

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, November 14, 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, November 14, 2018 at the headquarters building in Durango, Colorado. President Lynch called the meeting to order at 9:00 a.m., with the following Directors present:

Mike Alley	Bob Lynch, President	
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
Rachel Gillman, Controller
Nadine Ontiveros, Manager of HR
Ron Meier, Manager of Engineering and Member Relations
Justin Talbot, Manager of Operations
Jerry Wills, District Manager, Pagosa Springs
C. E. Charistopoulos, Executive Assistant
Shay Denning, LPEA General Counsel

EXCUSED ABSENCE: Dan Harms, Manager of Energy Rates and Technology, and Dennis Svanes, CFO were not present. Director Skeehan arrived from Tri-State at 12:30 p.m.

GUESTS (from sign in sheet): The following guests were present: Betsy Romere, Susan Atkinson, Jay Lynch, Kirby MacLaurin, Philip Riffe, Dan Hunt, Karen Pontius, Katie Pellicore, Lynn Campbell, Robby Campbell, Cary Kerns.

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

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

I. APPROVAL OF AGENDA

President Lynch addressed the November 14, 2018 Board meeting agenda.

Motion: Director McInnis moved to approve the November 14, 2018 Board meeting agenda. Motion seconded and carried without dissent.

II. MEMBER COMMENTS AND CONCERNS

A member expressed appreciation to LPEA for supporting the Climate Change Symposium with a Round Up Foundation grant. A member stated that the rumor of a proposed rate hike that will affect solar installations persists in the community. President Lynch advised that there will be no changes to the 2019 Net Metering Tariff, the 2019 Street Light rate will decrease as a result of the LED conversion, 2019 Time of Use customers will see a roughly 2.5% increase on their bill due to the expiration of the Tri-State All-Energy Rate, and 2020 rates will be discussed in 2019.

A member expressed concern about grid hosting capacity limitations that prohibit member solar installation. Ron Meier advised that the Engineering department is working on grid design to accommodate energy storage so that members have a viable option for Net Metering. CEO Dreyspring noted that the PSC is processing ways to establish and define local flexibility as it pertains to the 5% limit on Distributed Generation in the wholesale contract with Tri-State.

A member made a request to view the LPEA- Tri-State All Power Requirements contract and was given a Policy 117 Disclosure of Cooperative Information form to submit for consideration. A member stated that the Board needs to address campaign finance disclosure. CEO Dreyspring advised that the Board has drafted a Campaign Finance policy to approve for the 2019 election cycle.

III. CONSENT BOARD ITEMS.

President Lynch addressed the Consent Board Items and asked for a motion to approve the consent items, including the capital credit payments to estates, monthly write-offs, new member list, and minutes for the October 15, 2018 Committee of the Whole and October 17, 2018 Board of Directors meeting. Director McInnis noted three corrections to Committee of the Whole meeting minutes.

Motion: Director Landis moved to approve the capital credit payments to estates, monthly write-offs, new member list, and minutes for the October 15, 2018 Committee of the Whole and October 17, 2018 Board of Directors meeting with approved modifications. Motion seconded and carried without dissent.

IV. CEO AND STAFF REPORTS

Justin Talbot reported that a company-wide Active Shooter training provided by the La Plata and Archuleta County Sheriff Departments was very helpful and informative and will become an annual training event. Talbot addressed the maintenance and outage report, training and leadership development, construction projects, winter preparedness, and took questions. Discussion ensued on fire mitigation, proactive responses, best practices, budgetary considerations, and member communication. President Lynch praised Talbot's input at the CREA Fire Panel discussion during the CREA Innovation Summit.

Jerry Wills highlighted items from the safety report including Active Shooter Training, fire drills and emergency response training. Wills reported on the status of construction projects and a new electric forklift that is being tested. Wills took questions on the replacement of a contractor.

CEO Dreyspring reported on fiber resources in Pagosa Springs and the lack of network coordination to get fiber into the downtown area and the LPEA office. Dreyspring plans to present a proposal to extend fiber from the Pagosa Springs Medical center to the LPEA office fiber hub by tapping into a FastTrack dark fiber connection at the high school and will provide an estimate of costs for consideration by the Board in December or January.

