

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, March 25, 2020
Livestream <https://livestream.com/LaPlataElectric>

CALL TO ORDER

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, March 25, 2020 via livestream webinar in compliance with the Governor's orders against in-person gatherings of more than 10 people. President Lynch called the meeting to order at 9:05 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
Joe Lewandowski	Davin Montoya	Tim Wheeler, Treasurer

LPEA STAFF:

Jessica Matlock, Chief Executive Officer
Karl Ramsey, Vice President of Finance
Garrett Hammer, District Manager, Pagosa Springs
Justin Talbot, Vice President of Operations
Dan Harms, Vice President of Grid Solutions
Drew Timmerman, Vice President of IT
Hillary Knox, Vice President of Community and Member Relations
Nadine Ontiveros, Vice President of People and Culture
C. E. Charistopoulos, Executive Assistant
Shay Denning, LPEA General Counsel

EXCUSED ABSENCE: None.

GUESTS: Livestream audience.

APPROVAL OF AGENDA

President Lynch addressed the March 25, 2020 board meeting agenda.

Motion: Director Skeeahan moved to approve the March 25, 2020 board meeting agenda as presented.

Motion

To Amend: Director Turner moved to amend the agenda so that discussion on Resolution 2020-06 Rate Increase Deferral and Resolution 2020-07 Emergency Allocation of Unclaimed

Capital Credits take place before the CEO Report items. Motion died for a lack of a second.

Motion

Resumed: Motion to approve the March 25, 2020 board meeting agenda as presented was seconded and carried without dissent.

MEMBER COMMENTS

Members called in to the livestream board meeting and expressed appreciation for LPEA’s leadership on carbon reduction, support for local renewables and jobs, and offered congratulations on the Co PUC decision in favor of LPEA’s request for an exit charge from Tri-State as fair and reasonable. In response to a member question about LPEA’s Green Power Program, Dan Harms advised that Renewable Energy Credits (RECs) are plentiful.

CONSENT BOARD ITEMS.

President Lynch addressed the Consent Board Items.

Motion: Director Wheeler moved to approve the Consent Board Items: capital credit payments to estates, monthly write-offs, and minutes for the February 19, 2020 LPEA Board of Directors meeting. Motion seconded, and carried without dissent.

CEO AND STAFF REPORTS

DIVISION DASHBOARDS – Nadine Ontiveros addressed the evolution of dashboard metrics as presented in the board packet and introduced the new Key Performance Indicators and the addition of financial goals. Questions on department dashboards were taken by staff. Board members expressed support and appreciation for this work and liked the direction the dashboards are going. Finance and Audit Committee (FAC) Chairman Wheeler noted that the financial goals would be discussed in the upcoming FAC and a subsequent report will be given at the April Board of Directors Meeting.

Karl Ramsey reported that LPEA has maintained a healthy balance sheet and cash position while realizing operating margins in excess of budget. A mild winter impacted Year to Date sales, but margins have been retained through reduced operating expenses. Cash reserves have increased by \$3 million, and been invested in short term commercial paper, yielding \$37,000 in interest. The first two months of 2020 have set LPEA on a solid financial foundation for the unprecedented challenges that lie ahead.

COMMUNICATIONS UPDATE – CEO Matlock took questions on LPEA’s response to customer concerns about service disconnects and the upcoming April 1 rate increase, in light of the COVID-19 impact on the community. Matlock advised that LPEA is working with other cooperatives on alternative payment methods, figuring out how to address auto-pay challenges, and setting up payment plans to keep customers from falling behind. Matlock noted that in response to the COVID-19 impact, Karl Ramsey will address LPEA’s action to delay the April 1 rate increase until July1, and Hillary Knox will

discuss a proposal to authorize \$90,000 in Unclaimed Capital Credits to be made available for LPEA customer bill assistance and community relief organizations.

RESOLUTION 2020-06 RATE INCREASE DATE DEFERRAL – Karl Ramsey discussed the request from staff to create a rate stabilization fund in the fall. On October 16, 2019, the board agreed with staff’s foresight and authorized to retain and earmark Tri-State G&T Patronage Capital totaling \$2.4 million for an LPEA member rate stabilization fund.

This reserve account is available to help mitigate the impact of the delayed April 1 rate increase that was set in place to recover a \$3 million revenue shortfall; as well as, the \$1 million negative impact to LPEA margins that will result from deferring the April 1 rate increase to July 1, 2020. COVID-19 is an example of unforeseen circumstances that create a need for a rate stabilization fund. This fund will be used, and a plan needs to be put in place to replenish it.

Discussion ensued on trends in energy load data as a result of mild winter weather and the Governor’s orders for people to “shelter in place,” communicating to members about the rate increase date deferral, the rate stabilization fund, and the reduction in financial risk to members and the cooperative by not extending the rate increase deferral past July 1, 2020.

Motion: Director Bassett moved to adopt Resolution 2020-06 Rate Increase Date Deferral as presented. Motion seconded and carried without dissent.

