

1. CALL TO ORDER

President Felicelli called the meeting of the San Miguel Power Association (SMPA) Board of Directors to order at 9:30 AM. All Directors were present.

2. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the revised consent agenda (February 28, 2017) to include: January 24, 2017 meeting minutes and the re-ratification of the nomination of Director Justis as the new CREA designated delegate and Director Cokes as the alternate. Director Alexander seconded. The motion was voted on and carried.

3. MEMBER OR CONSUMER COMMENTS

- Director Cokes explained that the Clean Energy Committee meeting this month had 21 people in attendance. This group is working on a charging station in Ridgway, solar panels on the Fire Station, LED lights in the Ridgway schools; among other projects. SMPA's help was appreciated.
- Director Felicelli received questions regarding the 5% limit from Tri-State. He discussed that net metering doesn't count toward the cap and also the opportunity for rebates and incentives. Director Felicelli reminded the board to discuss net metering if they are questioned on the cap.
- Diedra Silbert with the Town of Ridgway wanted to thank the board and SMPA with the Space to Create project. Ms. Silbert described the project briefly. This project is an affordable live-work space for the creative sector. The Town of Ridgway is looking at this as a regional project and thankful for SMPA's continued support.
- Manager Zaporski commented that at the CREA Annual Meeting there was a visit to the State Capitol. One of the speaker's from the Governor's office in regards to economic development spoke in length about Space to Create and specifically Ridgway. A key point was that there is a direct correlation between a thriving arts community and the economy. SMPA is very happy to be part of this project. Project Partners: Colorado Creative Industries, Boettcher Foundation, Department of Housing, Gate's Family Foundation, Regional Managers.
- Eric Jacobson discussed what DMEA is doing in allowance breaking the 5% cap through FERC. He discussed the restriction from Tri-State on distributive generation opportunities. Mr. Jacobson explained that if local generation companies could produce for the cost that SMPA pays from Tri-State there would be more opportunities in our service area. Overall competitive pressures, such as cheaper gas, is leading to abandoning alternate ideas.

4. STRATEGIC PLANNING

Director Felicelli thanked everyone for participation in the Strategic Planning session and felt it was very rewarding. Moving forward each month we will pick a topic and will discuss. Director Sibold felt like the Mobile workforce idea that Brad had got lost somewhere and thought it was a good idea. Director Zaporski stressed one thing that was discussed is the importance of execution. Keri will be putting together a summary of main strategic objectives. After review, this will be the concise document. Manager Zaporski will go through this with the Department Managers; and then try to do work group meetings throughout the company. He would like to communicate the strategic goals to everyone one on one, or in small groups. The first step of execution is delegating and assigning the duties and then formulating a plan as to how to achieve each objective. Each board meeting, we will discuss the upcoming goal and use this agenda item as the Strategic Review Meeting (SRM). Manager Zaporski will submit a proposal to the board in order of importance and attainability and a timeline. This proposal will then be the road map and we will make revisions if necessary and keep board informed.

Manager Zaporski felt the board did a good job listening and communicating to each other and feels we have a good foundation to build on.

5. CEO REPORT

Employee Guests

There was no employee guest this month.

Corporate Donations

Manager Freeman explained that we did receive the Basin Electric matching funds as requested for Palm Arts and Angel Baskets and any new applications that fit the criteria we will also apply for a Basin match.

Board Donations

There were not any Board donations this month.

Finance Update

There was no Form 7 training this month.

Manager Rutherford reported that for January we are very close to budget straight across. He explained that there was an adjustment made on Form 7 for last year (\$277,000 less than what was reported in December) due to Tri-State patronage preliminary number coming in less than expected. The final number will not come in until March. Manager Rutherford will book any difference this year once the final number comes in. Director Sibold explained that this was due to revenues being down 3-4%. Tri-State is still budgeting to retire \$10 million in capital credits. We received \$208,000 in capital credits and the allocation was \$402,000. The retirement is what they are paying out for past years, and the allocation is what they are putting aside for us based on the amount of revenue.

Marketing & Member Services

Communications Executive, Alex Shelley distributed samples for the Annual Meeting. Manager Freeman explained to the board that Mr. Shelley had informed all of our service territory schools about our scholarships. This year SMPA had an applicant from Telluride Mountain School and Paradox Valley School. Discussion as to whether we want to offer the same scholarships to these schools.

Director Sibold motioned to approve the offering of the same SMPA scholarships to Telluride Mountain School and Paradox Valley School. Director Garvey seconded. The motion was voted on and will be re-ratified in the March Board Meeting.

Manager Freeman also brought up a scholarship application for a student who graduated in 2016. Would we like to allow scholarship applications for students who took a year off prior to starting college? The board's decision is no, not at this time.

Director Felicelli and the board would like to have Mr. Shelley look in to a band or potential guest speaker (2017 theme: "The Challenge of Change").

Manager Zaporski explained that Paul Hora who handles our key accounts, has been doing an amazing job in terms of getting money from Tri-State for our members. The latest is that we just received \$26,670 for the Telluride School. Mr. Hora is making sure they are using the latest technology for energy efficiency and energy

conservation. SMPA is getting 4-5 times more money from Tri-State than the next coop on a per meter basis (each year). Manager Freeman and all of Member Services are doing a great job.

