

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, June 19, 2019
Durango, Colorado

CALL TO ORDER

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, June 19, 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:

Britt Bassett, Vice President	Bob Lynch, President	Kirsten Skeeahan
Dan Huntington	Kohler McInnis	Jack Turner
Rachel Landis	Holly Metzler	Guinn Unger, Secretary
Joe Lewandowski	Davin Montoya	Tim Wheeler, Treasurer

LPEA STAFF:

Mike Dreyspring, Chief Executive Officer
Rachel Gillman, Interim Chief Financial Officer
Justin Talbot, Manager of Operations
Jerry Wills, District Manager of Pagosa Springs Office
Dan Harms, Manager of Rates, Technology and Energy Policy
Ron Meier, Manager of Engineering, Member Relations
Nadine Ontiveros, Manager of HR
Shay Denning, LPEA General Counsel
C. E. Charistopoulos, Executive Assistant

EXCUSED ABSENCE: None.

GUESTS (from sign in sheet): The following guests were present: Larry Zauberis, Betsy Romere, Karen Pontius, Monique DiGiorgio, Katie Pellicore, Lissa Ray, Nathan Goodman, Lauri Costello

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

APPROVAL OF AGENDA

President Lynch addressed the June 19, 2019 Board meeting agenda.

Motion: Director Unger moved to approve the June 19, 2019 Board meeting agenda.
Motion seconded and carried without dissent.

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

MEMBER COMMENTS

Members expressed concern over Tri-State's recent move towards regulation under the Federal Energy Regulatory Commission (FERC) without any apparent consideration for consequences to the Tri-State members; and concern that the recent Tri-State bylaws change approving the addition of a new member class was intended to provide justification for FERC jurisdiction over Tri-State.

CONSENT BOARD ITEMS.

President Lynch addressed the Consent Board Items. Directors noted corrections to the May 15, 2019 Board minutes.

Motion: Director Wheeler moved to approve the Consent Board Items: capital credit payments to estates, monthly write-offs, and minutes for the May 15, 2019 Board meeting with approved modifications. Motion seconded, and carried without dissent.

CEO AND STAFF REPORTS

President Lynch advised that in the interest of time, beginning in July, two Staff reports would be prioritized and presented, and questions would be taken on the remaining Staff reports. Staff addressed the written department reports in the Board packet and took questions.

Of note, CEO Dreyspring gave an update on the power supply analysis which includes data from internal sources and RFI proposals on indicative pricing that will be incorporated into the development of exit strategy modelling by consultant Caitlyn Liotiris of Energy Strategies. A discussion of findings on either the net positive financial benefit or the net cost will be presented in July.

Ron Meier and Dan Harms took feedback and input on a draft of the Member Meeting presentation on the Future of Power Supply that will take place throughout the month of July in each of the four member districts.

ITEMS REQUIRING BOARD ACTION

ANNUAL MEETING: 2019 ANNUAL MEETING DATE AND LOCATION SELECTION

– Ron Meier discussed the optimal meeting date for the 2018 Annual Meeting of the Members and the rotating member district location site which is slated for Pagosa Spring High School in 2020.

Motion: Jack Turner moved to approve that the 2019 LPEA Annual Meeting of the Members will take place at 9:00 a.m., May 16, 2020, at the Pagosa Springs High School. Motion seconded and carried without dissent.

REVIEW POLICY 129 DIRECTOR CONFLICT OF INTEREST FORMS – President Lynch addressed the completed 2019 Director Conflict of Interest forms that were available for review in the confidential Board packet.

APPROVAL OF RENEWABLE GENERATION GRANT CYCLE – Dan Harms advised that \$36,000 was available in the Renewable Generation Grant fund in the twelve-month collection cycle.

Motion: Director McInnis moved to open the 2019 Renewable Generation Grant application cycle from July 1 through December 1, 2019. Motion seconded and carried without dissent.

RESOLUTION 2019-08 UNDERGROUND INFRASTRUCTURE CONSTRUCTION CONTRACT– Justin Talbot addressed the Underground Infrastructure Construction Contract and took questions

Motion: Director Turner moved to approve Resolution 2019-08, Underground Infrastructure Construction Contract Bid. Motion seconded and carried without dissent.

