

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, January 16, 2019
Durango, Colorado

I. CALL TO ORDER

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, January 16, 2019 at the headquarters building in Durango, Colorado. President Lynch called the meeting to order at 9:02 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, CFO
Dan Harms, Manager of Energy Rates and Technology
Ron Meier, Manager of Engineering and Member Relations
Justin Talbot, Manager of Operations
Nadine Ontiveros, Manager of HR
C. E. Charistopoulos, Executive Assistant
Shay Denning, LPEA General Counsel

EXCUSED ABSENCE: Jerry Wills, District Manager, Pagosa Springs. Director Lyon left at 2:30 p.m., Director Alley left at 6:00 p.m., Director McInnis left at 6:05 p.m., Director Landis left at 6:45 p.m.

GUESTS (from sign in sheet): The following guests were present: Betsy Romere, Lauri Costello, Richard Fultner, Heath Rowe, Susan Atkinson, Kirby MacLaurin, Larry Zauberis, Katie Pellicore, Dan Hunt, Cory Kerns, Joe Lewandowski, Naomi Dobbs, Karen Barger, Sarah Ferrell, Rolf Spiegel, Virginia Harman, Bill Patterson

Director Lyon 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 January 16, 2019 Board meeting agenda.

Motion: Director Landis moved to approve the January 16, 2019 Board meeting agenda. Motion seconded and carried without dissent.

II. MEMBER COMMENTS AND CONCERNS

Members brought comments and questions about the December 10, 2018 discussion between the LPEA Board of Directors and members of the Tri-State Executive Staff, including CEO, Mike McInnes; as well as the proposed LPEA Policy 107 Campaign Finance, allowing additional funding for the LPEA Power Supply Committee, archiving the LPEA streamed Board meeting video, and bill increases for customers of the City of Aztec and members of Kit Carson Electric Cooperative following a change in their power supply providers.

A member proposed the following changes to the LPEA bylaws: *the LPEA Board of Directors shall a.) not pass any motion for an expenditure...in excess of \$50 million without an affirmative vote from a majority of the membership, and b.) shall have a duty to disclose all contributions and expenditures to outside organizations and individuals; including but not limited to: charitable spending, expenditures of the Board of Directors, and contributions to non-profit organizations. LPEA shall display these costs to the members via dedicated webpage on the LPEA website, which will include a running monthly total and a YTD of these excess costs.* There was consensus among the Board to discuss this item at the February 20, 2019 Board meeting.

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 December 10, 2018 Committee of the Whole and December 12, 2018 Board of Directors meeting. Directors discussed modifications and proposed corrections.

Motion: Director McInnis moved to approve the capital credit payments to estates, monthly write-offs, new member list, and minutes for the December 10, 2018 Committee of the Whole and December 12, 2018 minutes with approved modifications. Motion seconded and carried without dissent.

IV. EXECUTIVE SESSION CONFERENCE CALL WITH BKD AUDITORS

The Board of Directors took a call with Rob MaCoy of BKD CPAs and Advisors to discuss the upcoming 2018 LPEA Audit.

Motion: Director Skeeahan moved to enter into a Director only executive session to discuss the LPEA 2018 financial audit with Rob MaCoy of BKD CPAs and Advisors. Motion seconded and carried without dissent.

The Board remained in executive session from 10:03 a.m. to 10:17 a.m.

V. CEO AND STAFF REPORTS

Staff addressed written reports included in the Board packet and took questions. CFO Svanes will follow up with Director Wheeler to provide 2019 Tree Trimming Budget amounts, and the Board will discuss archiving the livestream video recordings of the monthly Board meetings at an upcoming Board meeting.

VI. ITEMS REQUIRING BOARD ACTION

RESOLUTION 2019-01 INDEPENDENT THIRD-PARTY APPOINTMENT, TIFFANY PARKER

Motion: Director Wheeler moved to approve Resolution 2019-01 Independent Third Party Appointment, Tiffany Parker. Motion seconded and carried without dissent.

RESOLUTION 2019-02 IRREVOCABLE LETTER OF CREDIT STATE LAND BOARD

Motion: Director Wheeler moved to approve Resolution 2019-02 Irrevocable Letter of Credit State Land Board. Motion seconded and carried without dissent.

