

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, November 18, 2020
Webinar <https://www.lpea.coop>

CALL TO ORDER

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, November 18, 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 Brad Fuqua, Betsy Romere, Gail Harriss, Jenny Taylor, Kyle Amstadter, Emily Golden, Lori Schell, Jeff Heit

APPROVAL OF AGENDA

President Bassett addressed the November 18, 2020 LPEA Board Meeting agenda. Director McInnis requested a discussion of the Tri-State Policy 124 Partial Requirements Open Season Member Comments Letter to take place prior to agenda item V.E., Resolution 2020-17: Approve Tri-State Open Season Application.

Motion: Director McInnis moved to approve the November 18, 2020 LPEA Board Meeting agenda as modified. Motion seconded, and carried without dissent.

MEMBER COMMENTS

President Bassett addressed and responded to member emails to the board with questions on status of revisions to LPEA Board Policy 129 Code of Ethics and Conduct, the CoPUC dismissal of LPEA's case against Tri-State on the basis of jurisdiction, the status of United Power's case against Tri-State, and LPEA's potential for self-generation under a partial requirements contract with Tri-State.

Members expressed gratitude for the October Virtual Town Hall Meetings, appreciation for safely maintaining operations in the community during the pandemic; and encouraged LPEA to refer members to 4CORE for energy cost saving assessments and energy efficiency programs, to continue on the path of meeting the strategic goal of reducing the carbon footprint, and to continue the pursuit of local generation and alternative power supply options.

CONSENT BOARD ITEMS.

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

Motion: Director Lynch moved to approve the Consent Board Items: October 19, 2020 Committee of the Whole minutes of meeting, October 21, 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 reported on work done with NRECA and other cooperatives on best practices for simplifying board reports and conducting efficient board meetings. Directors commented on exceptional improvements with simplified board reports which include appended details. CEO Matlock touched on Key Performance Indicators for safety, reliability, finance, beneficial electrification and information technology; and staff highlighted key items within each division and took questions.

VP of Finance Ramsey reported that LPEA has maintained a healthy balance sheet and cash position; a mild winter, warm fall, and COVID-19 have impacted sales, but bottom line margins have been significantly over budget due to reduced operating expenses and interest costs; and cash reserves were slightly below the board financial goal, but on target by November 10, 2020. The entirety of the PPP funds have been used for payroll expenses and the loan forgiveness process is underway. LPEA's emergency bill assistance program has offset overdue member account balances, and the remainder have been transferred to six month payment plans.

PEAK POWER CHARGE BILLING RESULTS – VP of Grid Solutions Harms gave a presentation on the billing impact of the peak power rate. September 2020 billing data demonstrates that the peak power rate is performing as anticipated with an overall percentage increase of about 5%, and an average bill increase of about \$5.10. Net metered accounts saw a larger percentage increase, but a relatively lower dollar increase.

BOARD ACTION AGENDA

FINANCE AND AUDIT COMMITTEE – Committee Chairman Wheeler discussed the committee’s recommendation for board approval of the 2021 Non-operating Margins, Balance Sheet, and Cash Flow Statement to conclude the process of leading the board through an informed approval of the full 2021 Budget and Forecast; and requested board approval for Resolution 2020-16: 2021 Budget and Forecast.

VP of Finance Ramsey reported that the 2021 Budget and Forecast meets all board approved financial goals with operating margins of 1.36%, cash reserves of 16.7% of operating costs, equity percentage of 49.1%, long-term debt of 79% of equity, MDSC ratio of 1.9, and OTIER ratio of 1.95; affirmed prior board approval for 2021 operating margins of \$1.47 million, 2021 Capital Items Budget of \$1.35 million, and 2021 Capital Projects Budget of \$16.6 million; and took questions.

VP of Finance Ramsey discussed notable items in the 2021 Non-operating Margins, advising that non-operating income from the PPP loan was not included in the 2021 Budget and Forecast, due to the inability to predict timing with the loan forgiveness application process, and will either appear on the 2020 or 2021 Non-operating Margins; addressed the 2021 Balance Sheet; and took questions on a watering can graphic depicting LPEA’s 2021 Cash Flow Statement, noting that the Rate Stabilization Fund is categorized as a Temporary Investment.