Rachel Gillman addressed the October Finance and Accounting report and took questions. Gilman discussed \$5.3 million in Capital Credits returned to members, Management Internship Training and highlights from the CFC Borrowers Conference. Nadine Ontiveros touched on new hires, employee benefit open enrollment, online HR compliance training for employees, and attendance at the Women in Energy Leadership Conference.

Ron Meier advised that a branding campaign will kick off in 2019 with the introduction of a new logo for LPEA's 80th Anniversary. Member Engagement planning includes the formation of a Member Advisory Council that will receive education on rate design philosophy for the purpose of providing input to the Board on behalf of the diverse of membership. An outage texting service has been deployed, to which members can opt out by following prompts within the text. Meier addressed the Large Scale Distributed Energy Resource Update, no questions were taken. Network Administrator, Tracy Graybeal gave a tutorial on Google Drive Enterprise for the Board of Directors to collaborate on a secure platform.

V. WESTERN UNITED CEO, MIKE PROM

CEO, Mike Prom presented an overview of Western United history, capital patronage, and operations. WUE Chief Sales Officer, Dan Brown took questions on sales, products and services.

VI. BOARD DISMISSED TO GREENBUSINESS ROUNDTABLE

Members of the LPEA Board and Staff attended the Green Business Roundtable to hear a discussion by Delta Montrose Electric Association CEO, Jasen Bronec on DMEA affiliate, Elevate Fiber.

VII. ITEMS REQUIRING BOARD ACTION

2019 ROUND UP FOUNDATION BOARD NOMINATIONS FOR DISTRICTS 2 AND 3 – CEO Dreyspring advised that nominations were accepted for Naomi Dobbs for the District 2 Director and Cara Kropp for the District 3 Director to the Round Up Foundation Board of Directors.

Motion: Director Alley moved to appoint Naomi Dobbs as the District 2 Director and Cara Kropp as the District 3 Director to the Round Up Foundation Board. Motion seconded and carried without dissent

REVIEW 2019 OPERATING BUDGET – Controller Rachel Gillman presented the 2019 Operating Budget. Discussion ensued on the Budget process and opportunities to amend or adjust over the course of the year, concern about whether the Capital Plan fulfills the Strategic Plan and hesitance to approve the Operating Budget based on the level of understanding among the Board about the Budget process, and the lack of substantiation for the decrease in margins. Staff was requested to provide an additional financial orientation for Directors.

RESOLUTION 2018-12 FINANCIAL FORECAST AND CAPITAL BUDGETS –

Motion: Director Huntington moved to approve Resolution 2018-12 Financial Forecast and Capital Budgets as presented. Motion seconded.

Discussion ensued on including a contingent item for 4CORE in the Operating Budget.

Motion

To Amend: Director Wheeler moved to reserve \$50,000 in the 2019 Operating Budget for 4CORE pursuant to the proposal and contingent upon approval of the work product. Motion to amend seconded.

Discussion ensued on historically funding 4CORE through Unclaimed Capital Credit and Special Project grant requests, whether it is appropriate to include 4CORE support in the LPEA Operating Budget, concern about 4CORE’s unfavorable financial reports and uncertain long-term viability, increasing the LPEA Operating Budget with the addition of funding for 4CORE, and the unsubstantiated reduction in LPEA margins. Questions were raised as to whether the proposed Budget changes were properly noticed. Attorney Denning advised that the 2019 Operating Budget and Resolution to approve the 2019 Financial Forecasts and Capital Budgets provide proper notice for discussion that results in modifications to the Budget.

Motion

To Amend

Resumed: Motion to reserve \$50,000 in the 2019 Operating Budget for 4CORE pursuant to the proposal and contingent upon approval of the work product carried 7 to 5 with Directors Alley, Lyon, Montoya, McInnis, and Huntington opposed.

Discussion ensued on increasing the budget for the Power Supply Committee Consultant Budget.

Motion

To Amend: Director Unger moved approve an additional \$25,000 for the Power Supply Committee Consultant Budget. Motion to amend seconded. Motion to amend carried 6 to 5 with Director Skeehan abstaining and Directors Alley, Lyon, Montoya, McInnis, and Huntington opposed.

