

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, March 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, March 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:

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
Jerry Wills, District Manager, Pagosa Springs
C. E. Charistopoulos, Executive Assistant
Shay Denning, LPEA General Counsel

EXCUSED ABSENCE: Nadine Ontiveros, Manager of HR; Doug Lyon left the meeting at 2:30 p.m.

GUESTS (from sign in sheet): The following guests were present: Betsy Romere, Mark Pearson, Richard Fultner, Heath Rowe, Holly Metzler, Will Rietveld, Sarah Ferrell, Larry Zauberis, Judy Spady, Ron Bishop, Katie Pellicore, Dan Hunt, Lauri Costello, Werner Heiber, Joe Lewandowski, Gail Harriss, Kristen Jensen, Grant Gunn, Sue and Slim McWilliams

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 March 20, 2019 Board meeting agenda. A Director request to move up discussion item *VII.D., Bylaw Amendment Regarding Power Supply Contracts* was declined by President Lynch.

Motion: Director McInnis moved to approve the March 20, 2019 Board meeting agenda as presented. Motion seconded and carried without dissent.

MEMBER COMMENTS AND CONCERNS

Members addressed concerns about rate disparities between rural and urban members, and spoke against the proposed member bylaws changes as being too broad and cumbersome. Members spoke in favor of the proposed bylaws changes as being democratic and promoting Board transparency and accountability to members.

Praise was voiced for LPEA's support for 4CORE and the positive impacts of its programs for low-income families; as well as, concern that the fee paid to 4CORE from the LPEA Operating budget is charitable in nature. Several members addressed various concerns about the negative effects of climate change.

LPEA District 1 Director Candidate, Holly Metzler introduced herself, and another member requested information about net metering subsidy calculations and was directed to submit a Policy 108 Request for Cooperative Information.

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 February 20, 2019 Board of Directors meeting. Director McInnis proposed several grammatical corrections.

Motion: Director Alley moved to approve the capital credit payments to estates, monthly write-offs, new member list, and the minutes for the February 20, 2019 Board of Directors meeting with approved modifications. Motion seconded and carried without dissent.

2018 FINANCIAL AUDIT PRESENTATION BY BKD AUDITORS AND ADVISORS

Rob McCoy, of BKD Auditors and Advisors in Denver, CO, presented the independent auditor's report of LPEA's consolidated financial statements, and its subsidiary, as of December 31, 2018 as compared to 2017 year end. The audit report contained an unqualified, or "clean" opinion on LPEA's financial statements. McCoy and CFO Svanes took questions on the presentation of the audit report provided in the director packet.

Motion: Director McInnis moved to discuss the audit report in Executive Session with Mr. McCoy, Directors, and senior staff only to discuss an audit discrepancy impacting LPEA's internal controls. Motion seconded and carried with Director Montoya opposed.

The Board of Directors remained in session from 10:53 – 11:49 a.m. Dreyspring, Svanes, and Talbot left executive session at 11:11 a.m.

Motion: Director Unger moved to accept the audit report information as presented. Motion seconded and carried without dissent.

CEO AND STAFF REPORTS

In the interest of time, Staff referred to their written quarterly and monthly reports included in the Board packet and took questions.

ITEMS REQUIRING BOARD ACTION

RESOLUTION 2019-03 NET METERING TARIFF – Dan Harms reviewed the process for approving net metering applications, discussed the net metering tariff methodology, and received input from the Board to refine language.

Motion: Director Bassett moved to adopt Resolution 2019-03 Net Metering Tariff with approved modifications. Motion seconded and carried without dissent.

The approved tariff will be subject to the 30-day notice period required by policy and state statute.

RESOLUTION 2019-04 2019 DISTRICT ELECTION CANCELLATION – Ron Meier affirmed that the LPEA District 3 Director election should be cancelled as the only candidate to submit an approved petition was Joe Lewandowski. Joe Lewandowski is deemed to be the duly elected LPEA District 3 Director, as of the May 2, 2019 Annual Meeting of the Members.

Motion: Director Skeehan moved adopt Resolution 2019-04 District Election Cancellation. Motion seconded and carried without dissent.

APPOINT VOTING DELEGATE AND ALTERNATE TO FTC ANNUAL MEETING – Director Wheeler advised that the FastTrack Board of Directors unanimously approved postponing the Annual Shareholders Meeting to an as yet undetermined date in June 2019. The LPEA Voting Delegate and Alternate will be appointed at the May 15, 2019 LPEA Board Meeting.