Directors expressed gratitude for work done by the Finance and Audit Committee, the new user-friendly, informative, and transparent budgeting format devised by staff, and were appreciative for the assurances provided by processes that support an informed board decision.

Motion: Director Wheeler moved to approve the 2021 Non-operating Margins, Balance Sheet, and Cash Flow Statement. Motion seconded, and carried without dissent.

RESOLUTION 2020-16: 2021 BUDGET AND FORECAST – President Bassett requested a motion to approve the 2021 Budget and Forecast as presented by resolution.

Motion: Director Skeeahan moved to adopt Resolution 2020-16: 2021 Budget and Forecast as presented. Motion seconded, and carried without dissent.

BROADBAND COMMITTEE – Committee Chair Skeeahan reported on the committee’s presentation with FastTrack Communications on questions of identifying the nature of the broadband problem in LPEA’s service territory, the nature and limitations of LPEA’s role (if

any) to provide solutions, FastTrack Communications' previous experience with investigating fiber-to-the-home (FTTH) projects and their plan for the future of FTTH.

Discussion ensued on the unreliability of broadband data maps, broadband service surveys, and grant funding. The next virtual Broadband Committee meeting is scheduled to take place from 9:00-11:00 a.m. on December 10, 2020.

UPDATE ON BOARD RETREAT – Board Retreat Committee Chair Landis discussed a proposal for a multi-stage board retreat to take place January-April 2021 to address the partial requirement contract with Tri-State, building a strong board and setting board priorities, a board evaluation, and revisiting Policy 129 Code of Ethics and Conduct. Next steps are to research a local facilitator, determine half-day virtual meeting dates, and present a budget proposal for consideration at the December 16, 2020 board meeting. A request was made to refrain from scheduling board retreat meetings during the same week as the regular board meetings.

Motion: Director Skeeahan moved to adopt the board retreat proposal as presented by Committee Chair Landis. Motion seconded, and carried without dissent.

POLICY COMMITTEE – President Bassett advised that Director McWilliams will be appointed to chair the committee beginning next month, as Committee Chair Huntington requested to step down due to work commitments. Committee Chair Huntington addressed a prepared memo summarizing changes to the policies and recommended board approval for the revised policies as presented.

Discussion ensued on a minor grammatical change and wordsmithing for clarification, meaningful discussion of material objections to achieve board consensus, time constraints and best practices, and tabling approval of the revised policies pending a clean and complete draft for final presentation.

Motion: Director Huntington moved to adopt Policy 112 Procedures for Introducing Bylaw Amendments, and Policy 113 Director Recall Petitions, with minor modification and clarifying language as agreed upon by the board. Motion seconded, and carried without dissent.

The next Policy Committee meeting is scheduled to take place from 1:00-4:00 p.m. on February 3, 2020.

RESOLUTION 2020-17: APPROVE TRI-STATE OPEN-SEASON APPLICATION – VP of Grid Solutions Harms addressed Tri-State's Policy 124 Partial Requirements Open Season, noting several previous board discussions on the subject leading up to the application process; reviewed the application requirements and timeline process; and requested board approval to submit the application for the maximum allowable amount of local generation by January 11, 2021, as provided under Tri-State Policy 124, and presented by resolution.

VP of Grid Solutions Harms took questions and advised that Tri-State members have an indefinite period of time to secure power supply and execute a Partial Requirements Contract, and that risk is limited to the application fee which will be refunded if the minimum capacity is not met.

CEO Matlock stated that Resolution 2019-10: Power Supply Strategy empowers staff to move forward with decisions on the three-pronged approach to power supply options. Resolution 2020-17: Approve Tri-State Open Season Application opens the door to pursue the three options as stated in Resolution 2019-10: Power Supply Strategy, board approval is being sought to establish positive affirmation by the board to move forward, and that this broadly written resolution provides LPEA with the flexibility to work with Tri-State under any potentially changing circumstances.

CEO Matlock discussed support for Tri-State's Policy 124 Partial Requirements Open Season being submitted for review by FERC, noting that if denied by FERC it will be sent back, and a refund will be granted if costs are determined to be too high. Director McInnis added that FERC does allow Tri-State to move forward with the policy, given the understanding that refunds will be granted to members if the policy is denied by FERC. VP of Grid Solutions Harms stated that board approval will be required if, and when, LPEA moves into the contract phase with a Partial Requirements Contract.