Information Technology

Manager Zaporski explained there are a few contractual items to discuss in Executive Session, otherwise no updates.

Administration & Human Resources

Manager Reams gave an update that the Ridgway wash bay is now complete and final inspection is also done. Energy Services Tech position has been reopened. The new Customer Service Representative, Kerri Trosper, will begin work on Monday. SMPA received a grievance from the Union, this will be discussed in Executive Session.

Use of Shop Facilities & Tools by SMPA Employees (Policy 6.02)

Director Rhoades motioned to approve Policy 6.02 as presented. Director Alexander seconded. The motion was voted on and carried.

Employee Purchase Account (Policy 6.03)

Director Garvey motioned to approve Policy 6.03 as presented. Director Justis seconded. The motion was voted on and carried.

Engineering

Manager Riley updated the Board that we did receive the permit from San Miguel County for the Telluride/Mountain Village Reliability project.

Approval of revised Construction Work Plan

Manager Riley reviewed a side show regarding the revised plan to include updated costs. The revised work plan's changes are to the Telluride/Mountain Village reliability project. This project will change from \approx \$6 million to \approx \$7.4 million. A portion of these cost, \approx \$3.7 million will be reimbursed from Tri-State in December 2017 or may roll into 2018. It is likely that SMPA will have to take a short-term line of credit loan in December of this year until we get these monies from Tri-State.

Director Alexander motioned to approve the revised Construction Work Plan and Resolution as presented.

Director Justis seconded. The motion was voted on and carried.

Budget Override

Approximately \$1.8 million in capital changes.

Director Justis motioned to approve the Budget Override as presented. Director Cokes seconded. The motion was voted on and carried.

Contract Approval to construct the Telluride/Mt. Village Reliability Project

Williams Construction was the lowest bidder and the job will be awarded to them.

Director Rhoades motioned to approve Williams Construction to be the contractor for the Telluride/Mountain Village Reliability project. Director Sibold seconded. The motion was voted on and carried.

Operations

Manager Zaporski gave the Operations updated in the absence of Manager Oliver. The project by Kelly cabin, the San Miguel River Canyon retirement project (8 miles of line) is complete. Manager Zaporski, Manager Reams, and Manager Oliver met with Area Service Techs and Working Foremen with regard to roles, authority,

and expectations. This meeting went very well and we received great feedback. Management will meet with the entire crew to go over the information and provide clarity to any questions.

Safety and Regulatory Compliance

Manager Zaporski updated the board in the absence of Paul Enstrom. Manager Zaporski reviewed RESAP (Rural Electric Safety Achievement Program, safety program through CREA). We have been part of program for three years. RESAP is due for semi-audit visit and will score SMPA. We will compare our most recent results with the results from the initial inspection and present these results to the board. Discussion took place regarding automated external defibrillators budget for next year to house in all trucks.

6. ASSOCIATED MEETING REPORTS

CREA- Bob Justis

Doug Price is retiring from the United Power board. Mr. Bob Bledsoe, from Tri-State board was very complimentary of Director Sibold's participation on the Tri-State board. Donna Vanness from Mountain View is now starting to implement an AMI system. There was discussion about cannabis growing. Meghan from Holy Cross are looking for a CEO and Vice President of IT. They have had over 100 applicants. They just put out RFP for a 5-megawatt generation system. Liz Fiddles suggested getting reservations in soon for Vail training, Financial and Crucial Conversations in the Board Room. United Power gave presentation on battery storage projects and is projected that within two years will affect the co-ops substantially. Director Alexander served on the CREA board for four years. CREA gave him a plaque in recognition.

Western United- Dave Alexander
No meeting.

Tri-State - Jack Sibold

Director Sibold reviewed Tri-State Operation Report and Organized Market Update Presentations.

Eco Action Partners - Jack Sibold

Discussed composting and income qualified.

7. ATTORNEY'S REPORT

Director Garvey made a motion at 1:15 PM to enter into executive session for personnel and contractual issues. Director Alexander seconded. The motion was voted on and carried. The board entered into executive session at 1:15 PM and came out at 1:55 PM. While in executive session no decisions were made, nor votes taken.

8. BOARD TRAVEL

Director Sibold is attending the Tri-State Annual Meeting April 5, 2017.

9. MISCELLANEOUS

Director Garvey motioned to approve the Date of Record as April 24, 2017. Director Sibold seconded. The motion was voted on and carried.

Director Garvey made a motion to approve the existing district boundaries. Director Alexander seconded. The motion was voted on and carried.

10. BOARD CALENDAR REVIEW

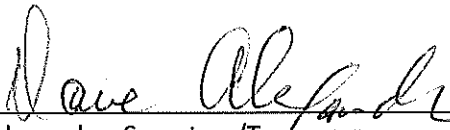
n/a

11. NEXT MEETING

The next board meeting will be held on Tuesday, March 28, 2017 in Nucla at the SMPA office.

12. ADJOURN

Director Garvey motioned to adjourn the meeting at 1:56 PM. Director Rhoades seconded. The motion was voted on and carried.



Dave Alexander, Secretary/Treasurer