

**Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
October 20, 2015 (Nucla) & November 16, 2015 (Ridgway)**

1. CALL MEETING TO ORDER

President Felicelli called the October meeting of the Board of Directors to order at 9:30 a.m. Six Directors were present. Director Sibold was not present but would be reached via conference phone for a portion of the meeting.

2. APPROVAL OF THE CONSENT AGENDA

Director Garvey motioned to approve the revised consent agenda. Director Alexander seconded. The motion was voted on and carried.

3. MEMBER OR CONSUMER COMMENTS

Director Rhoades passed along a thank you from the Town of Silverton for the funding from SMPA that will be used to enhance the electrical services at the town park.

Director Garvey shared a comment from a member who was experiencing issues with their freezer due to the frequent power blinks in the area. The power light to the member's freezer remains on but the compressor remains off after the power blink. The member wanted to call this to the attention of other members so that they don't experience food being spoiled. The member has contacted both SMPA and Tri-State about this issue.

Director Justis reported that a member contacted him and is interested in developing a community hydro in the Paradox area. He provided Director Justis with a copy of the PURPA decision in the Kit Carson Electric Cooperative area. The member also shared information located on the DMEA website regarding 3.9-4 cent per KW avoided cost.

Director Cokes shared that retail shop owners in Ridgway approached her about SMPA participation in Noel Night and the light parade. The shop owners were hoping that San Miguel Power would participate. Manager Ritter shared that SMPA has participated in the past but no parade has been held in the past two years. He will ask staff to plan for their participation because a CDL driver will need to drive the equipment truck.

B. Telluride Foundation – Paul Major

President Felicelli introduced Paul Major and Lynn Black, County Administrator for San Miguel County. They were present to give a report on their efforts to bring broadband services into the West End and into San Miguel County. Telluride Foundation has identified broadband as a strategic initiative because it touches so many people i.e. kids doing homework, healthcare, and commerce. Broadband is an absolute necessity especially in rural communities. They feel effort should be made to work with Tri-State and San Miguel Power to activate existing dark fiber as a middle mile provider and to further future infrastructure connections. Their first basic step is to perfect easements for commercial use. Once perfected then delivery of service to many of the rural areas can take place. Silverton and Ridgway are not in the proposed plan. Telluride Foundation independently approached Tri-State about dormant fiber line that run from the Nucla Power Plant to Sunshine. Telluride Foundation and San Miguel County through an existing organization called Paradox Community Trust (PCT) have contracted for and Irrefutable Right of Use (IRU) with Tri-State. A condition with that IRU is that PCT would need to approach landowners to along the line to gain its own commercial easement. A slide displaying the route of the existing power line was displayed. Directors were familiar with the route and the challenge

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in dealing with landowners to gain the easement for the transmission lines. A focus on phase one from Nucla – Norwood which includes about 50 landowners is the first section of easements the project must be secured. There are critical demands for broadband in Norwood especially for the medical center. San Miguel County has received a \$350,000 grant to purchase equipment necessary to light up the dark fiber for use once the easements are perfected. There is interest from many businesses who are interested in providing the last mile service to individual homes. Phase Two is to perfect easement from Norwood – Sunshine and deals with homeowner associations across Specie Mesa and Wilson Mesa. Phase Two also has challenges for the last mile providers. PCT believes that they are ahead of Region 10 since they are working on perfecting the easements. Region 10 has received a 5 million dollar grant from DOLA but they are still in the engineering and planning phase. The goal of PCT is to light the fiber by early 2016. Region 10's focus to get agreements in place to seek out grant opportunities. PCT has 20 easements in place and 50 under negotiation. Telluride Foundation has employed Chris Stryker who is working on approaching the landowners which is difficult since there is no compensation being offered to landowners for easements across their property. The project is engaging community leaders who believe in the project and are approaching property owners to discuss the importance of the project. Easements are being granted to the PCT and the IRU is assignable. PCT is a nonprofit and is governed by its own board. Directors received a letter requesting PCT be the 1st point of contact on this project since they are working in this area. The project is requesting the 2.25 dark fibers owned by SMPA. They want a 30 year IRU from Sunshine to Society Turn. They are requesting SMPA to perfect the commercial easement use from Sunshine to Society Turn and from Society Turn to Telluide. SMPA would have unlimited free access along the fiber line. The use of the fiber could be made conditional upon perfecting the easements. President Felicelli summarized the requests received today from Paul Major. Discussion took place. President Felicelli shared he believed this project was right in step with SMPA core values. Director Justis asked about Region 10 whose focus was seeking out grant opportunities for the project. Director Justis was not supportive of giving fiber assets to Region 10. PCT is asking for IRU on the asset. Lynn Black shared that the important part is access. PCT is working with Region 10 on the pricing for ISP providers. It will not hurt Region 10 if PCT is granted the access. Management of the operations and maintenance of the fiber would most likely be contracted out. Discussion took place with Directors. Director Justis asked where this agreement leaves Silverton. Lynn Black shared that Silverton has recently reached an agreement with Century Link to fill in a 25 mile gap of fiber that is now installed. They continue to look for routes for redundancy. Manager Ritter shared that staff has not had an opportunity to conduct research on IRU's and the assets. Staff will come back in November with their findings. Directors were informed that Region 10 has been invited to make a presentation to Directors in November.

