LA PLATA ELECTRIC ASSOCIATION, INC. 2017 LPEA Annual Meeting of Members Minutes Sky Ute Event Center, Ignacio, Colorado 10:30 a.m., Saturday May 12, 2018

CALL TO ORDER

The 79th Annual Meeting of the Members of La Plata Electric Association, Inc. was held at Sky Ute Convention Center on Saturday, May 12, 2018. President Davin Montoya called the meeting to order at 10:32 A.M.

OFFICIAL WELCOME

LPEA Board President Davin Montoya 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. Montoya introduced Sky Ute Casino General Manager, Charley Flagg who thanked LPEA members for holding the meeting at the Casino, and Casino employees for their dedication and hard work. Following the *Star-Spangled Banner*, the membership joined in the Pledge of Allegiance, and received a blessing by Southern Ute Indian Tribal member, Eddie Box Jr. Montoya advised that sign-ups for Round Up participation and prize drawings will take place following lunch.

APPROVAL OF AGENDA AND 2017 ANNUAL MEETING MINUTES

President Montoya asked for motions to approve the current meeting agenda and to accept the 2017 Annual Meeting minutes.

Motion:

A Member at Large moved to accept the agenda as presented. Motion seconded,

and carried without dissent. No discussion took place.

Motion:

A Member at Large moved to dispense with the reading of the minutes and accept the May 13, 2017 Annual Meeting minutes as presented. Motion seconded, and

carried without dissent. No discussion took place.

ATTENDANCE REPORT

President Montoya reported that 255 members had registered as of 10:30 a.m., registration was officially closed, and a quorum of LPEA members was established.

APPOINTMENT OF ACTING SECRETARY AND PARLIAMENTARIAN

President Montoya appointed LPEA Executive Assistant, Charis Charistopoulos as acting Secretary and LPEA Legal Counsel, Shay Denning as Parliamentarian for the 2017 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 2018 LPEA Annual Meeting notice.

Motion:

A Member at Large moved to waive the reading of the 2018 LPEA Annual

Meeting notice. 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 2018 Annual Meeting of the Members packet and advised that the rules for member questions the end of the meeting are restricted to two minutes and discussion of individual topics are limited to 30 minutes. Denning requested a motion to accept the Standing Rules and Procedures as presented.

Motion:

A Member at Large moved to accept the Standing Rules and Procedures. Motion

seconded, and carried without dissent.

PRESIDENT INTRODUCES BOARD OF DIRECTOR INCUMBENTS AND CANDIDATES

President Montoya introduced incumbents and new candidates running for election in each district: In District 1, Kirsten Skeehan ran against incumbent, Bob Formwalt. In District 2, Jeffery Mannix ran against incumbent Kohler McInnis. In District 3, Gene Fisher ran against incumbent, Britt Bassett. In District 4, Tim Wheeler ran against incumbent, Karen Barger.

INTRODUCTION OF LPEA CEO AND OTHER GUESTS

President Montoya 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.

Montoya recognized the current LPEA Board of Directors: District 1- Bob Lynch, four years, Mike Alley, two years, and Bob Formwalt, 18 years; District 2- Dan Huntington, two years, Davin Montoya, 28 years, and Kohler McInnis three years; District 3- Doug Lyon, two years, Britt Bassett, six years, and Rachel Landis, two years; District 4- Jack Turner, five years, Guinn Unger one year, and Karen Barger, three years. Montoya recognized the Round Up Board of Directors: Board President, Briggen Wrinkle, Sheryl Ayres, Mike Alley, Guinn Unger, Mike Dreyspring, Werner Heiber, and Melinda Volger.

Montoya commended the volunteers, scholarship recipients, County Fair and Fiesta Days Royalty, and recognized the LPEA CEO, Mike Dreyspring, Tri-State Member Relations Managers, Myles Jensen and Lee Boughey, and Tri-State CFO, Pat Bridges.

REPORTS

LPEA Board President Report – President Montoya spoke about the history and direction of electric power generation and the rapid changes brought by technology. Montoya is concerned about solar subsidies drying up as the costs of solar power continues to decline, and would like to see LPEA proceed slowly towards renewable goals.

Round Up Report – President Montoya introduced LPEA Round Up Board President, Briggen Wrinkle. Wrinkle stated that the Round Up Foundation supports 60-80 new and established nonprofits each year and has given over \$1.2 million to hundreds of nonprofits in the LPEA service area since 1996. A short video highlighted area nonprofits that have benefitted from grants by the LPEA Round Up Foundation to serve the community in meaningful ways.

<u>LPEA Report</u> – President Montoya introduced LPEA CEO, Mike Dreyspring, who thanked his wife Sabra Dreyspring for being his biggest supporter, 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 applauded LPEA's commitment to community with employee driven projects such as providing *Cheeriodicals* care packages to the Thrive Pregnancy Center and Medical Center in Pagosa Springs, and the Veterans Administration Clinic and Mercy Hospital in Durango. The *Fill the Bucket* project to collect items for the local food bank was started by employees in the Pagosa Springs office, and the *Giving Tree* project to help members who struggle to pay their bills in the winter months was initiated by employees in the Durango office.

Dreyspring presented national performance and reliability metrics that show LPEA is well below average in the duration and frequency of outages, discussed technology disruptors and opportunities, local renewables and DG projects, and the growing prospect of electric vehicle adoption. Dreyspring touched on strategic planning and addressed considerations for a buyout of the Wholesale Electric Service Contract with Tri-State, noting that this is a significant and substantial financial decision that cannot be rushed.

