

ARKANSAS RIVER POWER AUTHORITY
Board of Directors Meeting Minutes
December 3, 2020

The Board of Directors of the Arkansas River Power Authority (ARPA) met by Webcast and conference call on Thursday, December 3, 2020. Following appropriate notice, President Stwalley called the meeting to order at 9:00 AM.

ARPA Board Members present:

HOLLY: Calvin Melcher

LA JUNTA: Gary Cranson
P. Lorenz Sutherland

LAMAR: Houssin Hourieh (also a member of the Operating Committee)¹
Roger Stagner²

LAS ANIMAS: Ron Clodfelter (also a member of the Operating Committee)³
Rick Stwalley

SPRINGFIELD: Jay Suhler

TRINIDAD: Carlos Lopez
Mike Valentine (also a member of the Operating Committee)⁴

ARPA Staff present:

Rick Rigel, General Manager

Arvenia Morris, Office Manager

Aarin Ritter, Manager of Finance and Accounting⁵

ARPA Legal Counsel present:

Peter Edwards, Director-Fairfield and Woods, PC

Others (guests) present:

Bill Jackson, Assistant City Manager, City of La Junta, Operating Committee member

Rick Klein, City Manager, City of La Junta

Clifford Boxley, Member, Lamar Utilities Board

Ed Vela, City Council, City of La Junta

¹ Left the meeting at 11:02 AM

² Attended the meeting from 9:31 AM-11:02 AM

³ Attended the meeting from 9:00 AM-9:39 AM and from 10:18 AM to close of meeting

⁴ Joined the meeting at 9:41 AM

⁵ Joined the meeting at 9:28 AM

QUORUM: A quorum of the Board was present and voting at the meeting.

ROLL CALL: President Stwalley called the meeting to order at 9:00 AM. Secretary Morris took roll call. Guests were those listed on page 1. Board Members Tanner and Hansen were absent.

APPROVAL OF AGENDA: The agenda was approved as presented.

APPROVAL OF THE MINUTES: (a) October 29 Regular Meeting. The minutes of the October 29, 2020 regular meeting was unanimously approved by motion from Board Member Sutherland, second by Board Member Hourieh. **(b) November 19 Special Meeting.** The minutes of the November 19, 2020 special meeting was unanimously approved by motion from Board Member Melcher, second by Board Member Suhler.

PUBLIC COMMENT: None.

FINANCIAL REPORT AND APPROVAL OF OUTSTANDING BILLS: a. October 2020 Financial Statement. General Manager Rigel presented the October 2020 financial statement. Board Member Sutherland moved, seconded by Board Member Lopez, and approved unanimously to accept the October financial statement and pay outstanding bills. **b. 2020 3rd Quarter Financial Review.** General Manager Rigel presented the 3rd Quarter Financial Statement. **c. Power Revenue Improvement Bonds Series 2010-Action Item.** Per discussion over the last several months, ARPA is in a position to retire the Bond Series 2010. Board Member Lopez moved adoption of the following resolution:

RESOLUTION NO. 05-20. A RESOLUTION AUTHORIZING THE REDEMPTION OF THE ARKANSAS RIVER POWER AUTHORITY, COLORADO POWER REVENUE IMPROVEMENT BONDS, SERIES 2010.

The motion to adopt Resolution No. 05-20 was seconded by Board Member Hourieh and it passed unanimously on a roll call vote. ARPA staff will direct UMB Bank, as paying agent, to redeem the 2010 Bonds on January 15, 2021, subject to the deposit of funds by the Authority. The final payment is estimated to be \$17,260,000. **Resolution No. 05-20** is appended to these minutes.

BUDGET HEARING 2021 BUDGET: President Stwalley opened the budget hearing at 9:33 AM. General Manager Rigel presented a review of the proposed 2021 budget. There were no written or oral comments from any member of the public on the proposed budget. President Stwalley closed the public hearing at 9:43 AM. **a. Approval of the ARPA Budget and Appropriation Resolution of 2021.** Board Member Sutherland moved to adopt **Resolution No. 06-20** to approve the 2021 Budget and to appropriate an expenditure of \$24,790,124 in 2021, seconded by Board Member Melcher. Motion passed unanimously by all board members in attendance. Board Member Sutherland wished to emphasize that the budget as adopted includes (1) a decrease in the energy rate charged to the municipalities of 3.57% and, (2) retiring the 2010 bonds and further, staff should be commended for their efforts during the year 2020. This 2021

budget reflects the recommendation of the Board in its financial strategic plan to reduce costs. **Resolution No. 06-20** is attached to and incorporated in these minutes.

