

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, July 15, 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, July 15, 2020 via webinar. President Bassett called the meeting to order at 9:03 a.m., with the following directors present:

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

LPEA STAFF:

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

BOARD ATTORNEY:

Shay Denning, LPEA General Counsel

EXCUSED ABSENCE: Dan Harms, Vice President of Grid Solutions

GUESTS: Webinar attendees included Anna Hagel, Guinn Unger, Jeffrey Heit, Jenny Taylor, Katie Pellicore, Karen Pontius, Kirby MacLaurin, Mark Pearson, Monique DiGiorgio, Ray Gifford, Robin Lunt, Lori Schell, Lissa Ray, Brad Fuqua, Dennis McCarthy, Diana Snodgrass, Kyle Amstadter, Lauri Costello, Leslie Batchelor, Marty Pool, Philip Riffe, Ruth Weinfeld, Ann Wheeler, Gail Harriss, and two anonymous guests.

APPROVAL OF AGENDA

President Bassett addressed the July 15, 2020 board meeting agenda.

Motion: Director McInnis moved to approve the July 15, 2020 board meeting agenda as presented. Motion seconded and carried without dissent.

MEMBER COMMENTS

Members expressed appreciation for the leadership of the LPEA Board and CEO Matlock in putting legal pressure on Tri-State to provide a transparent exit fee methodology, and the favorable decision for LPEA by PUC Administrative Law Judge Robert Garvey on July 10, 2020 which stated that: *”Tri-State’s refusal to provide an exit charge to LPEA was unjust, unreasonable...and discriminatory...that Tri-State is not overly concerned with addressing the concerns of its members.”* Members expressed concern about the trustworthiness of Tri-State based on their PUC actions and lack of transparency, commented that the full and partial buyout options were comparable, and urged the board to opt for a full buyout.

Additional comments touched on director ethics and fiduciary duties, energy independence, local economic development, climate change and the health effects of fossil fuels; as well as, an opinion that Tri-State’s contract with LPEA is unenforceable due to the economic circumstances present at the time the contract was negotiated not being equitable with the recent and foreseeable economic circumstances, and that the contract warrants renegotiation.

CONSENT BOARD ITEMS.

President Bassett addressed the Consent Board Items. Directors noted corrections to the June 17, 2020 board meeting minutes.

Motion: Director McInnis moved to approve the Consent Board Items: capital credit payments to estates, monthly write-offs, and minutes for the June 17, 2020 LPEA Board of Directors Meeting with approved corrections. Motion seconded, and carried without dissent.

CEO REPORT

DIVISION DASHBOARDS – CEO Matlock addressed the Dashboard Report, highlighted key items, and took questions. VPs took questions on a range of items in the report including transmission and IT outages, safety events, the new key accounts program, the re-entry and facility risk management program, and communications strategy for the July 1, 2020 rate increase. Grid Solutions team members, Dominic May and Amanda Miles, took questions on electric vehicle sales, beneficial electrification programs, and interconnection standards.

VP, People and Culture, Ontiveros took questions on the initiation of a public-facing board packet that was made available online, noting that Attorney Denning will discuss legal considerations and take questions during the Attorney Report.

VP, Finance, Ramsey gave highlights from the Financial and Quarterly Reports and took questions on various discussion points, including easing back into necessary expenses for training and continuous improvement, legal fees related to the Tri-State case, six-month payment plans for overdue account balances and the status of bill relief applications.

VIRTUAL TOWN HALL PROPOSAL – VP, Communications, Knox referred to the recent Covid-19 related cancellation of public meetings and introduced a proposal to hold Virtual Town Hall meetings in each district during the month of October. Discussion ensued on timing and logistics of hosting the meetings. CEO Matlock and VP, Communications, Knox will be in contact with directors to discuss agenda topics and establish district meeting dates prior to launching member communications.

