

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, December 18, 2019
Durango, Colorado

CALL TO ORDER

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, December 18, 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	
Dan Huntington	Kohler McInnis	Jack Turner
Rachel Landis	Holly Metzler	Guinn Unger, Secretary
Joe Lewandowski	Davin Montoya	Tim Wheeler, Treasurer

LPEA STAFF:

Jessica Matlock, Chief Executive Officer
Monica Rodriguez, Assistant Controller
Jerry Wills, District Manager, Pagosa Springs
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
Shay Denning, LPEA General Counsel

EXCUSED ABSENCE: Kirsten Skeeahan, attended by phone.

GUESTS The following guests were present: Tom Compton, Dave Peters, Katie Pellicore, Gail Harriss, Betsy Romere, Brenda Ander, Lauri Costello

APPROVAL OF AGENDA

President Lynch addressed the December 18, 2019 board meeting agenda.

Motion: Director Landis moved to approve the December 2019 board meeting agenda as presented. Motion seconded and carried without dissent.

MEMBER COMMENTS

None of the members offered comments to the Board of Directors.

CONSENT BOARD ITEMS.

President Lynch addressed the Consent Board Items. Directors noted modifications to be made to the minutes of the November 20 Board of Directors meeting.

Motion: Director McInnis moved to approve the Consent Board Items: capital credit payments to estates, monthly write-offs, and minutes for the November 20 LPEA Board of Directors meeting. Motion seconded, and carried without dissent.

CEO AND STAFF REPORTS

COMMUNICATIONS UPDATE – Communications Coordinator, Lonnie Tucker reported on November social media analytics, news highlights and upcoming communications projects, and took questions.

COMMUNITY UPDATE – Customer Service Representative, Julie McIntyre reported on the Giving Tree which was launched in 2016 in response to member requests to offer resources to pay on needy accounts over the winter months. The project, which runs from Thanksgiving through the first week in January, has raised over \$25,000 for approximately 800 accounts as of December 17, 2020.

DIVISION DASHBOARDS – Staff discussed Dashboard performance analytics for Operations, Member Services, Engineering, and Finance and Accounting, and took all questions. Justin Talbot presented a deep dive discussion on outage data and Ron Meier discussed trend interpretation and took input on reporting improvements. CEO Matlock discussed the ongoing Dashboard reporting process, staff's plans for future reporting, and led a discussion on what information is relevant and useful to give context to data. Discussion ensued on tying data to goals and target points that LPEA would like to achieve, and revisiting the strategic plan.

Monica Rodriguez gave highlights from the financial report and Dan Harms took questions on load and kWh Sales and forecasting the 2020 margins based on anticipated load and customer count.

DISCUSS STORM RESPONSE AND PLANNING – Justin Talbot gave a presentation on the intricate coordination of resources and manpower that are required to successfully manage power restoration, and discussed systems of preparation, ongoing proactive measures, means of reporting and communication with customers and first responders, and the after action review process. Talbot took all questions.

BOARD AGENDA AND POSSIBLE ACTION

FINANCE AND AUDIT COMMITTEE – Committee Chairman Wheeler reported that the committee is recommending a \$3 million increase in electric revenue above the approved 2020 budget to achieve a positive operating margin. He went on to advise that the committee

reviewed only the revenue increase to meet the board resolution, and they did not review in-depth a rate increase design to achieve the recommended revenue increase. The committee will study possible rate increase mechanisms to achieve the revenue increase during the January 9 Finance and Audit Committee meeting with the purpose of providing a recommendation for consideration by the full board at the January 15 board meeting. The yet to be determined rate increase will likely not take effect until April 1.

There was additional discussion by the board about the \$3 million revenue increase bringing operating margins above break-even and into a positive \$700,000 forecasted operating margin for 2020. Wheeler went on to explain that although this increase does bring the operating margins above break-even, it will allow us to maintain our 2019 projected Key Ratios.

Motion: Based on a unanimous recommendation by the Finance and Audit Committee, Director Wheeler moved to recommend a \$3 million increase in electric revenue above the approved 2020 Budget in order to maintain the financial health of the cooperative and key financial ratios after several years with no rate increase. Motion seconded. Motion carried 8 to 2 with Directors Turner and Montoya opposed, and Director McInnis abstaining.

POLICY COMMITTEE: POLICY 105 ANNUAL MEETING VOTING PROCEDURES –

Committee Chair Unger discussed committee recommendations for revisions to Policy 105 Annual Meeting Voting Procedures. Attorney Denning advised that the committee recommendations were vetted with Election Supervisory Committee Chair, Betsy Romere. Discussion ensued on further clarifications and modifications to finalize the policy.

Attorney Denning recommended having the policy in place for the next election cycle, and advised that the policy be addressed at the next Policy Committee meeting if necessary. Any further changes will be addressed in the after-action items following the 2020 director elections.

CEO Matlock reported on discussions among the CREA cooperative managers regarding the need to clarify language around director eligibility, and advised that she would address the proposed language in the upcoming Policy Committee meeting.

Motion: Director McInnis moved to approve Policy 105 Annual Meeting Voting Procedures with agreed upon revisions. Motion seconded and carried without dissent.