APPOINT ROUND UP BOARD DISTRICT 4 DIRECTOR REPLACEMENT FOR PATTI ZINK – Director Turner requested to delay discussion and approval until a replacement candidate is confirmed.

POLICY 127 DIRECTOR ELECTIONS AND ANNUAL MEETING VOTING PROCEDURES – ESC RECOMMENDED CHANGES, RENUMBERED AS POLICY 105 – Attorney Denning and CFO Svanes discussed Election Supervisory Committee recommended changes to Policy 127 Director Elections and Annual Meeting Voting Procedures, renumbered as Policy 105, and took questions.

Motion: Director Montoya moved to adopt Policy 127 Director Elections and Annual Meeting Voting Procedures and Exhibit 1 with approved modifications. Motion seconded and carried without dissent.

REVIEW POLICY 117 DISCLOSURE OF COOPERATIVE INFORMATION, RENUMBERED AS POLICY 108 – Attorney Denning and CFO Svanes addressed recommended changes to Exhibit 1 and 2 in Policy 117 renumbered as Policy 108 Disclosure of Cooperative Information and took questions.

Motion: Director Skeeahan moved to adopt Exhibit 1 and 2 in Policy 108 Disclosure of Cooperative Information with approved modifications. Motion seconded and carried without dissent.

POLICY 364 REGULATIONS GOVERNING CHANGE OF TARIFFS, RULES, AND REGULATIONS – Attorney Denning and CFO Svanes addressed recommended changes to Policy 364 Regulations Governing Change of Tariffs, Rules, and Regulations, and took questions.

Motion: Director McInnis moved to adopt Policy 364 Regulations Governing Change of Tariffs, Rules, and Regulations and Exhibit 1 with approved modifications. Motion seconded and carried without dissent.

POLICY 107 CAMPAIGN FINANCE – Attorney Denning and CFO Svanes discussed prior Director input on Policy 107 Campaign Finance and took questions.

Motion: Director Alley moved to adopt Policy 107 Campaign Finance Reporting Requirements and Exhibit 1 with approved modifications. Motion seconded.

Motion

To Amend: Director Skeeahan moved to amend the contribution reporting cap from \$100 to \$20. Motion seconded and carried 10 to 2 with Director Unger opposed and Director Bassett abstaining.

Motion

Resumed: Motion to adopt Policy 107 Campaign Finance Reporting Requirements as amended carried 10 to 2 with Director McInnis and Montoya opposed.

DIRECTOR EXPENSE APPROVAL – Director Wheeler reported the Director expense items to be reimbursed. There was consensus among the Board to reimburse mileage expenses to Directors participating on the CEO Search Committee.

LPEA Mileage Reimbursements

Mike Alley	\$69.50	Kohler McInnis	\$36.00
Britt Bassett	\$00.00	Davin Montoya	\$20.30
Dan Huntington	\$27.84	Kirsten Skeeahan	\$00.00
Rachel Landis	\$5.80	Jack Turner	\$46.04
Bob Lynch	\$69.60	Guinn Unger	\$30.16
Doug Lyon	\$1.16	Tim Wheeler	\$00.00

LPEA Board Meetings

Mike Alley	\$1200.00	Kohler McInnis	\$1650.00
Britt Bassett	\$1650.00	Davin Montoya	\$1200.00
Dan Huntington	\$1200.00	Kirsten Skeeahan	\$1200.00
Rachel Landis	\$1200.00	Jack Turner	\$1525.00
Bob Lynch	\$1200.00	Guinn Unger	\$1200.00
Doug Lyon	\$1200.00	Tim Wheeler	\$1525.00

Other External Meetings

Mike Alley	\$194.60	Kohler McInnis	\$00.00
Britt Bassett	\$00.00	Davin Montoya	\$00.00
Dan Huntington	\$00.00	Kirsten Skeeahan	\$00.00

Rachel Landis	\$250.00	Jack Turner	\$00.00
Bob Lynch	\$00.00	Guinn Unger	\$00.00
Doug Lyon	\$93.67	Tim Wheeler	\$00.00

Motion: Director Turner moved to approve Director expenses. Motion seconded and carried without dissent.