Motion: Director Witchel moved to adopt Resolution 2020-17: Approve Tri-State Open Season Application. Motion seconded, and carried without dissent.

Director McInnis addressed the Tri-State Policy 124 Partial Requirements Open Season Member Comments Letter, and recommended board support for submitting a letter in favor of the policy, but without the costly option to intervene. Discussion ensued on timing, implications of filing a letter of support with FERC, and the need for FERC attorney input and executive session discussion. CEO Matlock stated that board adoption of Resolution 2020-17: Approve Tri-State Open Season Application, signals to Tri-State that LPEA is interested in pursuing the Partial Requirement Contract options, and that sending a letter of support was not necessary.

Motion: Director Skeeahan moved to table further discussion of the resolution to take place after executive session. Motion seconded, and carried without dissent.

ROUND UP FOUNDATION DIRECTOR RECOMMENDATIONS – Directors discussed nominations to the Round Up Foundation Board of Directors. Nominees included Dr. Mozhdah Bruss in District 1, Betsy Romere in District 2, and Caitlin Kimmel in District 3. LPEA directors will discuss social media expectations with Round Up Board directors from their respective districts.

Motion: Director Lewandowski moved to approve the District 1, 2, and 3 Round Up Board director nominations. Motion seconded, and carried without dissent.

RATIFY APPROVAL OF COLORADO NRECA VIRTUAL ANNUAL MEMBER MEETING VOTING DELEGATE – President Bassett advised that because the appointment of Director McWilliams as the voting delegate to the Colorado NRECA Virtual Annual Membership Meeting was not noticed on the October 21, 2020 agenda, board approval of the appointment would need to be ratified at this November 18, 2020 meeting.

Motion: Director Wheeler moved to ratify the appointment of Sue McWilliams as the voting delegate to the Colorado NRECA Virtual Annual Membership Meeting as approved by the board at the October 21, 2020 Board Meeting. Motion seconded, and carried without dissent.

RESOLUTION 2020-15: 2021 BOARD MEETING SCHEDULE – President Bassett addressed Resolution 2020-15: 2021 Board Meeting Schedule.

Motion: Director McWilliams moved to adopt Resolution 2020-15: 2021 Board Meeting Schedule as presented. Motion seconded.

Discussion ensued on clarifying language and date amendments to accommodate the La Plata and Archuleta County school district spring break dates in March 2021 and the NRECA CEO Close Up Meeting in August 2021.

Motion

To Amend: Director Lynch moved to amend the meeting schedule so that the March 2021 board meeting would take place on the second Wednesday of the month, and the August 2021 meeting would take place on the fourth Wednesday of the month, and to include clarifying language. Motion seconded.

Discussion ensued on the availability of the February 2021 Financial Report for a March 2021 meeting that takes place on the second Wednesday of the month. CEO Matlock advised that the completion date for the February 2021 financials would be March 31, 2020, due to the spring break period.

Motion

To Table: Director Skeehan moved to table adoption of the resolution to the December 16, 2020 Board Meeting. Motion seconded and carried 9 to 3 with Directors Bassett, Landis, Lee, Lewandowski, Lynch, McWilliams, Metzler, Skeehan, and Witchel in favor, and Directors Huntington, McInnis, and Wheeler opposed.

Staff will confirm availability for staff and director attendance for board meetings on the second, third and fourth Wednesday of March 2021 for discussion at the December 16, 2020 Board Meeting.

DIRECTOR TRAVEL REQUESTS – President Bassett addressed requests to attend virtual meetings and online training. Directors Lee, Skeehan, Metzler, and McWilliams requested to attend a two-day NRECA director training courses through CREA on rate making. Director

McWilliams confirmed that she will attend a two-day NRECA director training course in mid-December, as previously approved at the August 19, 2020 Board Meeting.

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

DIRECTOR EXPENSE APPROVAL – Treasurer Wheeler reported on the October 2020 director expenses. Per diems for Directors Lee, Lynch, Witchel, McInnis, McWilliams, Skeehan, and Metzler were confirmed for attendance at the October Virtual Town Hall Meetings. Per diem for attendance at the October 8, 2020 Tri-State-LPEA meeting by Director McInnis was approved at the October 21, 2020 Board Meeting, and will be paid with the approved November board expenses.