POLICY COMMITTEE: POLICY 107 CAMPAIGN FINANCE REPORTING

REQUIREMENTS – Committee Chair Unger and Attorney Denning discussed committee recommendations for revisions to Policy 107 Campaign Finance Reporting.

Motion: Director Landis moved to approve Policy 107 Campaign Finance Reporting. Motion seconded and carried without dissent.

BROADBAND COMMITTEE – Committee Co-Chair Unger reported on the first committee meeting which took place December 17. FastTrack Communications brought the committee up

to date on the state of broadband in the area; of note, with the sale of Cedar Networks to the Ontario, Canada based Tucows, Inc., FastTrack is now the only locally owned internet service provider in the area. The committee is in the process of formulating goals and will seek input from stakeholders to devise a path forward. The next monthly meeting is scheduled for January 9 from 12:00 to 2:00 p.m. in the LPEA board room.

MISCELLANEOUS BOARD ITEMS: VOTING DISTRICT BOUNDARIES – Ron Meier referred to the discussion on the bylaw requirement in Article III.3, and Policy 128 Establishing Board of Director Districts that took place in November, and addressed options to devise a more clearly identifiable boundary between districts 2 and 4. Meier discussed considerations about keeping communities whole, identifying an understandable boundary, future growth patterns, and communication efforts; and demonstrated outcomes of establishing a southern boundary between the districts along Highway 160 East. Meier advised that any changes to district boundaries will need to be approved by the February 19 board meeting in order to comply with bylaw requirements. There was consensus among the board to table the discussion until after the next election cycle.

MISCELLANEOUS BOARD ITEMS: TRAVEL REQUESTS – President Lynch addressed upcoming external travel and took director travel requests. Director Lewandowski confirmed travel dates for CREA Director Education in February, and President Lynch requested to attend the CREA Annual Meeting in February as well.

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

MISCELLANEOUS BOARD ITEMS: DIRECTOR EXPENSE APPROVAL – Director Wheeler reported on the November Director Expenses, and confirmed that the monthly stipend was payable for work done for the cooperative in the month, and that per diems were payable for in-person meeting attendance only.

LPEA Mileage Reimbursements

Britt Bassett	\$00.00	Holly Metzler	\$61.48
Dan Huntington	\$55.68	Davin Montoya	\$20.30
Rachel Landis	\$00.00	Kirsten Skeehan	\$00.00
Joe Lewandowski	\$00.00	Jack Turner	\$21.46
Bob Lynch	\$00.00	Guinn Unger	\$60.32
Kohler McInnis	\$9.28	Tim Wheeler	\$00.00

LPEA Board and Committee Meetings

Britt Bassett	\$1325.00	Holly Metzler	\$1325.00
Dan Huntington	\$1325.00	Davin Montoya	\$1200.00
Rachel Landis	\$1525.00	Kirsten Skeehan	\$1000.00
Joe Lewandowski	\$1325.00	Jack Turner	\$1800.00
Bob Lynch	\$1200.00	Guinn Unger	\$1325.00
Kohler McInnis	\$1200.00	Tim Wheeler	\$1325.00

Other External Meetings

Britt Bassett	\$00.00	Holly Metzler	\$247.96
Dan Huntington	\$00.00	Davin Montoya	\$00.00
Rachel Landis	\$00.00	Kirsten Skeeahan	\$00.00
Joe Lewandowski	\$125.00	Jack Turner	\$26.22
Bob Lynch	\$00.00	Guinn Unger	\$00.00
Kohler McInnis	\$00.00	Tim Wheeler	\$00.00

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

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

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

ROUND UP FOUNDATION (RUF) REPORT – Director Lewandowski advised that Kris Oyler is the new District 4 Director, and Kristi Smith is the new District 1 Director. A December RUF grant was awarded to the Center for SW Studies for \$2,000; and Education grants were awarded to the Riverview PTO for \$400, the Boys and Girls Club of Durango for \$2,500, and Aspire Health in Pagosa Springs for \$3,000.

EXECUTIVE SESSION

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

The board remained in executive session from 3:30 p.m. to 4:55 p.m.

Motion: Director Bassett moved to clarify the CEO contract so that in the future any bonuses occur at the time of the annual review in August; but for this year only to grant the CEO a Christmas bonus of \$3,000. Motion seconded.

Motion to

Amend: Director Landis moved to amend the motion to clarify the CEO contract so that in the future any bonuses occur at the time of the annual review in August. Motion to amend seconded, and failed 6 to 4 with Directors Wheeler, Bassett, Unger, Lewandowski, Turner, and Lynch opposed; and Director Metzler abstaining.

**Original
Motion**

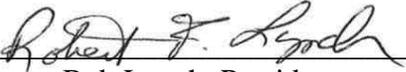
Resumed: Motion carried 6 to 4 with Directors McInnis, Montoya, Huntington, and Landis opposed; and Director Metzler abstaining.

CEO Matlock advised that a portion of the Christmas bonus will be donated to the LPEA Giving Tree to assist families in need of bill payment assistance.

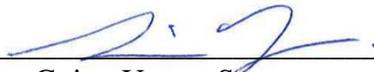
ADJOURN

There being no further business, the LPEA Board of Directors meeting adjourned at 5:27 p.m.

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



Bob Lynch, President



Guinn Unger, Secretary