VII. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

ANNUAL MEETING UPDATE: TIMELINE REVIEW – Ron Meier reviewed the 2019 Annual Meeting of the Members timeline of events and bylaws requirements and took questions.

ANNUAL MEETING UPDATE: REVIEW MEMBERSHIP/BOARD DISCTRICTS – Ron Meier reviewed Policy 128 Establishing Board of Director Districts and discussed district delineation methodology and district size thresholds.

Motion: Director Bassett moved to approve the membership districts as they currently stand with the caveat that district zones be re-evaluated annually. Motion seconded and carried without dissent.

COLORADO LEGISLATION REPORT – No report was necessary at this time.

PAGOSA SPRINGS FIBER PROJECT – CEO Dreyspring gave an update on the status of the Pagosa Springs fiber project

CEO SEARCH UPDATE – Nadine Ontiveros advised that a meeting will be scheduled with the Board of Directors for some time in February with CEO Search Consultant, Peter Bogin to discuss the CEO candidate list.

STRATEGIC GOAL DISCUSSION AND POSSIBLE APPROVAL-DISTRIBUTION UTILITY OF THE FUTURE – Nadine Ontiveros presented the concept of one overarching goal that would represent the main concerns of the cooperative’s membership and guide the focus of the six strategic initiatives. Discussion ensued to wordsmith the Strategic Goal.

Motion: Director Bassett moved to adopt the overarching goal: LPEA will strive to reduce its carbon footprint by 50% from 2018 levels, year by year through 2030, while keeping members’ cost of electricity lower than 70% of Colorado cooperatives. Motion seconded and carried without dissent.

GROUNDWORK FOR MEMBER ENGAGEMENT – Dan Harms presented a concept for Member Engagement in the form of a business model that states: *To achieve decarbonization goals in concert with rate stability, awareness of the intricacies within LPEA’s business model is necessary.* The Business Model takes into consideration residential expenses, residential revenue, energy usage and on-peak load exposure. Harms will present a multi-stakeholder solution for Board consideration at the February 20 Board meeting.

DMEA PUC COMPLAINT AND CONSIDERATION OF AMICUS FILING FROM LPEA – Attorney Denning introduced LPEA Special Counsel and CPUC Attorney, Karl Kumli and DMEA General Counsel, Jeff Heard who addressed the Board by conference call. Kumli recapped the DMEA CPUC complaint against Tri-State and Tri-State’s recent filing in Adams County requesting a judgement to rest jurisdiction with the Adams County Court arguing that DMEA’s complaint is a contract issue and not a rate issue. Kumli also clarified the terms of a CPUC filing by LPEA of an Amicus Brief or a Motion to Intervene on behalf of DMEA.

Attorney Denning introduced DMEA COO, Virginia Harmon and DMEA Director, Bill Patterson who were in attendance. Kumli requested an executive session discussion with the LPEA Board, Staff and DMEA representatives Harmon and Patterson, and that LPEA Tri-State Representative Skeehan and LPEA Attorney Denning, who also serves as General Legal Counsel to Empire Electric, be recused from the discussion.

Denning advised that LPEA must determine whether they believe that the CPUC has jurisdiction over Tri-State and whether DMEA’s case is a rate issue or a contract issue, and that Kumli would provide legal opinion to assist LPEA with these evaluations. Attorney Kumli recommended that Harmon and Patterson be sworn in by Executive Assistant Charistopoulos, making their communications testimonial.

Motion: Director Turner moved to enter into executive session for the purpose of discussing the DMEA PUC complaint and discussion of the filing an Amicus Brief or a Motion to Intervene by LPEA on behalf of DMEA. Motion seconded and carried without dissent.

Attorney Denning and LPEA Tri-State Representative Skeehan were recused from the discussion. Charistopoulos administered the swearing in of Harmon and Patterson. The Board remained in executive session from 2:45 p.m. to 5:12 p.m.