OPERATING REPORT: The Board received the Operating Report for October 2020. **a. Wind Report.** The Board received the wind generation report for October 2020.

OPERATING COMMITTEE REPORT: The Operating Committee met on December 1, 2020. Ron Clodfelter, Chairman of the Committee provided a report. Topics of discussion included mutual aid readiness regarding COVID-19 impact, update on LUB's complaint to Colorado Public Utilities Commission, and annual bucket truck inspections. The members were also made aware of an on-line utility payment scam and a current diversion issue related to smart meters. President Stwalley announced there are hand held radios owned by emergency management in the counties that could be borrowed in case of need during a mutual aid event. Contact information for county emergency management will be distributed to the members to be incorporated into the mutual aid book currently being used.

GENERAL MANAGER REPORT: A written and verbal report was provided to the Board. **a. Update on the Sale/dismantling of the LRP.** The General Manager updated the Board on the proposed demolition schedule for the LRP. **b. Miscellaneous. i. Request for Power Supply Proposal.** The General Manager updated the Board on the request for proposal for power supply. Ten entities have issued an intent to propose. The request for power supply proposals include seven options from full service to a discrete resource portfolio that would include a variety of resources. The new power supply contract will begin on February 1, 2025. A review of responses will be available at the January 28, 2021 meeting. **Resource Survey.** In an effort to determine what the ARPA members believe is important to ARPA's next power supply, a survey was distributed to the Board and Operating Committee members asking for a ranking of various options for ARPA's future resource portfolio. The members were encouraged to complete and return the surveys. **ii. Strategic Plan – Succession Planning.** The General Manager reported on dialogue he had with members of the Municipal Energy Agency of Nebraska administrative staff regarding a partnership. ARPA and MEAN will work with their respective municipal advisors at Public Financial Management (PFM) toward an arrangement that would be in the best interest of all parties. In the past ARPA has had representation on MEAN's Management Committee. MEAN is changing their governance and in the future, instead of ARPA being on the Management Committee, ARPA would become associate members in MEAN. As more information becomes available, ARPA staff will bring this before the Board for its consideration. **Miscellaneous.** ARPA filed a doc-less intervention at the Federal Energy Regulatory Commission (FERC) in relation to Xcel Energy filing for a rate change to "Flex Reserve Services". This Flex Reserve Service is related to ancillary service for wind turbine back-up. Filing a doc-less intervention ensures ARPA will receive copies of all proceedings.

NEW BUSINESS: Health Reimbursement Arrangement-Action Item. The

Board was briefed on the Section 105 Plan for Health Reimbursement Arrangement. The Section 105 Plan is an IRS-regulated health benefit that allows tax-free reimbursement of medical premiums. ARPA's participation will be solely for reimbursement of Medicare premiums to its employees who are covered under Medicare, and no longer on the group health plan. Board Member Sutherland moved adoption of the following resolution:

RESOLUTION NO. 07-20. A RESOLUTION OF THE ARKANSAS RIVER POWER AUTHORITY BOARD OF DIRECTORS ADOPTING A SECTION 105 PLAN FOR HEALTH REIMBURSEMENT ARRANGEMENT

The motion to adopt Resolution No. 07-20 was seconded by Board Member Hourieh and was approved unanimously. **Resolution No. 07-20** is attached to and incorporated in these minutes.

PLANNING AND COMMUNICATION: None.

MEMBER CITIES' REPORTS: *Las Animas.* Board Member Clodfelter reported Bent County would move to level red: severe risk, on the COVID-19 restrictions dial as of Friday, December 4, 2020 at 5:00 PM. The City of Las Animas offices will be closed to the public. All of the department's crews would be working from home unless called to work. *Springfield.* Board Member Suhler reported the Town of Springfield has hired an electric superintendent that will begin work in January.

UNFINISHED BUSINESS: None.