BOARD AGENDA AND POSSIBLE ACTION

CONSIDERATION OF FINANCE AND AUDIT COMMITTEE RECOMMENDATIONS -

Committee Chairman Wheeler recapped the June 17, 2020 board meeting discussion of the committee's financial goal recommendations for the key financial performance indicators, addressed the revision of the financial goal recommendation for operating margins, discussed the intent of the financial goals to be aspirational (rather than required) and to provide guidance in the oversight of LPEA's financial performance, and took questions. Committee Chairman Wheeler advised that capital credit retirements are constrained by operating margins, cash liquidity, equity, and debt; and that, if adopted, goals for these key performance indicators would provide boundaries for the determination of LPEA capital credit retirements.

Motion: Director Lewandowski moved to adopt the Finance and Audit Committee Financial Goal Recommendations, dated July 9, 2020. Motion seconded and carried without dissent.

Committee Chairman Wheeler discussed the committee's recommendation to adopt KRTA metric 36, Electric Revenue per kWh Sold, to measure LPEA's progress towards the strategic goal of *...achieving rates that are lower than 70% of our Colorado peers*. Discussion ensued on the rationale for choosing this metric.

Motion: Director McInnis moved to accept KRTA metric 36 as the basis for measuring the progress of LPEA's strategic goal for rates. Motion seconded and carried 11 to 0, with Director Lee abstaining.

Committee Chairman Wheeler discussed limitations of meeting LPEA's strategic goals as set forth in Policy 304, On Bill Financing for Energy Efficiency and Beneficial Electrification, and the committee recommendation to eliminate Section II.J. *...Items not eligible for finance would include, but not be limited to, new home construction and distributed generation projects. The Cooperative shall review projects on a case by case basis to determine eligibility; and include distributed generation projects in Section II.H. ... facilitate loans that enable members/customers to install energy efficiency and beneficial electrification projects on their businesses or residences.*

Discussion ensued on loan administration by the partnering bank and liability concerns for LPEA.

Motion: Director McWilliams moved to table the discussion and send the matter to the Policy Committee. Motion seconded and failed 6 to 5, with Directors Bassett, Lynch, Turner, Wheeler, Metzler, and Skeehan opposed, and Director Landis abstaining.

Motion: Director Turner moved to adopt the committee's recommendation that Policy 304, On Bill Financing for Energy Efficiency and Beneficial Electrification, be modified to eliminate Section II.J., and include *distributed generation projects* in Section II.H. Motion seconded and carried without dissent.

POLICY COMMITTEE – President Bassett advised that the Finance and Audit Committee will send Policy 201, Financial Management and Goals, to the Policy Committee for revisions which will incorporate the Financial Goals Recommendations white paper. Policy Committee Chairman Huntington requested that the Policy Committee review Policy 304, On Bill Financing for Energy Efficiency and Beneficial Electrification, and will contact committee members to schedule the next Policy Committee meeting.

BROADBAND DISCUSSION – CEO Matlock reported that staff are developing a proposal and timeline for presentation to the Board in August

CONSIDERATION OF WHOLESALE POWER CONTRACT – No discussion took place.

MISCELLANEOUS BOARD ITEMS

RESOLUTION 2020-12 CFC PAYING AGENT SERVICES AUTHORIZATION – VP, Finance, Ramsey addressed Resolution 2020-12 CFC Agent Services Authorization and took questions.

Motion: Director Huntington moved to adopt Resolution 2020-12 CFC Agent Services Authorization as presented. Motion seconded and carried without dissent.

APPOINT LA PLATA COUNTY AND ARCHULETA COUNTY FAIR DELEGATES – President Bassett entertained appointments to represent LPEA at the 2020 La Plata County and Archuleta County Fairs. President Bassett appointed Director Skeeahan as the delegate to represent LPEA at the 2020 Archuleta County Fair, and Director Lee as the delegate to represent LPEA at the 2020 La Plata County Fair.

SELECT AUDIT FIRM – VP, Finance, Ramsey discussed his recommendation to retain BKD Auditors for the 2020 financial audit and to continue working with Rob McCoy for one additional year, and took questions.

Motion: Director Turner moved to retain BKD Auditors for the 2020 financial audit. Motion seconded.