RESOLUTION 2020-07 EMERGENCY ALLOCATION OF UNCLAIMED CAPITAL CREDITS – CEO Matlock advised that \$90,000 in Unclaimed Capital Credits (UCC) is available for allocation towards community emergency relief, and referred to board precedent for authorization of community emergency relief funding during the 416 Fire emergency in June 2018.

Hillary Knox reported that disconnects for nonpayment (DNP) have been suspended until further notice, and discussed proposed UCC allocations of \$50,000 for LPEA customer bill assistance (to go into effect after the DNP moratorium has been lifted), \$25,000 to the Community Emergency Relief Fund (serving La Plata and Archuleta Counties), \$7,500 to the Community Emergency Assistance Coalition in La Plata County, and \$7,500 to the Pagosa Outreach Connection in Archuleta County.

Knox emphasized the effective mobilization of funds and accountability afforded through partnerships with community assistance programs, and advised that criteria are in place to evaluate one-time relief allocations for delinquent residential accounts on a case by case basis. Karl Ramsey noted that bill assistance allocations are available to small commercial customers, and criteria to evaluate funding for one-time relief allocations has not yet been established.

Motion: Director Bassett moved to adopt Resolution 2020-07 Emergency Allocation of Unclaimed Capital Credits as presented. Motion seconded and carried without dissent.

2019 FINANCIAL AUDIT PRESENTATION, BKD AUDITORS AND ADVISORS

Rob McCoy, of BKD Auditors and Advisors presented the independent auditor's report of LPEA's consolidated financial statements, and its subsidiary, as of December 31, 2019 and compared to 2018 year end. The audit report contained an unqualified, or *clean* opinion on LPEA's financial statements. The Board commended the Finance Department on a clean audit especially in light of significant staffing changes in 2019.

McCoy and Karl Ramsey took questions on the impact of legal fees on financial obligations. Ramsey advised that wording will be added to the General Litigation Section of the Consolidated Financial Statement Notes acknowledging regulatory changes resulting from the Colorado Public Utilities Commission (CoPUC) action, and the unknown impact of COVID-19 on the financial statements.

EXECUTIVE SESSION

Motion: Director Montoya moved to enter into executive session to discuss the 2019 Audit Presentation. Motion seconded, and carried 11 to 1 with Director Bassett opposed.

The board remained in session from 11:45 a.m. – 12:10 p.m.

Motion: Director McInnis moved to accept the 2019 Independent Auditor's Report with the addition of agreed-upon clarifying language in the General Litigation Section of the Consolidated Financial Statement Notes. Motion seconded and carried without dissent.

BOARD AGENDA AND POSSIBLE ACTION

FINANCE AND AUDIT COMMITTEE – Committee Chairman Wheeler addressed the written report on the March 5 FAC meeting, discussed the committee's recommendation that the board accept the revised format for the Director Expense Report, and took questions. The board will move forward with the revised director expense report.

POLICY COMMITTEE: POLICY 119 STATEMENT OF FUNCTIONS FOR COOPERATIVE ATTORNEY – President Lynch advised that due to timing concerns, the Policy Committee was not employed on this draft of Policy 119 Statement of Functions for Cooperative Attorney which includes revisions by the Executive Committee for a provision for the CEO to hire an in-house attorney to work with staff as needed.

Motion: Director Wheeler moved to approve Policy 119 Statement of Functions for Cooperative Attorney as presented. Motion seconded.

Due to timing and the need to hire in-house attorney for assistance with right of ways, construction contract issues, and HR issues, it was determined that the policy review would come to the full-board without prior review by the Policy Committee. Some board members expressed concern over the policy being brought to the full-board at this time.

CEO Matlock advised that many cooperatives employ internal legal counsel. Currently, LPEA's board attorney has to recuse herself from various issues. Obtaining timely legal advice and guidance is critical

for any company, and many employ in-house attorneys to save on attorney contract costs. This is seen as an effort to obtain timely legal advice for issues that the current contract attorney cannot provide and to save on legal costs. It has been clear that during the COVID-19 pandemic, that timely and accurate legal advice is critical for making timely health and financial decisions.

CEO Matlock stated that hiring an in-house attorney would be budget neutral for LPEA. There are significant legal costs associated with land use, contract reviews, employment, and other business matters currently being done by third party consultants and contractors. LPEA is also obliged to seek other legal advice when the board attorney has a conflict of interest.

Discussion ensued on the boundaries of overlapping legal services, creating a job description for in-house counsel, and adding clarifying language to the current draft of Policy 119 stating that, *the attorney is hired in accordance with standard employment practices of the cooperative as determined by the CEO.*

Motion

Resumed: Motion to approve Policy 119 with the addition of clarifying language stating, *the attorney is hired in accordance with standard employment practices of the cooperative as determined by the CEO,* carried 8 to 4 with Directors Huntington, Montoya, McInnis and Unger opposed.

BROADBAND COMMITTEE – Committee Co-Chair Unger advised that a March committee meeting did not take place, and an April meeting date for a livestream meeting has not yet been determined.

