to LASSO (\$1500), Pagosa Bible Church Halloween Hunt (\$1000), Animas High School College Conference Travel (\$1500); and Education grants to Blueprints of Hope (\$3000).

TRI-STATE REPORT – Director Skeehan reported that Tri-State is looking to buy more transmission capacity and increase their share in a joint coal power project by 3%. Of note, the results of the Member Assessment survey will be released at a later date, the 2019 Budget was approved with no changes, PNM filed to join the Energy Imbalance Market, Tri-State has 46 RFPs for renewable projects, and the downgrade of KCEC’s credit rating has triggered a requirement for some form of collateral by Tri-State.

Skeehan advised that she will not be able to attend the October Tri-State Board meeting and requested that Director McInnis attend in her place. McInnis will not be able to vote or attend the Executive Session.

Motion: Director Skeehan moved to allow Director McInnis to attend the October Tri-State Board meeting as her replacement. Motion seconded and carried 11 to 0, with Director McInnis abstaining.

REPORT BY PRESIDENT LYNCH ON MIKE MCINNES/RICK GORDON AUGUST 24 MEETING – President Lynch reported on conversations with Tri-State about using Tri-State Policy 118 Member System Participative Generation as the path for developing local projects, LPEA member concern about the credibility Tri-State’s claim of a 30% renewable portfolio, LPEA’s current and future transmission compliance needs, and Tri-State Policy 115 Member System Distributed Generation which is under Committee review.

Dan Harms is in the process of drafting a white paper on Tri-State Policy 118 concepts in which Tri-State is kept whole, projects are not subsidized, and LPEA can develop projects and hedge costs. Harms will present on Tri-State Policy 118 concepts at the October Board meeting.

POWER SUPPLY COMMITTEE REPORT – Committee Chairman Bassett reported that RFPs to evaluate LPEA’s wholesale electric supply contract and to analyze the wholesale market

options are being drafted for disbursement, Guzman Energy gave a presentation on September 20, and the PSC will develop an expense budget to present to the Board in October.

FASTTRACK COMMUNICATIONS REPORT – Director Wheeler discussed FTCs process for vetting opportunities based on a Return on Investment model. Wheeler discussed Elevate Fiber’s mission and connection to the profitability of DMEA. Discussion ensued on aligning fiber with the smart grid of the future, economic development, and revenue stream for the utility.

CREA REPORT – Director Turner reported on Justin Talbot’s presentation about LPEA’s proactive emergency response efforts to the 416 fire. Talbot will participate in a panel at the CREA Energy Innovation Summit to discuss the 416 fire. CREA will move forward with legislation to remove the secrecy sleeve on ballots.

WESTERN UNITED REPORT – Director McInnis reported that Greg Mordini was unanimously approved as the new CEO, and will take over for Mike Prom who will retire in April of 2019. WUE is expanding their warehouse to accommodate the ever-growing demand.

4CORE REPORT – Director Landis advised that Liz Baker is the new Program Manager, the Solar Home Tour fundraiser will take place October 6, a new energy use assessment service for the community is in the works, and 4CORE is working with LPEA to support energy innovation goals and opportunities.

X. UPCOMING EXTERNAL MEETINGS

TRAVEL REQUESTS – President Lynch addressed the Upcoming External Meeting list and took nominations for the voting delegate and alternate to the CREA 2019 Fall Meeting in Denver, Colorado. CREA representative Director Turner will be the voting delegate, and Dan Huntington agreed to be the alternate voting delegate.

Motion: Director Lynch moved to appoint Director Turner as the voting delegate, and Director Dan Huntington as the voting alternate to the CREA 2019 Fall Meeting in Denver, Colorado. Motion seconded and carried.

Director Unger requested permission to attend NRECA Director Winter School in Nashville, TN. If elected to State senate, Unger will not attend. Director Skeeahan advised she will not attend NRECA Director Winter School in Nashville, TN due to scheduling conflicts with Tri-State.

Motion: Director Lyon moved to approve Director travel requests. Motion seconded and carried.

XI. REVIEW OF CEO ACTION LIST

CEO Dreyspring and Attorney Denning reviewed follow up action items from this Board meeting and took questions.

XII. FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES

President Lynch addressed the future agenda item requests and the October Board meeting agenda. Director Wheeler advised that Jasen Bronec will present at the November 14 Green Business Roundtable luncheon (during the LPEA Board meeting), and invited the Board to consider releasing for lunch to attend. Director McInnis requested a tutorial on Google Docs.

XIII. EXECUTIVE SESSION

Motion: Director Alley moved to enter executive session to discuss the FERC Research Update, the Attorney Evaluation, CEO Search Process, and CEO Contract. Motion seconded and carried without dissent.

The Board of Directors remained in Executive Session from 4:43 p.m. to 5:36 p.m.

Motion: Director Wheeler moved to extend the Attorney Contract as proposed. Motion seconded and carried without dissent.

Motion: Director Alley moved to direct the Executive Committee to move forward with development of a CEO search process to bring back for Board approval. Motion seconded and carried without dissent.

There being no further business, the LPEA Board of Directors meeting adjourned at 5:39 p.m.

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



Bob Lynch, President



Dan Huntington, Secretary