Motion to

Approve: Motion to approve Resolution 2018-12 Financial Forecast and Capital Budgets as amended carried 8 to 4 with Directors Alley, McInnis, Skeehan, and Montoya opposed.

RESOLUTION 2018-10 CONSTRUCTION CONTRACT – Justin Talbot addressed Resolution 2018-10 Construction Contract and took questions.

Motion: Director Alley moved to approve Resolution 2018-10 Construction Contract. Motion seconded and carried without dissent.

RESOLUTION 2018-11 2019 TARIFF MODIFICATIONS – Ron Meier addressed Resolution 2018-11 Tariff Modifications and took questions.

Motion: Director McInnis moved to approve Resolution 2018-11 Tariff Modifications. Motion seconded.

Discussion ensued on the timeline of the rate approval process, implementation of the tariff, and clarification needed in Policy 364 Regulation Governing Change of Tariffs, Rules, and Regulations. Attorney Denning took questions and advised that the policy will be reviewed to more clearly state the approval process.

Motion to

Approve: Motion carried 11 to 1 with Director Bassett abstaining.

RESOLUTION 2018-13 2019 BOARD MEETING CALENDAR – President Lynch addressed Resolution 2018-08 2019 LPEA Board Meeting Calendar.

Motion: Director Skeehan moved to approve Resolution 2018-08 2019 LPEA Board Meeting Calendar. Motion seconded.

Motion

To Amend: Director Bassett moved to amend the November and December Board meetings to take place the third Wednesday of the month. Motion to amend seconded and carried 7 to 5 with Directors Landis, Lyon, Unger, McInnis, and Turner opposed.

Motion to

Approve: Motion to approve Resolution 2018-08 2019 LPEA Board Meeting Calendar as amended carried 7 to 5 with Directors Landis, Unger, McInnis, Turner, and Montoya opposed.

CEO SEARCH RESOURCE – Directors and Staff discussed strengths and weaknesses of CEO Search Firm candidates to assist with the CEO search process.

Motion: Director Bassett moved to hire consultant Peter Bogin of Korn-Ferry as the Executive Search firm. Motion seconded and carried 8 to 4 with Directors Alley, Montoya, McInnis, and Huntington opposed.

Nadine Ontiveros will contact Peter Bogin to finalize negotiations and work with Directors and Staff on collaborative definitions around the desired attributes, character traits, leadership qualities and qualifications of a potential CEO.

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

LPEA Mileage Reimbursements

Mike Alley	\$130.80	Kohler McInnis	\$34.88
Britt Bassett	\$00.00	Davin Montoya	\$38.15
Dan Huntington	\$52.32	Kirsten Skeeahan	\$45.78
Rachel Landis	\$6.54	Jack Turner	\$58.86
Bob Lynch	\$130.80	Guinn Unger	\$56.68
Doug Lyon	\$2.16	Tim Wheeler	\$00.00

LPEA Board Meetings

Mike Alley	\$1400.00	Kohler McInnis	\$1650.00
Britt Bassett	\$1650.00	Davin Montoya	\$1400.00
Dan Huntington	\$1400.00	Kirsten Skeeahan	\$1400.00
Rachel Landis	\$1400.00	Jack Turner	\$1650.00
Bob Lynch	\$1400.00	Guinn Unger	\$1200.00
Doug Lyon	\$1325.00	Tim Wheeler	\$1575.00

Other External Meetings

Mike Alley	\$00.00	Kohler McInnis	\$2621.54
Britt Bassett	\$1098.97	Davin Montoya	\$00.00
Dan Huntington	\$2552.51	Kirsten Skeeahan	\$1940.62
Rachel Landis	\$00.00	Jack Turner	\$1788.97
Bob Lynch	\$1176.60	Guinn Unger	\$00.00
Doug Lyon	\$00.00	Tim Wheeler	\$200.00

Motion: Director Alley moved to approve Director expenses. Motion seconded and carried 10 to 1 with Director Montoya abstaining, and Director Lyon absent.