MISCELLANEOUS BOARD ITEMS

ANNUAL MEETING AND ELECTION UPDATE – Attorney Denning reported that she met with the Election Supervisory Committee (ESC) to certify the candidates and determine the order of the candidates on the ballot. Denning opined, based on a reading of the bylaws, that a postponement of the May 16 Annual Meeting may be needed, as an in-person quorum of 50 members is required, which would not be in compliance with the Governor’s orders against in-person gatherings of more than 10 people.

Denning further opined that the director election can still take place, deadlines are running on the election process, ballots can be mailed out, and all election functions can be performed as currently scheduled, provided that Tiffany Parker, La Plata County Clerk & Recorder can tally votes. Elected directors are installed at the Annual Meeting in accordance with bylaws; however, outgoing directors have the option of stepping down to allow new directors to fill their vacancies prior to the Annual Meeting.

Based on the reality that Governor’s restrictions against in-person gatherings of 10 or more people could expand beyond 8 weeks, Denning recommended that a final decision to delay the Annual Meeting be formalized at the April 15 board meeting. CEO Matlock reported that Colorado Rural Electric Association is working with the Governor’s office to issue an order that would allow cooperative annual meetings, which are required in their bylaws to occur by May, to take place in a virtual setting, online.

Hillary Knox advised that the communication plan is to keep the current annual meeting information the same, and to add a large disclaimer stating that, *due to the COVID-19 pandemic this meeting may be postponed*, and to provide a link to the most up-to date meeting information.

Knox requested two months lead time to properly communicate the new information through all appropriate channels, after the decision on the new date is made.

Discussion ensued on providing communications that confirm and provide direction to members about participating in the upcoming director election by voting and sending in ballots by the required deadline.

RESOLUTION 2020-05 DISTRICT 1 ELECTION CANCELLATION – President Lynch advised that he is the sole nominee for District 1, and in accordance with Article III, Section 5 of the LPEA Bylaws, the Annual Director election for District 1 should be canceled.

Motion: Director Turner moved to adopt Resolution 2020-05 District 1 Election Cancellation. Motion seconded and carried without dissent.

DIRECTOR TRAVEL REQUESTS – President Lynch addressed upcoming external travel requests; no travel requests were made.

DIRECTOR EXPENSE APPROVAL – Director Wheeler reported on the February 2020 Director Expenses.

LPEA Mileage Reimbursements

Britt Bassett	\$00.00	Holly Metzler	\$00.00
Dan Huntington	\$13.80	Davin Montoya	\$00.00
Rachel Landis	\$00.00	Kirsten Skeeahan	\$00.00
Joe Lewandowski	\$00.00	Jack Turner	\$00.00
Bob Lynch	\$00.00	Guinn Unger	\$29.90
Kohler McInnis	\$00.00	Tim Wheeler	\$00.00

LPEA Board and Committee Meetings

Britt Bassett	\$1850.00	Holly Metzler	\$1400.00
Dan Huntington	\$1325.00	Davin Montoya	\$1200.00
Rachel Landis	\$1325.00	Kirsten Skeeahan	\$1200.00
Joe Lewandowski	\$1400.00	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	\$1000.52	Holly Metzler	\$00.00
Dan Huntington	\$00.00	Davin Montoya	\$00.00
Rachel Landis	\$00.00	Kirsten Skeeahan	\$00.00
Joe Lewandowski	\$00.00	Jack Turner	\$13.39
Bob Lynch	\$00.00	Guinn Unger	\$00.00
Kohler McInnis	\$00.00	Tim Wheeler	\$00.00

Motion: Director Bassett 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. Denning reiterated that the board will make a determination in April about whether to postpone the May 16, 2020 LPEA Annual Meeting of the Members in compliance with the Governor's orders against in-person gatherings of more than 10 people, and that the director elections will not be impacted by the order, as election ballots will be received by mail.

DIRECTOR REPORTS

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

ROUND UP FOUNDATION REPORT – Director Metzler reported February Round Up Foundation grants of \$3,000 to Celebrating Healthy Communities, \$2,500 to Pagosa Springs Medical Center Foundation, and \$1,000 to the Southwest Organization for Sustainability; and Education grants of \$5000 to the SW La Plata Library District, \$200 to the Durango Botanic Gardens, \$500 to Ft Lewis Mesa PTO, and \$800 to the Geothermal Greenhouse Partnership. The March Round Up Board meeting will take place by Zoom video conference on Monday, March 30.

EXECUTIVE SESSION

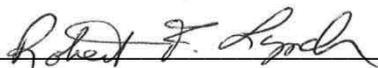
Motion: Director Wheeler moved to enter into executive session to discuss FERC-CoPUC Updates. Motion seconded and carried without dissent.

Director Skeehan and Attorney Denning were recused from the discussion on FERC-CoPUC Updates. The board remained in executive session from 2:00 p.m. to 3:00 p.m.

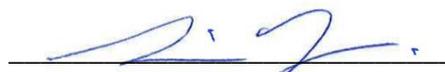
ADJOURN

There being no further business, the LPEA Board of Directors meeting adjourned at 4:46 p.m.

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



Bob Lynch, President



Guinn Unger, Secretary