EXECUTIVE SESSION CRS § 24-6-402 (4)(a)(b)(e) and (f): a. FERC Settlement Update. b. General Manager Contract Negotiations. c. LRP/City of Lamar Proposed Transaction. The Authority's General Counsel stated that the matters to be discussed in Executive Session would include FERC Settlement Update, General Manager Contract Negotiations and LRP/City of Lamar Proposed Transaction. The specific subsections of CRS § 24-6-402(4) authorizing these matters to be conducted in Executive Session are as follows:

- subsection (a), the purchase, acquisition, lease, transfer, or sale of real, personal, or other property interest; and
- subsection (b), conferences with the General Counsel of the Authority for the purpose of receiving legal advice on specific legal questions; and
- subsection (e), determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators; and
- under subsection (f), to discuss personnel matters.

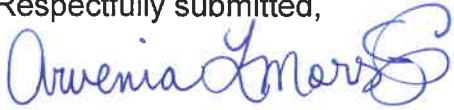
At 10:31 AM Board Member Melcher moved, seconded by Board Member Lopez, to go into Executive Session to discuss the topics as stated. The General Counsel of the Authority stated that the discussion in Executive Session pertaining to FERC Counsel activities would include privileged attorney-client communications and should not be recorded. The discussion on the General Manager Contract Negotiations and the LRP/City of Lamar Proposed Transaction would likely include a discussion of specific contract terms, or proposed terms, and related strategies and would likely contain explicit or implicit legal advice and requests for legal advice and in his opinion, would constitute privileged attorney-client

communications and should not be recorded. He recommended that no record be kept of those portions of the discussions constituting privileged attorney-client communications. Accordingly, based on the foregoing advice of counsel, the electronic recording device was turned off at 10:34 AM. The Lamar Board representatives were excused from the Executive Session at the conclusion of the discussion on the General Manager Contract Negotiations. The Executive Session was concluded at 11:10 AM.

NEXT MEETING DATE – JANUARY 28, 2021: The next regular meeting of the Board of Directors will be January 28, 2021 by GoToMeeting webcast and conference call.

ADJOURN: The December 3, 2020 meeting of the Board of Directors was adjourned at 11:12 AM.

Respectfully submitted,



Arvenia L. Morris
Secretary

**ARKANSAS RIVER POWER AUTHORITY
RESOLUTION NO. 05-20**

A RESOLUTION AUTHORIZING THE REDEMPTION OF THE ARKANSAS RIVER POWER AUTHORITY, COLORADO POWER REVENUE IMPROVEMENT BONDS, SERIES 2010

WHEREAS, the Authority is a separate governmental entity and political subdivision of the State of Colorado, established pursuant to the Power Authority Act; and

WHEREAS, pursuant to the Power Authority Act and the Organic Contract, the Municipalities comprising the municipal members of the Authority are Holly, Lamar, La Junta, Las Animas, Trinidad, and Springfield, Colorado; and

WHEREAS, under the Official Statement dated September 27, 2010, the Authority duly authorized, sold, issued, and delivered its Power Revenue Improvement Bonds, Series 2010 ("Bonds") in the original aggregate principal amount of \$17,260,000, of which \$14,805,000 in aggregate principal amount is currently outstanding; and

WHEREAS, by the terms of the Official Statement of the Bonds, the Bonds are subject to redemption prior to maturity, at the option of the Authority, in whole or in part, on October 1, 2020 and on any date thereafter, at a redemption price equal to the par amount thereof (with no redemption premium), plus accrued interest to the redemption date; and

WHEREAS, the principal of, premium if any, and interest on the Bonds are payable at UMB Bank, in Denver, Colorado, as paying agent; and

WHEREAS, the Arkansas River Power Authority Board of Directors believes it to be to the best interests of the Authority to redeem the entire issue, or a portion thereof, of the Bonds now outstanding in order to reduce ongoing debt service obligations of the Authority, and

WHEREAS, the Authority has sufficient reserves to fully or partially redeem the Bonds, and redeeming the Bonds will not impair the ability of the Authority to meet any other financial obligations or result in insufficient cash reserves.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ARKANSAS RIVER POWER AUTHORITY, that the President of the Authority is hereby directed to exercise the option to redeem the Arkansas River Power Authority, Colorado Power Revenue Improvement Bonds, Series 2010, either in its entirety, or a portion thereof; and

FURTHER RESOLVED, that the President and staff of the Authority are hereby authorized and directed to instruct UMB Bank to perform all acts necessary and proper to carry out the foregoing resolution.