TRI-STATE LETTER ON RFPS AND RFIS – Attorney Denning addressed Tri-State’s letter regarding discussions with alternative power supply providers, noting differences between the letter provided in the original Preliminary Agreement and the revised letter that Tri-State developed during the Kit Carson negotiations. Significant changes include an end date to the letter of agreement for March 31, 2019 and an acknowledgement that negotiations cannot alleviate the member system from obligations under its wholesale contract. The Power Supply Committee (PSC) did not believe that it had sufficient authority from the Board to negotiate specific terms in the letter and asked the Board to provide the Committee with guidance and authority on how to proceed. PSC Chairman Bassett advised

that Tri-State has requested an opportunity to address concerns about the letter and discuss its debt structure with the LPEA Board in person during the December 10, 2018 Committee of the Whole meeting. There was consensus among the Board to discuss options and negotiating strategy later in executive session with Director Skeeahan recused.

VIII. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

STAFF REPORT ON STRATEGIC OBJECTIVES/OPERATIONAL GOALS RETREAT Nadine Ontiveros presented Strategic Goals and Objectives developed by Staff that will meet the six Strategic Initiatives of Operational Excellence, Economic Development, Power Supply and Delivery, Member Engagement, Leadership and Organizational Development, and Distribution Utility of the Future as adopted by the Board of Directors at the August 15, 2018 Board meeting. Discussion ensued on the proposed goals and Board and Staff will move forward on refining and developing the Strategic Goals and Objectives. Ontiveros will prepare the Board for facilitated work sessions and provide a timeline to review initiatives that includes a calendar for deliverables.

ANNUAL MEETING: APPROVAL OF ELECTION SUPERVISORY COMMITTEE

RECOMMENDATIONS – Ron Meier advised that nominations were accepted for the 2019 Election Supervisory Committee in District 1- Mason Carpenter, District 2 - Sheryl Ayers, District 3 – Marilyn Sandstrom, and District 4 – Elizabeth Romere.

Motion: Director Unger moved to appoint District 1- Mason Carpenter, District 2 - Sheryl Ayers, District 3 – Marilyn Sandstrom, and District 4 – Elizabeth Romere to the 2019 Election Supervisory Committee. Motion seconded and carried without dissent.

FOLLOW-UP REVIEW OF PVEA LETTER TO TRI-STATE – President Lynch advised that no discussion was necessary.

IX. ATTORNEY REPORT

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

XI. DIRECTOR REPORTS AND OTHER BOARD ACTIONS

ROUND UP REPORT – Director Landis reported that Round Up grants were awarded to the Fraternal Order of Police Shop with a Cop (\$3000). Education grants were awarded to Silver Spruce Academy (\$2000), Ruby Sisson Continuing Education Program (\$2000), and Durango 9R (\$3500).

TRI-STATE REPORT– Director Skeeahan addressed the written report in the Board packet and touched on the DMEA 316 complaint, a Tri-State Policy 118 project, and takeaways from the Finance Committee meeting.

CEO SEARCH COMMITTEE – President Lynch advised that sufficient discussion had taken place during the CEO Search Resource topic and nothing further was needed at this time.

XII. UPCOMING EXTERNAL MEETINGS

TRAVEL REQUESTS – President Lynch addressed the Upcoming External Meeting list. Director Turner encouraged Directors to attend the CREA Annual Meeting February 2-5, 2018 and meet with State Representatives and Senators. Director Wheeler noted that he is interested in attending and will confirm at a later date.

XIII. REVIEW OF CEO ACTION LIST

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

XIV. FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES

President Lynch addressed the future agenda item requests form and noted the upcoming PSC meetings on November 15 with open session beginning at 10:00 a.m., December 6 and tentatively on December 20, both at 10:00 a.m.

XV. EXECUTIVE SESSION

Motion: Director Skeehan moved to enter executive session to discuss the Tri-State letter on RFIs and RFPs, and FastTrack. Motion seconded and carried without dissent. Director Skeehan was recused from the Tri-State letter discussion and Director Landis did not attend executive session.


The Board of Directors remained in Executive Session from 5:40 p.m. to 6:08 p.m.

There being no further business, the LPEA Board of Directors meeting adjourned at 6:08 p.m.

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



Bob Lynch, President



Dan Huntington, Secretary