DIRECTOR EXPENSE APPROVAL – Director Wheeler reported the Director expense items to be reimbursed. Director McInnis advised that he would forfeit the per diem for one of the meetings he attended in order to remain compliant with Policy 109 Director Education and Compensation, Insurance and Travel of Directors, Section II.B., which states, *Directors are encouraged to keep total expenses to less than \$7,500 per year, excluding affiliated boards.*

LPEA Mileage Reimbursements

Mike Alley	\$69.60	Kohler McInnis	\$18.56
Britt Bassett	\$00.00	Davin Montoya	\$40.60
Dan Huntington	\$55.68	Kirsten Skeehan	\$24.94
Rachel Landis	\$11.60	Jack Turner	\$62.64
Bob Lynch	\$139.20	Guinn Unger	\$60.32
Doug Lyon	\$1.16	Tim Wheeler	\$00.00

LPEA Board Meetings

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

Other External Meetings

Mike Alley	\$00.00	Kohler McInnis	\$2577.20
Britt Bassett	\$00.00	Davin Montoya	\$00.00
Dan Huntington	\$00.00	Kirsten Skeehan	\$00.00
Rachel Landis	\$130.80	Jack Turner	\$626.86
Bob Lynch	\$961.85	Guinn Unger	\$00.00
Doug Lyon	\$00.00	Tim Wheeler	\$00.00

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 confirmed that the Board will meet at an undisclosed location to interview CEO candidates on March 22 and March 29, 2019. Attorney Denning spoke briefly on broad parameters for interview questions.

ELECTION SUPERVISORY COMMITTEE UPDATE AND ACTIONS – Attorney Denning addressed the research and investigation conducted by the Election Supervisory Committee (ESC) to determine whether LPEA District 4 Director, Jack Turner was qualified to participate in the Director election under Art. III, Sec. 2(a) – *be a member of the cooperative for at least one year immediately prior to becoming a Director*, and Art. III, Sec. 2(b) – *be a bona fide resident of the person’s Director district for at least 120 days prior to becoming a Director, which means that the person must be a permanent occupant receiving electric service from the cooperative at the person’s primary residential abode.*

ESC Chair, Betsy Romere reported that upon reviewing a number of documents and interviewing Jack Turner, the ESC voted unanimously to certify Turner as qualified to run for the District 4 Director election. Romere discussed details of the findings and took questions.

ANNUAL MEETING UPDATE: FINALIZE PLANS – Ron Meier advised that the new CEO of Tri-State G&T, Duane Highley, expressed interest in speaking to the LPEA members at the May 2, 2019 LPEA Annual Meeting. There was consensus among the Board to extend a speaking invitation to CEO Highley. Meier discussed Director preparations and timelines.

BYLAW AMENDMENT REGARDING POWER SUPPLY CONTRACTS – Directors discussed action taken by the Board of Directors at the February 20th Board meeting: to place an amendment to the bylaws on the 2019 election ballot substantially consistent with new 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.

Discussion ensued on whether the Board acted in haste when they committed to place an amendment to the bylaws on the 2019 election ballot. Consideration was given to fiduciary duty, trust, governance, member engagement, and repercussions of potential member effort to bring back a stronger amendment with sufficient signatures to override the need for Board approval.

Motion: Director McInnis moved to move forward with placing Bylaw Ballot Issue #1 on the 2019 LPEA election ballot: *New Article XIV – Material Power Supply Contracts. Any decision of the board of directors to enter into, extend, or terminate a power supply contract that constitutes greater than fifty-percent (50%) of the cooperative’s wholesale power supply portfolio shall not become effective unless and until it is approved by the affirmative vote of the members in accordance with these bylaws.* Motion seconded.

Motion To Amend: Director Skeehan moved to strike the words, “*enter into, extend, or...*” Motion seconded and carried 8 to 4, with Directors Turner, Bassett, Landis, and Lynch opposed.

Discussion ensued on the difficulty of complying with the amendment without having specific data for a buyout to present to the members, and a restriction as stated in the proposed amendment circumvents the work of the Power Supply Committee. Directors discussed member distrust in the Board and member fears of high cost and reliability; as well as, the Board’s intention not to put safety, reliability, and cost of service at risk; and opposing the amendment for business reasons while pushing for member engagement.

Motion

Resumed: Motion failed 6 to 6 with Directors Turner, Lynch, Bassett, Landis, Unger, and Wheeler opposed.

LPEA POLICY REVIEW: POLICY 108 DISCLOSURE OF COOPERATIVE INFORMATION – CFO Svanes discussed proposed revisions to Policy 108 Disclosure of Cooperative Information and took input to finalize the policy language.

Motion: Director Skeehan moved to adopt Policy 108 Disclosure of Cooperative Information with approved modifications. Motion seconded and carried without dissent.

LPEA POLICY REVIEW: POLICY 111 MEETINGS OF THE BOARD OF DIRECTORS – Due to time constraints this item was postponed to a later meeting agenda.

LPEA POLICY REVIEW: POLICY 301 VEGETATION MANAGEMENT – Due to time constraints this item was postponed to a later meeting agenda.

