

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, October 21, 2020
Webinar <https://www.lpea.coop/board-directors>

CALL TO ORDER

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, October 21, 2020 via webinar. President Bassett called the meeting to order at 9:00 a.m. with the following directors present:

Britt Bassett, President	Joe Lewandowski	Holly Metzler
Dan Huntington, Secretary	Bob Lynch, Vice President	Kirsten Skeeahan
Rachel Landis	Kohler McInnis	Tim Wheeler, Treasurer
John Lee	Sue McWilliams	John Witchel

LPEA STAFF:

Jessica Matlock, Chief Executive Officer
Karl Ramsey, Vice President of Finance
Dan Harms, Vice President of Grid Solutions
Drew Timmerman, Vice President of IT
Garrett Hammer, Pagosa Springs District Manager
Graham Smith, Staff Attorney
Hillary Knox, Vice President of Communications
Jerry Sutherlin, Vice President of Operations
Nadine Ontiveros, Vice President of People and Culture
C. E. Charistopoulos, Executive Assistant

BOARD ATTORNEY:

Shay Denning, Maynes, Bradford, Shipps & Sheftel, LLP

EXCUSED ABSENCE: None

GUESTS: Webinar attendees included Betsy Romere, Lauri Costello, Mark Pearson, Patrick Armijo, Brad Fuqua, Lauren Haggerty, Jenny Taylor, Jen Colomb, Lori Schell.

APPROVAL OF AGENDA

President Bassett addressed the October 21, 2020 LPEA Board of Directors' Meeting agenda.

Motion: Director McInnis moved to approve the October 21, 2020 LPEA Board of Directors' Meeting agenda as presented. Motion seconded, and carried without dissent.

MEMBER COMMENTS

A member requested an update on the status of the board's work on Policy 129 Code of Ethics and Conduct. President Bassett advised that adjustments to the policy are underway and are not related to the policy discussions that will take place later in today's meeting.

Members expressed appreciation for the October 20, 2020 District 3 Virtual Town Hall Meeting, and interest in the upcoming District 1, 2, and 4 meetings on October 26, 27, and 29, 2020, respectively.

CONSENT BOARD ITEMS.

President Bassett addressed the Consent Board Items. Modifications were noted to the September meeting minutes

Motion: Director Lynch moved to approve the Consent Board Items: September 14, 2020 Committee of the Whole minutes of meeting, September 16, 2020 Board of Directors' minutes of meeting with modifications, capital credit payments to estates, and monthly write-offs. Motion seconded, and carried without dissent.

CEO AND STAFF REPORTS

DIVISION DASHBOARDS – CEO Matlock discussed the importance of bringing LPEA's Arc Demonstration trailer into all areas of the community to provide education about utility pole and electrical safety and encouraged the Board of Directors to assist in promoting LPEA education and safety programs in the service territory, gave an update on LPEA's partial and full contract buyout negotiations with Tri-State, noting that the CoPUC decision on whether Tri-State's addition of a non-utility member is legal will be made this week, and highlighted items in the Division Dashboard report on the operational fulfillment of LPEA's Strategic Goal and Initiatives.

CEO Matlock took questions on active LPEA nondisclosure agreements, the Joint Labor Relations Committee, and leadership and organizational development. VP of Operations Sutherlin took questions on outages and Major Event Days, and VP of Finance Ramsey took questions on the cost of emergency equipment repairs and replacements. VP of People and Culture Ontiveros introduced LPEA's recent YouTube video showcasing the Code of Excellence, a collaboration between the IBEW and LPEA employees, and took questions. VP of Communications Knox took questions on member calls and extended payment plans, and VP of Grid Solutions Harms took questions on rebates, HVAC, and contractor training.

VP of Finance Ramsey gave highlights from the Financial Report and took questions. LPEA has maintained a healthy balance sheet and cash position. Despite the impact on sales of mild weather and Covid-19, bottom line margins are over budget due to reduced operating expenses and interest costs. Cash reserves meet the financial goal, and the PPP loan is in the forgiveness

process. Accounts receivable are \$405,000 less than the previous year, and overdue accounts are also down this time over the previous year.

