

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, February 20, 2019
Durango, Colorado

CALL TO ORDER

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, February 20, 2019 at the headquarters building in Durango, Colorado. President Lynch called the meeting to order at 9:00 a.m., with the following Directors present:

	Bob Lynch, President	Kirsten Skeeahan
Britt Bassett, Vice President	Doug Lyon	Jack Turner
Dan Huntington, Secretary	Kohler McInnis	Guinn Unger
	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
Jerry Wills, District Manager, Pagosa Springs
Nadine Ontiveros, Manager of HR
C. E. Charistopoulos, Executive Assistant
Shay Denning, LPEA General Counsel

EXCUSED ABSENCE: Directors Alley and Landis were not in attendance. Director Skeeahan arrived at 11:45 a.m and left the meeting at 4:00 p.m.

GUESTS (from sign in sheet): The following guests were present: Jack Barrett, Dean Ellison, Mary Ellison, Larry Zauberis, Heath Rowe, Mindy and Curt Nelson, Sarah Ferrell, Judy Spady, Holly Metzler, Katie Pellicore, John Bellew, Brett Oliver, Dave Peters, Eileen Dawson, Cory Kerns, Liz Baker, Rolfe Spiegel, Laurie Dickson

Director Turner 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.

APPROVAL OF AGENDA

President Lynch addressed the February 20, 2019 Board meeting agenda. CEO Dreyspring advised that the 10:00 a.m. Executive Session Conference Call with LPEA's PUC Attorney, Karl Kumli will take place at the end of the meeting.

Motion: Director McInnis moved to approve the February 20, 2019 Board meeting agenda with the approved modification. Motion seconded and carried without dissent.

MEMBER COMMENTS AND CONCERNS

Members brought comments and concerns about a member petition to change the LPEA Bylaws to require a member vote for any expenditure in excess of \$50,000,000, Director candidate campaign contributions, and net metering subsidies, Board governance and upholding fiduciary responsibilities, energy affordability issues for low income members, and the \$250,000 budget for Power Supply Committee (PSC).

President Lynch advised that LPEA has not had a rate increase in three years and a mutually beneficial relationship with 4CORE assists low-income members. CEO Dreyspring invited members to attend the PSC meetings; and Directors advised that LPEA rates are mainly driven by Tri-State rates, the purpose of the PSC is to study ways to lower member rates, and the Board will vote today on whether to post Board meeting recordings online.

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 January 16, 2019 Board of Directors meeting. Directors discussed modifications and proposed corrections.

Motion: Director Wheeler moved to approve the capital credit payments to estates, monthly write-offs, new member list, and minutes for the January 16, 2019 Board of Directors meeting minutes with approved modifications. Motion seconded and carried without dissent.

CEO AND STAFF REPORTS

Staff addressed written reports included in the Board packet and took questions. CEO Dreyspring presented a method of calculating the Net Metering subsidy, reported the PUC ruled that it does have jurisdiction over the DMEA complaint against Tri-State, and discussed a resolution by San Isabel Electric Cooperative that Tri-State lower its rates to remain viable. Though several cooperatives are drafting their own versions of the resolution, Dreyspring is not recommending an LPEA resolution to reduce rates without a means for them to do so.

Energy Management Supervisor, Dominic May, presented the 4CORE 2019 Work Plan and discussed deliverables for the Energy Smart Program, the LPEA Preferred Contractor Program, and the Give Up the Gas Program. At the November 14, 2018 LPEA Board meeting, the Board approved \$50,000 in the 2019 Operating Budget for 4CORE pursuant to the proposal and contingent upon approval of the work product. Discussion ensued.

Motion: Director Wheeler moved to approve the expenditure of \$20,782.00 out of the approved 2019 LPEA Budget Reserve for 4CORE based upon the workplan as presented. Motion seconded.

Discussion ensued on whether the Board or Staff would approve the workplan and whether Board action was necessary to move the workplan forward.

Motion

Withdrawn: Director Wheeler withdrew the motion on the basis that funding was already approved contingent upon the approval of the workplan.

Attorney Denning advised that it is appropriate to approve the workplan as presented.

Motion: Director Unger moved that Staff be empowered to work with 4CORE and make decisions about how and to what extent the \$50,000 budgeted item is funded to 4CORE. Motion seconded.

Motion

To Amend: Director Huntington moved to add “approve the February 20, 2019 4CORE Workplan as presented.” Motion seconded. Motion failed 6 to 4 with Bassett, Unger, Turner, Wheeler, Skeehan, and Lyon opposed.