ADOPTED the 13th day of December, 2020]

ARKANSAS RIVER POWER AUTHORITY



Richard Stwalley, President

ATTEST:



Arvenia L. Morris, Secretary

RESOLUTION No. 06 -20

WHEREAS, the Arkansas River Power Authority (ARPA) was created and organized as a political subdivision of the State of Colorado; and

WHEREAS, it is necessary that the Board of Directors adopt a budget for the year 2021; and

WHEREAS, following advance published notice in accordance with Colorado law, a hearing was held on the proposed 2021 budget at a regular meeting of the Board of Directors on December 3, 2020, at which meeting a quorum of the Board was present; and

WHEREAS, the Board is now appropriately advised and desires to take action on the proposed budget dated December 3, 2020

BE IT RESOLVED By The Board of Directors of the Arkansas River Power Authority (ARPA) that:


(1) Title



This Resolution shall govern the expenditure of funds by general purpose and amount for the calendar year 2021 commencing January 1 and ending December 31, and may be cited as "ARPA Budget and Appropriation Resolution of 2021".

(2)

The 2021 Budget presented to the Board on December 3, 2020, is hereby approved and there is budgeted and appropriated from revenues, assessments and other funds available to ARPA, the sum of Twenty-four million, seven hundred ninety thousand, one hundred twenty-four (\$24,790,124) dollars or so much thereof as the General Manager shall find necessary or desirable to expend to conduct the activities of ARPA, in accordance with the budget herein adopted and the ARPA Fiscal Resolution as it currently exists or as it may subsequently be amended.

Dated this 3rd day of December, 2020.


Richard Stwalley
President
Board of Directors
Arkansas River Power Authority


SEAL
ATTEST:

Arvenia L. Morris
Secretary

RESOLUTION NO. 07-20

A RESOLUTION OF THE ARKANSAS RIVER POWER AUTHORITY BOARD OF DIRECTORS ADOPTING A SECTION 105 PLAN FOR HEALTH REIMBURSEMENT ARRANGEMENT

WHEREAS, the Arkansas River Power Authority (the "Authority") has certain health insurance coverage benefits available to its employees, that pay certain covered medical expenses, including health insurance premiums, on a pre-tax or tax-free basis, for its employees and eligible family members; and

WHEREAS, the portion of the premium for employee's health insurance is paid through payroll deduction pre-tax; and

WHEREAS, a Section 105 Plan for Health Reimbursement Arrangement ("HRA") is required to allow the tax-free reimbursement of medical premiums for Medicare coverage for employees and eligible family members who qualify for Medicare; and

WHEREAS, the premiums for Medicare eligible employee health coverage must be payed directly by the employee; and

WHEREAS, a Section 105 HRA Plan is an IRS-regulated health benefit that allows the tax-free reimbursement of medical premiums; and

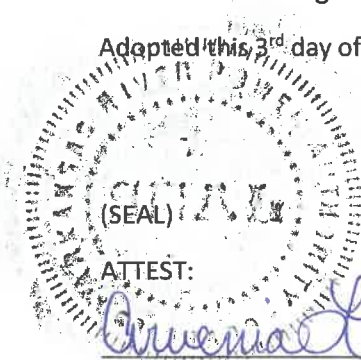
WHEREAS, the Board of Directors hereby desires to modify its health benefits to adopt a HRA under Section 105 as it complies with the Internal Revenue Code; and

WHEREAS, the Board has received the proposed HRA summary plan document;

THEREFORE, BE IT RESOLVED:

1. The HRA Plan, as presented at the Authority's Board of Director's meeting on December 3, 2020, is hereby approved and adopted and the General Manager of the Authority is hereby authorized and directed to execute and deliver one or more counterparts of the HRA Plan to the administrator of the HRA Plan.
2. The HRA Plan Administrator shall be instructed to take such actions that are deemed necessary and proper in order to implement the HRA Plan, and to set up adequate accounting and administrative procedures to provide benefits under the HRA Plan.

Adopted this 3rd day of December, 2020.



ATTEST:

Arianna Morris

Secretary of the Board

Richard Stovall

President, Board of Directors
of the Arkansas River Power Authority