BOARD CORRESPONDENCE PROPOSAL – VP of Communications Knox discussed a proposal for procedures to address member correspondence drafted in collaboration with Directors Landis and Lewandowski, as well as Board Attorney Denning and Staff Attorney Smith who tied the proposed procedures into various board policies. Board Attorney Denning advised revisiting past discussions on a board communications policy to set forth expectations, and revising Policy 129 Code of Ethics and Conduct to align with any new communications policy. Discussion ensued on proposed procedures, practices, and methods of addressing member correspondence.

VP of Communications Knox confirmed next steps to have Board Attorney Denning further revise the communications proposal, and allow the Policy Committee to work on revisions to related policies for consideration by the Board of Directors, noting that a broader director engagement strategy will be presented at a later date. VP of Technology Timmerman will create a working file on the shared drive and digital tracking of correspondence status.

BOARD ACTION AGENDA

DIRECTOR’S PUBLIC POSTS: POLICY 129 DISCUSSION – President Bassett addressed Director McWilliam’s post on the Facebook account of a former director. Discussion ensued on whether to revise Policy 129 to enable the board to take action on appropriate director conduct. Director Witchel spoke in support of a One-Voice policy and asked for staff support in gathering examples to consider and address at the next LPEA Board Meeting.

Discussion ensued on the board adopting an LPEA Code of Excellence, freedom of speech and the right to dissent, social media etiquette and dangers, fiduciary duties and code of conduct, board strategy and strong cultural norms, governance and member engagement, and director expectations and board cohesiveness. There was consensus among the board to plan a virtual board retreat to take place in executive session, facilitated by a neutral third party.

Motion: Director Landis moved that the board begin the process to select a date and time, facilitator, and format for a virtual board retreat to take place in executive session. Motion seconded, and carried without dissent.

President Bassett advised that a Board Retreat Committee should be formed to establish a facilitated virtual retreat and that he would appoint Director Landis as the Chair, and Directors Wheeler and Witchel as committee members. VP of Finance Ramsey confirmed funds are available in the director training and travel budget to pay per diem to members of this committee.

Motion: Director Wheeler moved to form a Board Retreat Committee to establish the process for a facilitated virtual board retreat. Motion seconded, and carried without dissent.

Director Witchel asked if staff could draft options for a One-Voice policy for discussion at the virtual board retreat, and Director McInnis advised that NRECA is a good resource for information on a One-Voice policy. President Bassett confirmed that per diem is available for service on this committee.

DIRECTOR MCWILLIAMS' REQUEST TO CHANGE CEO EXPENSE APPROVAL PROCESS – Director McWilliams referred to NRECA director education on ethics and governance, discussed the role of board oversight, governance, and fiduciary duties regarding the board's only employee, the CEO, relative to the current practice of submitting the confidential CEO Expense Report exclusively to the Executive Committee for approval, as prescribed in Policy 103 Delegations of Authority from the Board of Directors to the CEO.

Director McWilliams referred to Policy 401 Employee Expense Accounts which conflicts with Policy 103 by stating that, *the CEO expense report will be submitted to the Board of Directors for approval*, noting that Board Attorney Denning is also contracted directly by the board, whose expenses should also be reviewed by the full Board of Directors.

Board Attorney Denning addressed the conflict between these policies, noting that they are tagged for review by the Policy Committee, and put forth a recommendation to maintain the current practice of CEO expenses being reviewed and approved by the Executive Committee, and that a Quarterly CEO Expense Report be made available to the full board for review, as are the Quarterly Board Attorney Expenses, and Quarterly Contractor and Consultant Reports. Discussion ensued on transparency, director access to information, trusting the CEO, and the nature and appropriate level of detail to provide when reporting overall expenses incurred by the CEO on behalf of the cooperative.

CEO Matlock noted that the CEO budget is approved by the board, and that a level of trust is implied to allow the CEO to conduct business on behalf of the cooperative, and that she is meeting the approved budget with expenses that are lower than reports from previous CEOs. When asked how much CEO Matlock has spent since this spring, she stated about \$500. Discussion ensued on CEO expenses as a minor amount of the overall budget, limiting a quarterly board report on CEO expenses to variances and exceptions only, and keeping board discussion focused on high level expenses and issues that are materially impactful to the membership.