Motion to Amend: Director Skeeahan moved to require a new lead partner to conduct the 2020 financial audit. Motion seconded and carried 10 to 2 with Directors Bassett and Lynch opposed.

Motion Resumed: The motion as amended carried without dissent.

DIRECTOR TRAVEL REQUESTS – President Bassett addressed requests to attend virtual meetings and online training. Directors Lee, Skeeahan, Metzler, McInnis, and Huntington requested to attend

CREA online director training courses in September. President Bassett confirmed that per diem will be paid for attendance at these meetings.

Motion: Director Turner moved to approve director training requests. Motion seconded and carried without dissent.

DIRECTOR EXPENSE APPROVAL – Director Wheeler reported on the June 2020 director expenses.

LPEA Mileage Reimbursements

Britt Bassett	\$00.00	Kohler McInnis	\$00.00
Dan Huntington	\$00.00	Sue McWilliams	\$21.85
Rachel Landis	\$00.00	Holly Metzler	\$00.00
John Lee	\$51.18	Kirsten Skeehan	\$00.00
Joe Lewandowski	\$00.00	Jack Turner	\$00.00
Bob Lynch	\$00.00	Tim Wheeler	\$00.00

LPEA Board and Committee Meetings

Britt Bassett	\$1325.00	Kohler McInnis	\$1200.00
Dan Huntington	\$1200.00	Sue McWilliams	\$1450.00
Rachel Landis	\$1200.00	Holly Metzler	\$1200.00
John Lee	\$1450.00	Kirsten Skeehan	\$1200.00
Joe Lewandowski	\$1200.00	Jack Turner	\$1325.00
Bob Lynch	\$1325.00	Tim Wheeler	\$1325.00

Other External Meetings

Britt Bassett	\$00.00	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 Skeehan	\$00.00
Joe Lewandowski	\$00.00	Jack Turner	\$00.00
Bob Lynch	\$00.00	Tim Wheeler	\$00.00

Motion: Director Landis moved to approve director expenses as presented. 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 on the July 10, 2020 recommended decision of Administrative Law Judge (ALJ) Robert Garvey in favor of LPEA’s effort to obtain a just and equitable exit charge from Tri-State. ALJ Garvey selected the United Power approach to an exit charge methodology, which is likewise fair and reasonable exit methodology for LPEA. Tri-State will likely file exceptions to the recommended decision (appeal) to the full

commission on July 30, 2020, LPEA and United Power will file responses on August 6, 2020, and a decision from the full commission is expected by the end of summer.

EXECUTIVE SESSION

An executive session to discuss FERC-CoPUC updates took place at 3:30 p.m. Director McInnis (Tri-State representative) and Attorney Denning were recused.

Motion: Director Wheeler moved to enter into executive session to discuss FERC-CoPUC Updates. Motion seconded and carried without dissent.

The board remained in executive session from 3:30 p.m. to 5:15 p.m.

REPORTS

ATTORNEY REPORT – Referring to the written report included in the board packet, Attorney Denning highlighted work done for LPEA, and took all questions. Discussion ensued on the limited, public facing July 15, 2020 board packet made available online, Attorney Denning’s concern about potential confusion and misinformation caused by public access to documents that have not been acted upon or approved by the board, transparency, governance, and fiduciary responsibility. President Bassett advised that this endeavor was a work in progress and will proceed slowly.

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

ROUND UP FOUNDATION REPORT – Director Lewandowski reported June 2020 Round Up grants of \$2,000 to Chimney Rock Interpretive Association, and \$3,249 to the Pagosa Springs Arts Council. No education grants were awarded.

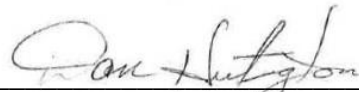
Director Turner advised that he would submit a letter of resignation to the Board President with an effective date to be determined, noting that this was a personal decision. Members of the board expressed gratitude for his service to the members and all of LPEA.

ADJOURN

There being no further business, the LPEA Board of Directors meeting adjourned at 6:10 p.m. Recorded by C.E. Charistopoulos, and approved by:



Britt Bassett, President



Dan Huntington, Secretary