Motion

Resumed: Motion carried 8 to 2 with Directors Montoya and McInnis opposed.

ITEMS REQUIRING BOARD ACTION

DISCUSS PROPOSED LPEA BYLAW REVISIONS – A member brought proposed bylaws amendments to the LPEA Board at the January 16, 2019 Board meeting, for which signatures are still being gathered to petition the LPEA Board of Directors to put these on the ballot in May. There was consensus among the Board at the January meeting to address the proposed amendments at the February 20, 2019 Board meeting.

Amendment 1. The LPEA Board of Directors shall not pass any motion for an expenditure found to be in excess of \$50 million without an affirmative vote from a majority of the membership.

Attorney Denning addressed a memo to the Board and discussed concerns about the unintended consequences that the \$50 million cap could impede Operational Expenditures. Denning opined that the amendment appeared to be mainly concerned with a buyout of the Tri-State contract and recommended that any amendment speak directly to that issue in order to be effective. Discussion ensued on the intent of the proposed amendment and Attorney Denning offered a revision in the form of a new *Article 14 Mutual Power Supply Contract*, which states:

Article 14 Mutual Power Supply Contract – Any decision to enter into, extend, or terminate a power supply contract that constitutes greater than 50% of the cooperative’s wholesale power supply portfolio shall not become effective until and unless it is approved by a majority of the members.

Motion: Director Bassett moved to place an amendment to the bylaws on the 2019 election ballot substantially consistent with the forgoing Art XVI, subject to final approval of the wording by the Board at the March meeting and staff shall work with the members to address wording of the amendment.

New Article XIV – Material Power Supply Contracts. Any decision of the LPEA Board to enter into, extend, or terminate a power supply contract that constitutes greater than 50% of the cooperative’s wholesale power supply portfolio shall not become effective unless and until it is approved by a vote of the members in accordance with these bylaws.

Motion carried 10 to 2 with Directors Unger and Turner opposed.

There was consensus among the Board, members, and Attorney about the concept and intent. Attorney Denning will work with members to finalize *Article 14 Mutual Power Supply Contract* for placement on the 2019 LPEA Annual Meeting of the Members election ballot.

Amendment 2. The LPEA Board of Directors 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. The LPEA shall display these costs to the Members via a dedicated webpage on the LPEA website, which will include a running monthly total, and a YTD total of these excess costs.

Attorney Denning and the Board of Directors discussed the intent of the proposed bylaws amendment. There was consensus among the Board to address the issues *within Policy 108 Disclosure of Cooperative Information*.

Motion: Director Bassett moved to address all items of the proposed amendment under Policy 108 Disclosure of Cooperative Information before the May 2, 2019 LPEA Annual Meeting of the Members. Motion seconded and carried without dissent.

Motion: Director Montoya moved to place an amendment to the bylaws on the 2019 election ballot substantially consistent with amendment #2 proposed by the members, subject to final approval of the wording by the Board at the March meeting and staff shall work with the members to address wording of the amendment. Motion seconded. Motion failed with Directors Bassett, McInnis, Lyon, Wheeler, Skeehan, Lynch, Turner, and Unger opposed.

Director Bassett advised that he was prepared to make a motion to add an additional bylaw amendment to the LPEA 2019 Annual Meeting of the Member election ballot, and distributed a written motion to all Directors.

Motion: Director Bassett moved that a new section shall be added to Article III of the LPEA bylaws to read: *Section 10 Term Limits – No director shall serve more than four consecutive terms on the Board. Any person appointed or elected to fill a vacancy on the Board and who serves a least one half of a term of office shall be considered to have served a full term in that position for the purposes of this section. Terms are considered consecutive unless they are at least two terms apart.* Motion seconded.

Discussion ensued on institutional knowledge, restructuring of the Board (size), perception that the motion was targeting a specific Director, and how to phase in the proposed term limit.

Motion

To Amend: Director Turner moved to amend the motion to allow the term limits to take effect June 1, 2019 following the 2019 LPEA Annual Meeting of the Members. Motion seconded. Motion carried 5 to 4 with Directors Montoya, Lyon, McInnis, and Huntington opposed and Director Bassett abstaining.