Motion: Director Landis moved to retain the current practice of CEO expense review by the Executive Committee and approval by the Board President, and to adopt a quarterly review of CEO expenses at the board level. Motion seconded, and carried without dissent.

Board Attorney Denning confirmed that Policy 103 Delegations of Authority from the Board of Directors to the CEO will be revised to reflect changes to CEO expense reporting as adopted by the board, and advised that she will draft a memo to the board for guidance on making requests for information to the staff. President Bassett requested that Board Attorney memos be gathered and stored on the shared drive for future reference.

SELECT DELEGATES TO TRI-STATE VIRTUAL SPECIAL MEETING – Director McInnis addressed issues and proposed bylaws changes that will be addressed at the November 2, 2020 Tri-State Special Meeting and voted upon November 4, 2020 at the Tri-State Board Meeting. Discussion ensued. President Bassett affirmed that the LPEA Board of Directors will discuss the issues and proposed bylaws changes during executive session at the November 18, 2020 Board Meeting to develop LPEA’s position and provide instruction for the approved voting delegate to the December 8, 2020 Tri-State Virtual Special Meeting.

Motion: Director Lewandowski moved to nominate Director Lynch as the voting delegate to the December 8, 2020 Tri-State Virtual Special Meeting. Motion seconded, and carried without dissent.

CONSIDER SELECTING DELEGATES TO BASIN ELECTRIC VIRTUAL ANNUAL MEMBERSHIP MEETING – Director McInnis discussed proposed bylaws changes with Basin Electric Power Cooperative that could have negative consequences for both Tri-State and LPEA, and proposed his voting recommendations. Discussion ensued. President Bassett affirmed that the approved LPEA voting delegate and alternate will be instructed to seek additional information on the proposed bylaws changes and to vote as instructed by the LPEA Board of Directors. Board Attorney Denning will also provide a review of the Basin Electric Power bylaws.

Motion: Director McWilliams moved to appoint Director Skeeahan as the voting delegate, to the November 3-5, 2020 Basin Electric Virtual Annual Membership Meeting. Motion seconded.

Motion

To Amend: Director Wheeler moved to amend the motion to appoint CEO Matlock as the voting alternate to the November 3-5, 2020 Basin Electric Virtual Annual Membership Meeting. Motion seconded, and carried without dissent.

Motion as

Amended: The motion as amended carried without dissent.

FINANCE AND AUDIT COMMITTEE – Committee Chairman Wheeler gave an overview of the budgets to be reviewed and requested board approval for each one as part of the process leading up to an informed approval of the full 2021 Budget and Forecast.

2021 CAPITAL PROJECTS BUDGET REVIEW – VP of Grid Solutions Harms presented and took questions on key projects within the 2021 Capital Projects Budget which included subsequent project estimates, a 2020 Capital Projects Recap, and a discussion of variances over previous years due to construction delays, emergencies, and contingencies.

Motion: Director McInnis moved to approve the 2021 Capital Projects Budget of \$16,597,801.00 as presented. Motion seconded, and carried without dissent.

2021 CAPITAL ITEMS BUDGET REVIEW – VP of Finance Ramsey discussed and took questions on the 2021 Capital Items budget, and elaborated on key items within each division.

Motion: Director Wheeler moved to approve the 2021 Capital Items Budget of \$1,354,291.00 as presented. Motion seconded, and carried without dissent.

2021 REVENUE REQUIREMENTS – VP of Finance Ramsey discussed and took questions on the 2021 Draft Margin Statement and 2021 Operational Strategic Budget. The non-operating margins will be discussed and recommended for board approval, prior to the discussion to approve the full 2021 Budget and Forecast, at the November 18, 2020 Board Meeting.

Motion: Director Wheeler moved to approve 2021 Operating Margins of \$1,470,543.00 as presented. Motion seconded, and carried 11 to 0 with Directors Bassett, Huntington, Landis, Lewandowski, Lynch, McInnis, McWilliams, Metzler, Skeehan, Witchel, and Wheeler in favor, and Director Lee abstaining.

POLICY COMMITTEE – Committee Chairman Huntington advised that the committee will meet on November 5, 2020, and Policy 129 Code of Ethics and Conduct will be postponed for review, pending recommendations on the format set by the Board Retreat Committee and subsequent direction received from the board at the November 18, 2020 Board Meeting.

