

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, September 18, 2019
Pagosa Springs, Colorado

CALL TO ORDER

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, September 18, 2019 at the Ross Aragon Community Center in Pagosa Springs, 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 |
| | Davin Montoya | Tim Wheeler, Treasurer |

LPEA STAFF:

Jessica Matlock Chief Executive Officer
Rachel Gilman, Interim Chief Financial Officer
Justin Talbot, Manager of Operations
Dan Harms, Manager of Rates, Technology and Energy Policy
Ron Meier, Manager of Engineering, Member Relations
Nadine Ontiveros, Manager of HR
C. E. Charistopoulos, Executive Assistant
Lonnie Tucker, Communications Coordinator
Jeannie Bennett, Public Relations Coordinator
Shay Denning, LPEA General Counsel (via Conference Line)

EXCUSED ABSENCE: Jerry Wills, District Manager of Pagosa Springs Office. Joe Lewandowski arrived at 1:16 p.m.

GUESTS (from sign in sheet): The following guests were present: Betsy Romere, Mayor Dan Volger, and Town Manager, Andrea Philips.

Davin Montoya led the Board, Staff, and guests in reciting the Pledge of Allegiance.

APPROVAL OF AGENDA

President Lynch addressed the September 18, 2019 Board meeting agenda.

Motion: Director Unger moved to approve the September 18, 2019 Board meeting agenda as presented. Motion seconded and carried without dissent.

MEMBER COMMENTS

No member comments were given.

CONSENT BOARD ITEMS.

President Lynch addressed the Consent Board Items. Directors noted corrections to the minutes for the August 19 Committee of the Whole, and August 21, 2019 Board meeting.

Motion: Director McInnis moved to approve the Consent Board Items: capital credit payments to estates, monthly write-offs, and minutes for the August 19, Committee of the Whole and August 21, 2019 Board meetings with approved modifications. Motion seconded, and carried without dissent.

CEO AND STAFF REPORTS

CEO Matlock discussed takeaways from the September 13, Energy Legislation Committee in Grand Junction, Colorado, and highlighted items from her presentation on LPEA. Lonnie Tucker gave a press update, and the Board requested to be included on the daily press update to the company. Discussion ensued on levels of information sharing and improved reporting for Director engagement. Jeannie Bennett reported on LPEA's public relations, and Justin Talbot reported on outage and safety data, maintenance and work orders, and discussed accidents and training for the Durango and Pagosa Springs crews.

Interim CFO Gilman discussed changes in reporting that center around Operational and Non-operational Margins, reported positive August Net Margins due to patronage capital received earlier than anticipated from CFC, addressed variances in data across the Statement of Operations, and took questions on Performance Statistics. However, Gilman also discussed that margins are negative when not counting on patronage capital and that LPEA must develop a cash management policy and look to develop budgets that result in positive financial health. Dan Harms gave an update on the Power Supply front, touching on lessons learned from the Tri-State Contract Committee meetings, fixed cost responsibility and greater self-supply flexibility, Tri-State's response to community solar proposals, and Tri-State's RFP for additional renewables

ITEMS REQUIRING BOARD ACTION

REVIEW ATTORNEY ENGAGEMENT LETTER – There was consensus among the Board that this discussion item would be postponed to the October 16, Board meeting so that Attorney Denning may be present for dialogue.

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

LPEA Mileage Reimbursements

| | | | |
|-----------------|---------|-----------------|----------|
| Britt Bassett | \$23.20 | Holly Metzler | \$00.00 |
| Dan Huntington | \$69.60 | Davin Montoya | \$110.20 |
| Rachel Landis | \$00.00 | Kirsten Skeehan | \$36.08 |
| Joe Lewandowski | \$69.60 | Jack Turner | \$36.54 |
| Bob Lynch | \$81.20 | Guinn Unger | \$119.48 |
| Kohler McInnis | \$84.68 | Tim Wheeler | \$00.00 |

LPEA Board Meetings

| | | | |
|-----------------|-----------|-----------------|-----------|
| Britt Bassett | \$1525.00 | Holly Metzler | \$1400.00 |
| Dan Huntington | \$1525.00 | Davin Montoya | \$1400.00 |
| Rachel Landis | \$1400.00 | Kirsten Skeehan | \$1400.00 |
| Joe Lewandowski | \$1200.00 | Jack Turner | \$1400.00 |
| Bob Lynch | \$1400.00 | Guinn Unger | \$1525.00 |
| Kohler McInnis | \$1400.00 | Tim Wheeler | \$1525.00 |

Other External Meetings

| | | | |
|-----------------|----------|-----------------|----------|
| Britt Bassett | \$00.00 | Holly Metzler | \$180.48 |
| Dan Huntington | \$00.00 | Davin Montoya | \$00.00 |
| Rachel Landis | \$00.00 | Kirsten Skeehan | \$207.24 |
| Joe Lewandowski | \$00.00 | Jack Turner | \$618.58 |
| Bob Lynch | \$00.00 | Guinn Unger | \$00.00 |
| Kohler McInnis | \$200.00 | Tim Wheeler | \$00.00 |

Motion: Director Unger moved to approve Director expenses as presented. Motion seconded and carried without dissent.