Motion

To Amend: Director Lyon moved to amend the motion to allow the term limits to take effect June 1, 2020 following the 2020 LPEA Annual Meeting of the Members, and term limits for currently sitting directors for the purpose of this section will commence upon his/her reelection. Motion seconded. Motion failed 6 to 4 with Directors Bassett, Unger, Lynch, Skeehan, Turner, and Wheeler opposed.

Motion

Resumed: The final motion as amended to: *Section 10 Term Limits - No director shall serve more than four consecutive terms on the Board, effective after the 2020 annual meeting and any currently serving director impacted by this section may finish his/her term. Any person appointed or elected to fill a vacancy on the Board and who serves at least one-half of a term of office shall be considered to have served a full term in that position for purposes of this section. Terms are considered consecutive unless they are at least two terms apart.* Motion failed 5 to 5 with Directors Montoya, Lyon, McInnis, Bassett, and Huntington opposed.

LPEA BOARD POLICY REVIEW: POLICY 106 POLITICAL ACTIVITY – Attorney Denning and CFO Svanes discussed proposed updates to Policy 106 Political Activity and took questions.

Motion: Director McInnis moved to adopt Policy 106 Political Activity as presented. Motion seconded and carried without dissent.

LPEA BOARD POLICY REVIEW: POLICY 108 DISCLOSURE OF COOPERATIVE INFORMATION: BOARD MEETING RECORDINGS – Attorney Denning and CFO Svanes discussed proposed updates to allow archiving the livestreamed Board meeting recordings on the LPEA website under Policy 108 Disclosure of Cooperative Information and took questions.

Motion: Director Wheeler moved to adopt revised Policy 108 Disclosure of Cooperative Information to allow archiving the livestreamed Board meeting recordings on the LPEA website for one (1) year under Policy 108 Disclosure of Cooperative Information. Motion seconded and carried without dissent.

LPEA BOARD POLICY REVIEW: POLICY 111 MEETINGS OF THE BOARD OF DIRECTORS – There was consensus among the Board that due to time constraints, discussion of Policy 111 Meetings of the Board of Directors would be postponed to the March 20, 2019 Board meeting.

APPOINT DISTRICT 4 ROUND UP BOARD DIRECTOR – Director Turner advised that Jessica Wheeler accepted the nomination for District 4 Round Up Board Director.

Motion: Director Turner moved to appoint Jessica Wheeler as the District 4 Round Up Board Director. Motion seconded and carried without dissent.

APPOINT VOTING DELEGATE AND ALTERNATE TO FASTTRACK COMMUNICATIONS ANNUAL MEETING IN APRIL – There was consensus among the Board that discussion on this item would be postponed to the March 20, 2019 meeting.

DISCUSS LPEA POSITION ON TRI-STATE BYLAW AMENDMENT – CEO Dreyspring discussed LPEA’s position on the proposed Tri-State bylaws amendments, and President Lynch advised that he will attend the Tri-State Annual Meeting. A meeting delegate and alternate would need to be appointed to attend the March 6 Special Meeting of the Members.

Motion: Director Wheeler moved to appoint President Lynch as the meeting delegate for the March 6 Special Meeting of the Members; as well as, the 2019 Tri-State Annual Meeting in April. Motion seconded and carried without dissent.

Motion: Director Wheeler moved to appoint Director Skeehan as the meeting alternate for the March 6 Special Meeting of the Members; as well as, the 2019 Tri-State Annual Meeting in April. Motion seconded and carried without dissent.

Discussion ensued around the decision by United Power to support the Tri-State bylaws amendments to create additional membership classes with different rates, LPEA’s concerns about the potential for discriminatory rates and contract conflict issues, and understanding Tri-State’s intent.

REVIEW DISPOSITION OF UNCLAIMED CAPITAL CREDITS PER POLICY 203 – CFO Svanes advised that Board action was required to open up the February grant process and prepare for August 2019 awards.

Motion: Director McInnis moved to open up the Unclaimed Capital Credits Special Grant Request process. Motion seconded and carried without dissent.

INNOVATIVE PROJECT FUND REQUESTS – Dan Harms discussed the Hybrid (heat pump) Water Heater Pilot Program to gather and track data from 30 participants and provide competitive rebates. The program is budgeted for \$10,000 and will gather data, analyze energy savings, and leverage Tri-State program funds.

Motion: Director Lyon moved to approve \$10,000 for the Hybrid Water Heater Pilot Program. Motion seconded and carried without dissent and with Director Wheeler abstaining.