LPEA POLICY REVIEW: POLICY 214 RATE POLICY – Dan Harms discussed eliminating *Exhibit A – Rate Design Strategic Planning Goals* from Policy 214 Rate Policy. Harms was directed to include clarifying language for compliance with LPEA’s currently approved Strategic Plan.

Motion: Director Bassett moved to adopt Policy 214 Rate Policy as presented, with the removal of *Exhibit A – Rate Design Strategic Planning Goals*, and clarifying language about compliance with LPEA’s currently approved Strategic Plan. Motion seconded and carried without dissent.

Harms will provide a proposal for discussion and action to adopt Rate Policy goals that fit within the Strategic Initiative of Member Engagement.

LPEA POLICY REVIEW: DRAFT POLICY ON BYLAW AMENDMENTS – CEO Dreyspring presented a structure for a policy that would establish guidelines and best practices for processing member petitions for bylaws amendments. Discussion ensued on the optics and timing of introducing a new policy in light of the current member petition, and the intent of the policy to clarify the rules and procedures that govern member petitions. The Board will consider further discussion of the policy at a later date, no action was taken.

STRATEGIC INITIATIVES AND GOAL DISCUSSION: DISTRIBUTION UTILITY OF THE FUTURE: RELIABILITY GOAL – Dan Harms presented proposed language for the Reliability Goal and took questions and feedback for approval of final language: The Board agreed on the following language: *To facilitate technology advances for a Distribution Utility of the Future, LPEA will strive to improve customer satisfaction in reliability by achieving the upper half of the System Average Interruption Duration Index (SAIDI) within the Key Ratio Trend Analysis (KRTA) of the Colorado peer group.*

Motion: Director Alley moved to adopt the Distribution Utility of the Future: Reliability Goal as approved by the Board. Motion seconded and carried without dissent.

STRATEGIC INITIATIVES AND GOAL DISCUSSION: MEMBER ENGAGEMENT: MEMBER SATISFACTION GOAL – Dan Harms and Ron Meier presented proposed language for the Member Satisfaction Goal and took questions and feedback for approval of final language: *LPEA’s annual American Customer Satisfaction Index (ACSI) score will exceed 80, increasing annually with a target of 90.*

Motion: Director Skeehan moved to adopt the Member Engagement Customer Satisfaction Goal as approved by the Board. Motion seconded and carried without dissent.

STRATEGIC INITIATIVES AND GOAL DISCUSSION: OPERATIONAL EXCELLENCE: SAFETY GOAL – Justin Talbot presented proposed language for the Member Satisfaction Goal and took questions and feedback for approval of final language: *To attain 80% employee attendance company-wide, at each monthly LPEA Safety Meeting; and to maintain representation from each department at each monthly Safety Committee Meeting.*

Motion: Director Turner moved to adopt the first point of the Operational Excellence Safety Goal as approved by the Board. Motion seconded and carried without dissent.

Motion: Director Turner moved to adopt the second point of the Operational Excellence Safety Goal as approved by the Board. Motion seconded and carried without dissent.

COLORADO LEGISLATION REPORT – a report was discussed during the CEO Report.

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.

ROUND UP REPORT – Round Up grants were awarded to the ARC of SW Colorado (\$2000), Bayfield High School After Prom (\$2000), and SW Civic Winds (\$1000). Education grants were awarded to Riverhouse Children’s Center (\$1500), Liberty School Families (\$2500), and Pine River Arts (\$1000).

UPCOMING EXTERNAL MEETINGS

TRAVEL REQUESTS – President Lynch addressed the Upcoming External Meeting list. Director Landis requested to attend the 2019 Tri-State Annual Meeting.

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

President Lynch advised that a Committee of the Whole (COW) meeting would take place April 15, from 9:00 a.m. to 5:00 p.m., and that the April 15th Round Up Foundation Board of Directors meeting would be postponed to accommodate the meeting. Presentations by the Contract Valuation and Western Markets Power Supply consultants hired by the Power Supply Committee will take place in executive session at the April 15th COW, and in open session at the April 17th Board meeting.

REVIEW OF CEO ACTION LIST

There was no action for this agenda item.

EXECUTIVE SESSION

In the interest of time, there was consensus among the Board to not discuss the Power Supply Committee report.

Motion: Director McInnis moved to enter into executive session to discuss the CPUC Complaint. Motion seconded and carried without dissent.

Director Skeehan was recused from the executive session discussion. The Board remained in executive session from 5:50 p.m. to 6:50 p.m.

Motion: Director Landis moved to direct CEO Dreyspring and President Lynch to send a letter of support to Tri-State regarding a potential opportunity for new wholesale power supply development. Motion seconded and carried 6 to 3 with Directors Huntington, Montoya, and Alley opposed; and Director McInnis abstaining.

There being no further business, the LPEA Board of Directors meeting adjourned at to 6:54 p.m.

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



Bob Lynch, President



Dan Huntington, Secretary