POLICY 105 DIRECTOR ELECTIONS AND ANNUAL MEETING VOTING PROCEDURES – Board Attorney Denning reviewed recommended revisions to the policy, and took questions and input for finalization.

Motion: Director Wheeler moved to adopt revised Policy 105 Director Elections and Annual Meeting Voting Procedures with agreed upon revisions. Motion seconded, and carried without dissent.

POLICY 107 CAMPAIGN FINANCE REPORTING REQUIREMENTS – Board Attorney Denning reviewed the recommended revisions to the policy, and took questions and input for finalization.

Motion: Director Wheeler moved to adopt revised Policy 107 Campaign Finance Reporting Requirements with agreed upon revisions. Motion seconded, and carried without dissent.

POLICY 113 DIRECTOR RECALL PETITIONS – Board Attorney Denning addressed revisions the new policy as a companion policy to Policy 112 Procedures for Introducing Bylaws Amendments, and took questions and input for finalization.

Motion: Director Wheeler moved to adopt new Policy 113 Director Recall Petitions with agreed upon revisions. Motion seconded, and carried without dissent.

Attorney Denning advised that Policy 112 Procedures for Introducing Bylaws Amendments will be addressed at the November 5, 2020 Policy Committee meeting and revised to align with Policy 113 Director Recall Petitions. The revised Policy 112 will be presented to the board at the November 18, 2020 Board Meeting for approval.

RATIFY APPROVAL OF POLICY 304 ON-BILL FINANCING FOR ENERGY EFFICIENCY AND BENEFICIAL ELECTRIFICATION – Board Attorney Denning advised that a motion was not taken at the September 16, 2020 Board Meeting to formally approve the policy, and requested a motion to ratify approval of Policy 304 On-bill Financing for Energy Efficiency and Beneficial Electrification. Directors gave input for finalization.

Motion: Director McInnis moved to approve Policy 304 On-bill Financing for Energy Efficiency and Beneficial Electrification with the current revisions. Motion seconded, and carried without dissent.

BROADBAND COMMITTEE – Committee Chair Skeeahan addressed the written report included in the board packet, and took questions. A date has not been determined for the next Broadband Committee meeting.

DIRECTOR TRAVEL REQUESTS – President Bassett addressed requests to attend virtual meetings and online training. Director McWilliams requested to attend, and be considered for appointment as the voting delegate to the Colorado NRECA Virtual Annual Membership Meeting on November 6, 2020. Attorney Denning advised that, because this item is not on the meeting agenda, an approval of this request will be ratified at the November 18, 2020 Board Meeting.

Motion: Director Lynch moved to appoint Director McWilliams as the voting delegate to the Colorado NRECA Virtual Annual Membership Meeting on November 6, 2020. Motion seconded, and carried without dissent.

Director Metzler requested to attend the CREA Leadership Conference on November 4 and 10, 2020.

Motion: Director McInnis moved to approve director travel requests. Motion seconded, and carried without dissent.

DIRECTOR EXPENSE APPROVAL – Treasurer Wheeler reported on the September 2020 director expenses. President Bassett and Director McInnis requested per diem plus mileage reimbursement for attendance to the October 8, 2020 LPEA-Tri-State meeting. Directors Bassett, Landis, and Lewandowski waived per diem for the October 20, 2020 District 3 Virtual Townhall Meeting.

LPEA Mileage Reimbursements

Britt Bassett	\$20.13	Kohler McInnis	\$00.00
Dan Huntington	\$00.00	Sue McWilliams	\$00.00
Rachel Landis	\$00.00	Holly Metzler	\$00.00
John Lee	\$00.00	Kirsten Skeeahan	\$00.00
Joe Lewandowski	\$00.00	Tim Wheeler	\$00.00
Bob Lynch	\$00.00	John Witchel	\$00.00

LPEA Board and Committee Meetings

Britt Bassett	\$1450.00	Kohler McInnis	\$1325.00
Dan Huntington	\$1325.00	Sue McWilliams	\$1325.00
Rachel Landis	\$1325.00	Holly Metzler	\$1450.00
John Lee	\$1325.00	Kirsten Skeeahan	\$1700.00
Joe Lewandowski	\$1325.00	Tim Wheeler	\$1575.00
Bob Lynch	\$1450.00	John Witchel	\$1325.00