POLICY 110 COMMITTEES OF THE BOARD OF DIRECTORS – CEO Dreyspring discussed a proposal to establish a standing Finance and Audit Committee, as well as, a standing Policy Committee for inclusion in Policy 110. Attorney Denning presented the revised policy and took input for finalization. There was consensus among the Board to table final approval of Policy 110 until the next meeting to allow Attorney Denning to revise the Policy as discussed, and in the meantime, to deploy both of the standing committees upon the terms addressed in the revised policy.

Motion: Director Skeeahan moved to establish a standing Finance and Audit Committee; as well as a standing Policy Committee, as authorized under Policy 110 Committees of the Board of Directors, which will be reviewed for final adoption at the July Board meeting; as well as, the establishment of a Statement of Functions for each of the committees as set forth in the current revision of Policy 110. Motion seconded and carried 11 to 1, with Director Montoya opposed.

FINANCE AND POLICY COMMITTEES: DISCUSSION AND APPOINTMENTS – President Lynch requested participation and confirmed that Directors Wheeler, Bassett, Huntington, and Unger would serve on the Finance and Audit Committee; and Directors Unger, McInnis, and Skeeahan would serve on the Policy Committee; Director Montoya declined to participate. The proposed standing Member Relations Committee will be addressed at a later date, following the arrival of incoming CEO, Jessica Matlock on July 22, 2019.

RESOLUTION ON FERC DMEA-TRI-STATE CASE – President Lynch addressed the proposed resolution from LPEA to Tri-State to withdraw its Motion for Rehearing filed in FERC Docket No. EL 16-39-001 so that prospective Qualified Facility developers can have certainty in developing renewable, utility scale projects in LPEA’s territory.

Discussion ensued on revising language in the resolution to clarify LPEA’s requests that Tri-State slow down its move seeking jurisdiction under the FERC.

Discussion ensued on the need of LPEA’s Board to consider the value of requesting that Tri-State modify its Policy 101 Qualifying Facility Capacity and Energy Purchase Policy to be compliant with FERC regulations.

Discussion ensued on being mindful of the impact of Public Utilities Commission rulemaking that is in the works to govern QF bids, compensation, and avoided cost before making decisions.

Motion: Director Bassett moved to approve Resolution 2019-09 FERC DMEA-Tri-State Case with approved revisions, and the addition of a cover letter to Tri-State referencing LPEA’s requested changes to Tri-State Policy 101 Qualifying Facility Capacity and Energy Purchase Policy. Motion seconded and carried 8 to 3 with Directors Huntington, Montoya, and McInnis opposed, and Director Landis abstaining.

CEO Dreyspring and President Lynch discussed a June 16, 2019 LPEA joint letter with United Power and DMEA to all Tri-State coops urging Tri-State to slow down their move to seek jurisdiction under the FERC. The letter will be posted to the LPEA website.

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

LPEA Mileage Reimbursements

Britt Bassett	\$00.00	Holly Metzler	\$122.96
Dan Huntington	\$55.68	Davin Montoya	\$40.60
Rachel Landis	\$00.00	Kirsten Skeeahan	\$168.20
Joe Lewandowski	\$00.00	Jack Turner	\$41.76
Bob Lynch	\$139.20	Guinn Unger	\$60.32
Kohler McInnis	\$13.92	Tim Wheeler	\$00.00

LPEA Board Meetings

Britt Bassett	\$1400.00	Holly Metzler	\$1400.00
Dan Huntington	\$1400.00	Davin Montoya	\$1400.00
Rachel Landis	\$1200.00	Kirsten Skeeahan	\$1400.00
Joe Lewandowski	\$1400.00	Jack Turner	\$1400.00
Bob Lynch	\$1400.00	Guinn Unger	\$1400.00
Kohler McInnis	\$1400.00	Tim Wheeler	\$1400.00

Other External Meetings

Britt Bassett	\$00.00	Holly Metzler	\$61.48
Dan Huntington	\$00.00	Davin Montoya	\$00.00
Rachel Landis	\$408.07	Kirsten Skeehan	\$00.00
Joe Lewandowski	\$00.00	Jack Turner	\$00.00
Bob Lynch	\$00.00	Guinn Unger	\$00.00
Kohler McInnis	\$00.00	Tim Wheeler	\$00.00

Motion: Director Turner moved to approve Director expenses as presented. Motion seconded and carried 11 to 1, with Director Montoya opposed.

ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

REVIEW GUZMAN PROPOSAL TO TRI-STATE – There was consensus among the Board that no further discussion or action was necessary.