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

LPEA Mileage Reimbursements

Mike Alley	\$120.00	Kohler McInnis	\$37.12
Britt Bassett	\$00.00	Davin Montoya	\$40.60
Dan Huntington	\$55.68	Kirsten Skeehan	\$56.84
Rachel Landis	\$5.80	Jack Turner	\$46.98
Bob Lynch	\$139.20	Guinn Unger	\$60.32
Doug Lyon	\$1.16	Tim Wheeler	\$22.04

LPEA Board Meetings

Mike Alley	\$1200.00	Kohler McInnis	\$1850.00
Britt Bassett	\$1850.00	Davin Montoya	\$1400.00
Dan Huntington	\$1400.00	Kirsten Skeehan	\$1400.00
Rachel Landis	\$1200.00	Jack Turner	\$1725.00
Bob Lynch	\$1400.00	Guinn Unger	\$1400.00
Doug Lyon	\$1200.00	Tim Wheeler	\$1850.00

Other External Meetings

Mike Alley	\$00.00	Kohler McInnis	\$1703.00
Britt Bassett	\$1347.01	Davin Montoya	\$00.00
Dan Huntington	\$1101.40	Kirsten Skeehan	\$00.00
Rachel Landis	\$255.80	Jack Turner	\$3234.73
Bob Lynch	\$00.00	Guinn Unger	\$00.00
Doug Lyon	\$00.00	Tim Wheeler	\$1558.20

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

ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

CEO SEARCH – President Lynch advised that the Board has set aside two dates to interview CEO candidates March 22 and March 29, 2019.

ANNUAL MEETING UPDATE: – Ron Meier reviewed the 2019 Annual Report template and took questions.

STRATEGIC INITIATIVE DISCUSSION: MEMBER ENGAGEMENT – There was consensus among the Board that the Strategic Initiative Discussion would be postponed to the March 20, 2019 meeting.

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

ATTORNEY REPORT

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

DIRECTOR REPORTS AND OTHER BOARD ACTIONS

Directors addressed the written reports in the Board packet and took questions. President Lynch advised that the Power Supply Committee expires March 31, the consultants will present their reports in executive session during the April 15 Committee of the Whole meeting, and Committee Chairman Bassett will present the final PSC report at the April 17 Board meeting.

ROUND UP REPORT – Round Up grants were awarded to Clothing Closet (\$1408), Ignacio Senior Center (\$1500), Dancing Spirit Healing Arts (\$1690), and Stillwater Music (\$609). Education grants were awarded to Stillwater Music (\$1587), Dancing Spirit Healing Arts (\$1113), FLC Wellness Program – QPR Initiative (\$1500) and Fort Lewis Mesa – Reading Program (\$800).

UPCOMING EXTERNAL MEETINGS

TRAVEL REQUESTS – President Lynch addressed the Upcoming External Meeting list, noting that he will attend the 2019 Tri-State Annual Meeting and the March 6th Special Member Meeting. Director Turner requested to attend the Tri-State Annual Meeting in April, noting that he will decline the per diem. Turner also requested to attend the Legislative Conference in Washington, D.C. and withdrew a previously approved request to attend the NRECA Annual Meeting. Director Skeehan requested to attend the Legislative Conference in Washington, D.C.

Motion: Director Wheeler moved to approve the travel requests. Motion seconded and carried without dissent.

APPOINT VOTING DELEGATE AND ALTERNATE TO TRI-STATE ANNUAL MEETING IN APRIL – President Lynch was appointed as the voting delegate, and Director Skeeahan was appointed as the voting alternate to the 2019 Tri-State Annual Meeting during the discussion on LPEA’s position on the Tri-State Bylaws Amendment.

REVIEW OF CEO ACTION LIST

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

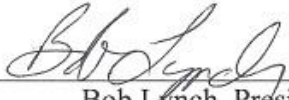
EXECUTIVE SESSION: DMEA CPUC CASE UPDATE BY LPEA’S PUC ATTORNEY KARL KUMLI (via conference call)

Motion: Director Turner moved to enter into executive session to discuss the DMEA CPUC Case with Tri-State. Motion seconded and carried without dissent.

Director Skeeahan and Attorney Denning left the meeting at 4:00 p.m., recused from executive session. The Board remained in executive session from 4:05 p.m. to 4:43 p.m.

There being no further business, the LPEA Board of Directors meeting adjourned at to 4:43 p.m.

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



Bob Lynch, President



Dan Huntington, Secretary