Other External Meetings

Britt Bassett	\$200.00	Kohler McInnis	\$00.00
Dan Huntington	\$00.00	Sue McWilliams	\$375.00
Rachel Landis	\$125.00	Holly Metzler	\$250.00
John Lee	\$00.00	Kirsten Skeeahan	\$00.00
Joe Lewandowski	\$00.00	Jack Turner	\$00.00
Bob Lynch	\$00.00	Tim Wheeler	\$00.00

Motion: Director Lynch moved to approve all expenses as presented, including per diem for attendance and mileage reimbursement to the October 8, 2020 LPEA-Tri-State meeting by Directors Bassett and McInnis. Motion seconded, and carried without dissent.

FERC AND COPUC UPDATE

3:00 PM PUBLIC UPDATE FROM ATTORNEY – Matthew Larson, outside counsel for LPEA, advising on cases related to the Tri-State cases at the Federal Energy Regulatory Commission (FERC) and the Colorado Public Utilities Commission (CoPUC), gave a public legal update. The cases at FERC continue to move through technical and settlement processes relative to the Stated Rate case, Contract Termination case, and Partial Buydown case, all of which are overseen by a judge.

A CoPUC Commissioner Deliberation Meeting was tabled to 3:30 p.m., October 22, 2020, to consider all exceptions filed in LPEA’s case at the CoPUC, including issues related to the Tri-State non-utility member issue. FERC Attorney Larson touched on activity regarding the Tri-State and United Battery Complaint case at FERC which will affect the October 22, 2020 CoPUC Commissioner Deliberation Meeting, as well as intervenor, extra-record, and Amicus briefs filed by Tri-State members.

EXECUTIVE SESSION

President Bassett requested a motion to move into executive session to discuss FERC-CoPUC Strategy. Director McInnis (Tri-State representative) and Board Attorney Denning were recused from the executive session FERC-CoPUC Strategy discussion.

Motion: Director Lewandowski moved to enter into executive session to discuss the FERC-CoPUC Strategy. Motion seconded, and carried without dissent. The board remained in executive session from 3:20 p.m. to 4:10 p.m.

BOARD ACTIONS RESULTING FROM EXECUTIVE SESSION

No board action was taken.

REPORTS

BOARD ATTORNEY REPORT – Referring to the written report included in the board packet, Board Attorney Denning highlighted work done for LPEA, and took all questions. Director McWilliams advised that Election Supervisory Committee Chair Betsy Romere has changed membership from District 4 to District 2, and a new District 4 representative nominee is needed.

DIRECTOR REPORTS – Directors referred to written reports in the board packet and took questions.

ROUND UP FOUNDATION REPORT – Director Skeeahan advised that nominations will be taken by the LPEA Board of Directors at the November 18, 2020 Board Meeting for appointments to replace outgoing District 1 Director and President Briggen Wrinkle, and District 3 Director and Secretary Melinda Volger; and a vacancy in District 2 due to the resignation of Director and Vice President Ron Dunavant. District 2 Director Naomi Dobbs and District 3 Director Cara Kropp are seeking reappointment, and a final decision by District 4 Director Jessica Wheeler on whether to seek reappointment for a second term is pending. LPEA Director Witchel advised that his wife, Jessica Wheeler, is willing to recuse herself from discussion and voting on Round Up Board issues if a conflict of interest is determined.

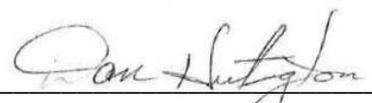
Director Skeeahan reported that a September 2020 Round Up grant was awarded in the amount of \$3,449.70 to Habitat for Humanity of Archuleta County, and Education grants were awarded in the amounts of \$5,000 to the Durango Arts Center, and \$3,672 to the Dancing Spirit Community Arts Center in Ignacio.

ADJOURN

There being no further business, the LPEA Board of Directors' Meeting adjourned at 5:56 p.m. Recorded by C.E. Charistopoulos, and approved by:



Britt Bassett, President



Dan Huntington, Secretary