STRATEGIC GOAL DISCUSSION ON HOW TO MEASURE CARBON – Dan Harms and Dominic May presented information and data to calculate the carbon intensity resulting from LPEA’s power supply, and the goal of cutting that carbon by 50% in accordance with the LPEA Strategic Goal as adopted in April 2019. There was consensus among the Board that the methodology presented is acceptable to move forward

Motion: Director Skeehan moved to accept the information and data available at this time; as well as, the stated objective to *Develop a consistent and repeatable methodology for calculating the carbon intensity from LPEA’s power supply*, as met by the methodology of *Calculating Carbon from Power Supply*, for the purpose of meeting LPEA’s Strategic Goal. Motion seconded and carried without dissent.

BOARD RETREAT PLANNING – There was consensus among the Board to consider an August-September time frame for dialogue with incoming CEO, Jessica Matlock, and that the Board will continue discussion at the July Board meeting.

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 gave highlights from the written reports in the Board packet and took questions.

ROUND UP FOUNDATION REPORT – Director Lewandowski reported Round Up grants of \$1,000 to TARA Historical Society, \$2,100 to the Big Brothers and Big Sisters of SW Colorado, \$3,000 to Bayfield Community Treehouse, \$1,000 to the Durango Cowboy Gathering; and Education Grants of \$2,500 to PlayFest.

TRI-STATE REPORT – Director Skeehan addressed the Tri-State Resolution regarding the Cooperative Responsible Energy Plan, the decision to decline the Guzman Energy offer, development of a solar alliance partnership, and an RFP for more renewable energy. Skeehan also discussed the Board’s favorability toward FERC rate regulation due to the regulatory ease afforded by the oversight of a single entity, rather than multiple entities.

IX. UPCOMING EXTERNAL MEETINGS

TRAVEL REQUESTS - President Lynch addressed the Upcoming External Meeting list. Holly Metzler requested to attend NRECA Director Summer School, August 2-7; for planning purposes, Directors Skeehan, Lynch, and Turner expressed interest in attending the NRECA Regional Meeting, September 24-26.

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

REVIEW OF CEO ACTION LIST

No activity was reported on this item.

FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES

President Lynch discussed the process for discussion requests and upcoming agenda items.

EXECUTIVE SESSION

The Board discussed how to determine grounds for Director recusal and discretion about legal strategy and discussion of numbers as being the determining factors for recusing Tri-State representative Skeehan, who holds a fiduciary responsibility to both LPEA and Tri-State; the appropriateness of open session motions to recuse Tri-State representative Skeehan; as well as, the Nebraska Ruling precedent, education on fiduciary responsibility, and taking steps to protect Directors from personal liability.

Attorney Denning opined on the reasons for seeking Skeehan’s recusal during this LPEA Board of Director executive session. There was consensus among the Board that the high likelihood of discussion about legal strategy taking place in executive session was grounds to recuse Skeehan from the discussion of COPUC and FERC issues with Special Counsel, Karl Kumli.

Motion: Director Landis moved to allow Skeeahan to remain in executive session for information and briefing, and to be dismissed at the onset of Q&A and/or discussion of strategy and numbers. Motion seconded and failed 7 to 5 with Directors Montoya, Wheeler, Metzler, Unger, Lewandowski, Turner, and Bassett opposed; and Director Huntington abstaining.

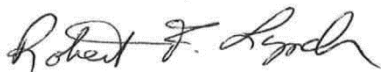
Motion: Director Unger moved to recuse Director Skeeahan from executive session discussion of the COPUC and FERC Issues with Special Counsel, Karl Kumli, and the Guzman Proposal to Tri-State; and to allow Skeeahan to join the executive session discussion on the RFI Update. Motion seconded and carried 8 to 4 with Directors Skeeahan, McInnis, Wheeler, and Bassett opposed.

The Board of Directors remained in executive session from 4:26 p.m. to 5:56 p.m. for the discussion of the COPUC and FERC Issues with Special Counsel, Karl Kumli, and the Guzman Proposal to Tri-State; and from 5:57 p.m. to 6:14 p.m. for the discussion of the RFI Update.

President Lynch called for a Special Meeting to take place from 9:00 a.m. to 12:00 p.m., on July 2, 2019 in executive session, to consider the potential Tri-State application for FERC regulation and any possible action to address the timing and nature of the decision.

There being no further business, the LPEA Board of Directors meeting adjourned at 7:33 p.m.

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



Bob Lynch, President



Guinn Unger, Secretary