LPEA Mileage Reimbursements

Britt Bassett	\$4.60	Kohler McInnis	\$11.50
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	Tim Wheeler	\$00.00
Bob Lynch	\$00.00	John Witchel	\$5.52

LPEA Board and Committee Meetings

Britt Bassett	\$1325.00	Kohler McInnis	\$1200.00
Dan Huntington	\$1325.00	Sue McWilliams	\$1325.00
Rachel Landis	\$1325.00	Holly Metzler	\$1575.00
John Lee	\$1200.00	Kirsten Skeehan	\$1450.00
Joe Lewandowski	\$1450.00	Tim Wheeler	\$1575.00
Bob Lynch	\$1325.00	John Witchel	\$1325.00

Other External Meetings

Britt Bassett	\$125.00	Kohler McInnis	\$325.00
Dan Huntington	\$00.00	Sue McWilliams	\$125.00
Rachel Landis	\$00.00	Holly Metzler	\$425.00
John Lee	\$125.00	Kirsten Skeehan	\$250.00
Joe Lewandowski	\$00.00	Tim Wheeler	\$00.00
Bob Lynch	\$125.00	John Witchel	\$375.00

Motion: Director Landis moved to approve director expenses as presented. Motion seconded, and carried without dissent.

INTRODUCTION OF BOARD ONE VOICE POLICY– Director Witchel presented research findings on One Voice policies from other organizations to address board concerns about appropriate communication for directors and decreasing confusion within the membership. Director Witchel touched on previous experience with such policies, key themes to consider, and consolidation of best practices. Discussion ensued on director representation for district

members, defining agreed upon boundaries for speech and behavior, and challenges with interpretation and enforcement of a One Voice policy.

One Voice policy considerations will be discussed in depth during the 2021 board retreat series prior to authorizing staff or the Policy Committee to begin drafting a new standalone policy or incorporating expectations into a new board communications policy.

ATTORNEY UPDATE OF THE FERC AND COPUC ACTIONS – 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 the FERC continue to move through technical and settlement processes relative to the Contract Termination case and Partial Buydown case. The next settlement case will take place in early December 2020. The CoPUC reached a decision that the Tri-State non-utility member issue will need to be adjudicated by a court, as opposed to the CoPUC. FERC Attorney Larson will file an application for rehearing, reconsideration, and re-argument (RRR) with the CoPUC by November 25, 2020. If the CoPUC does not act on the RRR within 30 days, the application is deemed to be denied.

EXECUTIVE SESSION

President Bassett requested a motion to move into executive session to discuss the FERC-CoPUC Strategy (Director McInnis and Board Attorney Denning recused) and Board Attorney Discussion (Board Attorney Denning recused).

Motion: Director Wheeler moved to enter into executive session to discuss the FERC-CoPUC Strategy and Board Attorney Discussion. Motion seconded, and carried without dissent.

The board remained in executive session from 2:24 p.m. to 3:52 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, addressed a memo regarding director requests for information from the CEO, and took questions. Discussion ensued on a contract between LPEA and a former director that was not stated on the former director's conflict of

interest forms while seated on the board, and controls currently in place that require all LPEA contracts to be reviewed by Staff Attorney Smith and executed by CEO Matlock to avoid conflicts of interest and uphold accountability. Board Attorney Denning advised of plans to revise Policy 103 Delegations of Authority from the Board of Directors to the Chief Executive Officer to state that any contract between LPEA and a director is required to be negotiated and approved by the full board.

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

ROUND UP FOUNDATION REPORT – Director Lewandowski reported October 2020 Round Up grants awarded in the amount of \$2,700 to the DHS Instrumental Music Booster Club, \$5,000 to the Grief Center of Southwest Colorado, and \$3,000 to the Durango Youth Baseball; and an Education grant awarded in the amount of \$3,000 to the San Juan Youth Symphony.

ADJOURN

There being no further business, the LPEA Board of Directors Meeting adjourned at 4:27 p.m. Recorded by C.E. Charistopoulos, and approved by:



Britt Bassett, President



Dan Huntington, Secretary