SHORT TERM COMMITTEE ON BROADBAND – President Lynch reviewed the draft *Statement of Functions* for the short-term Broadband Committee, comprised of three volunteer Directors and two CEO appointed Staff members, which will be responsible for drafting an overall broadband strategy recommendation for the Board that defines how broadband will advance LPEA in the strategic direction of the *Electric Utility of the Future*, and provides clarification on the utilization of LPEA resources to enable broadband access for its members and the expectations of the LPEA Board for its broadband subsidiary. The Committee is limited to a six month term from the date of the first meeting, and a maximum operating budget of \$10,000 to cover reimbursements for approved expenses, including travel. Committee members will not receive a per diem.

Motion: Director Bassett moved to approve the formation of the short-term Broadband Committee. Motion seconded and carried 10 to 1, with Director Montoya opposed, and Director Lewandowski absent.

KSUT GRANT RECONSIDERATION REQUEST – Dan Harms addressed a request by KSUT to extend the project completion deadline from October 16, 2019 to April 30, 2020 for a conditional grant award of \$20,520 on January 16, 2019, in order to downsize and complete a solar project that was funded through the Local Green Fund under LPEA Policy 303, due to

unanticipated delays and changes that now require the system to be ground mounted. Discussion ensued on an appropriate course of action.

Motion: Director Landis moved to grant the requested extension and require KSUT to return \$9,880 of grant funding so that funding does not exceed the project cost and requested extension date. Motion seconded and carried 10 to 1, with Director McInnis opposed, and Director Lewandowski absent.

DISCUSSION WITH TOWN OF PAGOSA SPRINGS MANAGER AND MAYOR

Pagosa Springs Mayor, Don Volger and Town Manager, Andrea Philips shared dialogue with the LPEA CEO and Board of Directors on a number of issues ranging from EV charging stations, street lighting retrofits, finalizing a franchise agreement, and broadband. LPEA will hold the 2019 Annual Meeting of the Members at the Pagosa Springs High School on May 16, 2020.

ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

CAPITAL CREDIT RETIREMENT DISCUSSION – CFO Gilman reviewed the unclaimed capital credit allocation, the percentage of equity as assets, the retirement distribution to members and former members, and discussed various retirement methodologies and options. There was consensus among the Board to delay a decision on whether to retire capital credits until the new CFO, Corey Thurlow assumes his position at LPEA on October 14, 2019.

SPECIAL PROJECT GRANT REQUESTS – Ron Meier advised that the Round Up Foundation Board (RUB) meeting was rescheduled for September 30, 2019 following the day long grant application evaluation process. The RUB will provide grant recommendations to the LPEA Board to consider at the October 16 Board meeting.

NRECA RESOLUTION DISCUSSION – Director Turner addressed the current 2019 NRECA resolutions and proposed amendments. Discussion ensued on voting guidance for the LPEA voting delegate, President Lynch.

Motion: Director Turner moved to direct President Lynch to offer an amendment to Compendium Resolution #1, presenting or supporting a resolution that seeks to address climate resiliency. Motion seconded and carried without dissent (Director Lewandowski was present).

FERC, CoPUC DISCUSSION – President Lynch advised that this conversation would take place in executive session at 3:00 p.m.

ATTORNEY REPORT

Referring to the written report included in the Board packet, Attorney Denning highlighted work done for LPEA and took all questions. There was consensus among the Board that Attorney evaluation and Attorney Engagement Letter will be discussed at the October 16 Board meeting when Attorney Denning returns from maternity leave and can be physically present for the dialogue.

Motion: Director McInnis moved to extend the Attorney Contract to October 31, 2019. Motion seconded and carried without dissent.

COMMITTEE REPORTS: FINANCE AND AUDIT COMMITTEE, AND POLICY COMMITTEE REPORTS

Finance and Audit Committee Chairman Wheeler reported that the September 17 meeting discussion primarily focused on the 2020 Budget, recommendations to build up a reserve fund, and drafting a Budget around power supply scenarios that factor in a full, partial, or no buyout from Tri-State. The next Finance and Audit Committee meeting is scheduled to take place 2:00-5:00 p.m., November 5, 2019.

Policy Committee Chairman Unger reported that the Policy Committee will commence when Attorney Denning returns from maternity leave, that all LPEA policies will be reviewed and recommended changes will be discussed with the full Board.

DIRECTOR REPORTS AND OTHER BOARD ACTIONS

Due to time constraints, Directors relied on the written reports included in the Board packet.

TRI-STATE REPORT – Director Skeeahan highlighted discussion points from the September Board meeting regarding Tri-State’s Renewable Portfolio Standards, the resolution directing buyout methodologies, Qualified Facility Policy 101, the Responsible Energy Plan, and financial performance, and took questions.

UPCOMING EXTERNAL MEETINGS

TRAVEL REQUESTS - President Lynch addressed the Upcoming External Meeting list. No travel requests were made.

EXECUTIVE SESSION

President Lynch advised that the Board would move into executive session for the FERC and CoPUC Discussion. Director Skeeahan recused herself on the basis that legal strategy would be discussed.

Motion: Director Wheeler moved to enter into executive session for the FERC and CoPUC Discussion. Motion seconded and carried without dissent.

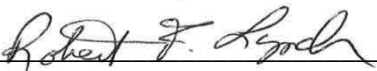
The Board remained in executive session from 3:03 p.m. to 5:34 p.m., with Director Skeeahan recused from all discussions.

FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES

President Lynch advised that he would work with CEO Matlock on the October Board meeting agenda.

There being no further business, the LPEA Board of Directors meeting adjourned at 5:42 p.m.

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



Bob Lynch, President



Guinn Unger, Secretary