LPEA Financial Report — Treasurer, Doug Lyon addressed the 2017 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 \$300-320 million over the previous 5 years indicate stability and strength and \$100 million in debt was refinanced saving nearly \$6.5 million in interest expense over the life of the loans. Member Equity continues to be stable as \$4.5 million in retired capital credits was returned to the membership. Despite a decline in the total amount of electricity sold over the last five years due to energy efficiencies, the financial position of LPEA remains stable and strong. Lyon noted that LPEA paid a combined total of over \$1 million to its partners, La Plata and Archuleta Counties, in property taxes.

CREA Report – Director Karen Barger, LPEA representative to the Colorado Rural Electric Association, highlighted CREA legislative support which tracks legislative efforts and affords Directors the opportunity to meet with legislators; as well as safety and regulatory training that provides certification in the Rural Electric Safety Achievement Program, educational programs that provide competency training for Directors and Staff, and member communication services such as Colorado Country Life magazine for which LPEA swept all five newsletter award categories thanks to articles written by Indiana Reed.

Five students from the LPEA service territory attended the CREA Washington, D.C. Youth Tour, and four students from the LPEA service territory attended the CREA Youth Leadership Camp. LPEA Dispatcher, Baker McKonly was selected as an alternate to participate in a CREA and NRECA project to electrify villages in Guatemala.

<u>Tri-State Generation and Transmission Report</u> – Kohler McInnis, LPEA Director representative to Tri-State, explained the role of Tri-State and its relationship to LPEA, and highlighted details on their generation portfolio, transmission lines, and employees. Tri-State reported 2017 Revenues of \$1.4 billion, margins at just under \$62 million, Operating Expenses have remained level for three consecutive years, and 2018 Tri-State member rates will not see an increase. LPEA's 2017 Purchased Power expense from Tri-State was \$71 million, and \$20 million in Capital Credits from Tri-State was returned to LPEA members at the end of 2017.

The Tri-State Board and Staff are looking at ways to bring additional renewable resources to the portfolio and stable energy rates are projected over the next four to five years. McInnis is confident that Tri-State will seek solutions to the challenges of changing technology and member needs for greater flexibility that are balanced and fair for all members.

Attorney Denning with Maynes, Bradford, Shipps and Sheftel – General Counsel for LPEA, Shay Denning characterized the firm's work for LPEA over the last year as supporting the forward-looking vision of the organization by positioning the Board to move LPEA into the future from a legal perspective. Denning highlighted work done on governance documents, bylaws amendments, and setting up agreements for member solar projects. Denning's firm is also monitoring FERC for a decision on Tri-State's petition to approve the amendments made to Tri-State Board Policy 101 which would allow for the recovery of unavoided costs on Qualified Facilities.

Denning encouraged members to access the resources available on the LPEA website and actively participate in the governance process by attending Board meetings.

UNFINISHED BUSINESS

President Montoya asked for any unfinished business items from 2017. There was none.

BOARD OF DIRECTORS ELECTION RESULTS

President Montoya introduced La Plata County Clerk, Tiffany Parker to announce the 2018 Board of Director election results. Parker thanked the Election Judges, Administrator, and Supervisory Committee before announcing that 8,744 ballots were received and the winning results were as follows:

District 1: Kirsten Skeehan was elected with 1,109 votes over Bob Formwalt with 796 votes.

District 2: Kohler McInnis was elected with 1,292 votes over Jeffrey Mannix with 1,074 votes.

District 3: Britt Bassett was elected with 1,452 votes over Gene Fisher with 678 votes.

District 4: Due to the 1% margin of error, the ballots for the District 4 race were subject to an automatic recount. The uncertified count was withheld at the meeting, and an announcement was made that the recount would occur on May 14, 2018. (The votes were later recounted and verified as correct on May 14, 2018 by La Plata County Clerk and Recorder, Tiffany Parker. Tim Wheeler elected with 1,123 votes over Karen Barger with 1,106 votes.)

Ballot Issue #1 passed with 7,107 YES/FOR votes over 677 NO/AGAINST votes. Ballot Issue #2 passed with 7,373 YES/FOR votes over 467 NO/AGAINST votes. Ballot Issue #3 passed with 5,706 YES/FOR votes over 2,090 NO/AGAINST votes. Ballot Issue #4 passed with 7,470 YES/FOR votes over 370 NO/AGAINST votes. Ballot Issue #5 passed with 7,291 YES/FOR votes over 499 NO/AGAINST votes. Ballot Issue #6 passed with 7,225 YES/FOR votes over 572 NO/AGAINST votes. Ballot Issue #7 passed with 7,422 YES/FOR votes over 391 NO/AGAINST votes. Ballot Issue #8 passed with 7,299 YES/FOR votes over 464 NO/AGAINST votes. Ballot Issue #9 passed with 7,323 YES/FOR votes over 452 NO/AGAINST votes. Ballot Issue #10 passed with 7,267 YES/FOR votes over 483 NO/AGAINST 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 AND A

President Montoya confirmed that no new business was requested. LPEA Directors and Staff took questions from members on cyber practices, Directors participation, Board Committees, Tri-State energy mix, solar incentives and subsidies, renewable energy projects, a buyout from the Tri-State contract, the Green Fund, Board policies and bylaws. Montoya advised that a full transcript of the Q&A will be posted online in the coming weeks and thanked the members for attending.

ADJOURNMENT

President Montoya asked for a motion to adjourn the meeting.

Motion:

A Member at Large moved to adjourn the 2018 LPEA Annual Meeting of the

Members. Motion seconded and carried without dissent.

With no further business, the 2017 LPEA Annual Meeting of the Members was adjourned at 1:36 p.m.

Acting Secretary, C.E. Charistopoulos