Motion: Director Bassett moved that LPEA file as an Intervenor in the DMEA PUC case. Motion seconded and carried 6 to 4 with Directors McInnis, Montoya, Huntington, and Alley opposed. Director Skeehan was recused, and Director Lyon was absent.

DISCUSS LETTER OF SUPPORT FOR UNITED POWER BYLAW CHANGE – CEO Dreyspring discussed United Power’s request for a letter of support for changes to Tri-State bylaws that would permit cooperative members who so desire, to move to a partial requirements contract. Discussion ensued. There was consensus among the Board to research United Power’s position on the bylaw change given the version recently presented by Tri-State. The LPEA Managers and Directors who attend the January 29 meeting between San Miguel Power Association and representatives from United Power will include this topic in their discussions and report back to the Board in February.

PSC BUDGET – CEO Dreyspring discussed the January 14 collaborative work session with Enchanted-Rio Energy Partners and Energy Strategies, and the importance of extending the Power Supply Committee (PSC) budget and strongly urged following the PSC work through to

completion on the grounds that the work is without precedent and is the single largest financial decision in the history of LPEA. Dreysspring recommended doubling the existing \$122,000 budget and including a \$6,000 cushion for a potential RTO Nodal Analysis, bringing the over-all 2018-2019 PSC budget to \$250,000.

Motion: Director Bassett moved to increase the 2019 PSC budget by \$100,000. Motion seconded.

Motion

To Amend: Director Wheeler moved to increase the PSC budget in total for work covering 2018-2019 expenditures, not to exceed \$250,000. Motion seconded and carried 5 to 3 with Directors Montoya, Huntington, and Skeeahan opposed. (Alley, Lyon, Landis, and McInnis were not present).

Motion

Resumed: The amended motion to increase the PSC budget in total for work covering 2018-2019 expenditures, not to exceed \$250,000 carried 5 to 3 with Directors Montoya, Huntington, and Skeeahan opposed.

VIII. ATTORNEY REPORT

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

IX. DIRECTOR REPORTS AND OTHER BOARD ACTIONS

Directors addressed the written reports in the Board packet and took questions.

ROUND UP REPORT – Round Up grants were awarded to Sexual Assault Services Outreach Volunteer Training (\$2500). Education grants were awarded to Bluegrass Meltdown – Bluegrass in the Schools (\$750), Hope Community Christian Academy – Technology Upgrades (\$3250), and Sunnyside Elementary School – Reset Room (\$1500).

POLICY 303 LOCAL GREEN FUND GRANT REQUEST COMMITTEE – President Lynch advised the Board of the Policy 303 Local Green Fund Grant Request Committee (“LGRGR Committee”) recommendations that grant requests from the TARA Community Center and Habitat for Humanity be fully funded at \$4,461 and \$32,000, respectively; and grant requests from KSUT Public Radio and Cross Bar X (Colorado Outdoor Learning School) be partially funded at \$20,520 each.

Motion: Director Huntington moved to approve the LGFGR Committee recommendations. Motion seconded and carried 7 to 1 with Director Montoya opposed.

X. UPCOMING EXTERNAL MEETINGS

TRAVEL REQUESTS – President Lynch addressed the Upcoming External Meeting list. Director Wheeler advised that he will attend the Tri-State Integrated Resource Planning meeting on February 12 following the CREA Annual Meeting. No Board action was necessary.

APPOINT VOTING DELEGATE AND ALTERNATE TO CREA AND WUE ANNUAL MEETINGS

Motion: Director Wheeler moved to appoint Director Turner as the Voting Delegate to the CREA Annual Meeting, and Director Huntington as the Voting Alternate. Motion seconded and carried without dissent.

Motion: Director Wheeler moved to appoint Director Huntington as the Voting Delegate to the Western United Electric Cooperative Annual Meeting, and Director Turner as the Voting Alternate. Motion seconded and carried without dissent.

XI. REVIEW OF CEO ACTION LIST

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

XII. FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES


President Lynch reviewed and approved future agenda item requests.

XIII. EXECUTIVE SESSION

An additional executive session did not take place.

There being no further business, the LPEA Board of Directors meeting adjourned at 7:14 p.m.

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



Bob Lynch, President



Dan Huntington, Secretary