Wendy Fenner was introduced to Directors. She was present to listen to the meeting and to learn about SMPA's efforts for new renewable installations.

CEO REPORT

Manager Ritter introduced Grant Kennedy, AMI Technician. Grant has been employed with SMPA for 16 years and works out of the Telluride area. He has lived in Telluride for 27 years. He has a daughter who is currently enrolled at Colorado University.

Manager Ritter was pleased to share a letter from a member complimenting Clint Colson, and KJ Johnson on work they recently performed. The letter was included in the Director's folders for review.

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Pre-Pay / Software Analysis

Directors were provided a summary letter prepared by Manager Ritter. He reported that staff continued with efforts to compare both the NISC and ATS products. Staff was asked their thoughts on the product and to share which positions SMPA better for the future. Both products were rated on features offered. Manager Ritter evaluated the staff comments but determined there was no clear consensus of the staff on the features. Manager Ritter took into consideration the strategic goal of implementing technology for the betterment of our membership while preparing his recommendation. Director Sibold was reached via conference phone to listen in to the software analysis presentation.

The evaluation showed that both systems offered the basic features i.e. accounting and payroll. When looking at some of the more technical options offered the edge went to NISC whose product incorporated the technical features where the ATS product incorporated a third party vendor solution. A common comment from staff was the concern on integration issues of the third party products especially when either product (ATS or Third Party Vendor) is undergoing version upgrades. NISC is fully integrated with Western United where SMPA purchases the majority of business products. NISC offers prepay options as part of their package. ATS is a smaller company which shows in their resource availability. They strive to stay competitive in the market. NISC is much larger and a market leader. Both companies communicated with staff and staff was learning of new features that are to be incorporated into the ATS product. NISC is a cooperative and returns capital credits. ATS is a for profit company and they do not return capital credits.

The cost summary of both software companies was displayed for Directors. Cost categories included initial purchase price, monthly recurring costs, and annual recurring costs. Directors were reminded that although NISC's purchase price was substantial ATS has informed SMPA that they will be undergoing a platform change at an anticipated cost of \$20,000. Manager Ritter reviewed the features removed or added to ensure pricing for both software companies were fair and that they were quoting on the same features. While the initial cost of NISC was higher they were lower in the monthly and annual costs. ATS's initial pricing was lower but the costs associated with the third party links revealed that the overall price to remain with this product proved to be higher. The return on investment for the higher initial pricing would be 1.5 years if NISC were implemented. President Felicelli asked about soft costs of employee time to implement a new software program. Manager Ritter shared that there will be some conversion and training costs with both companies because of the ATS conversion. Director Alexander motioned to table the decision on software programs for 6 months – 1 year and wait until the new CEO is on board. Director Garvey seconded. President Felicelli called for discussion. Director Justis asked about the platform change by ATS. Manager Ritter answered that there is a third party performing the work on the system. Director Justis shared his concern from the last meeting was the cost and it might be advantageous to wait and was concerned about the soft staff costs. He asked what are the benefits of doing it now vs doing it later. Manager Ritter shared features and capabilities will be the same. If NISC positions better for the future it will be the same six months from now. Director Sibold shared his belief that NISC gives more for the dollar but being able to grow into the system provides advantages and meets with strategic goals. Director Cokes questioned when the cost analysis showed the third party costs. Manager Ritter replied that the costs shown for third party we were currently using but some third party costs were removed because staff felt that option was not needed. Director Rhoades believed that the pricing in six months would not change. President Felicelli shared that the new General Manager will be facing a lot of challenges. He believed it would be better to let

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the new Manager get comfortable and then revisit the software change. He is not saying the change in software is not necessary. President Felicelli shared a few questions he learned recently in a training class he attended. Those questions were: What will this decision do strategically for members? What impact will this decision have for the business of cooperative? What is the return on investment (ROI) on the technology? Will it integrate with existing technology? He feels more time is needed. Director Cokes thanked staff for their efforts in the very complex analysis. Other Directors agreed. The motion to table the IT analysis was voted on and was passed with six aye votes and one vote against given by Director Sibold. Attorney Link asked if Directors could identify any additional information that staff should include when the IT analysis comes up for consideration. President Felicelli responded that Directors may not be able to identify now but the new CEO may have a preference as opposed to being burdened with the implementation of a new system. Director Justis questioned what liabilities ATS is facing as a smaller organization.

Board Donations

President Felicelli asked to donate \$400 to the Go Hawkeye Foundation "Falling into Place" film efforts. The film is on Dannelle Watson who was injured in a climbing accident. The film is about her recovery. Spring of 2015 the foundation awarded her with a custom hand cycle.

Director Rhoades donated \$400 to the Silverton San Juan Volunteer Fire Department.

Director Garvey donated \$400 to Angel Baskets.

Corporate Donations

Directors reviewed two requests asking for Corporate Donation. Director Garvey shared that the Nucla High School cheerleaders have received their uniform monies that were requested but are looking for additional funding for strength training.

The Nucla N project is looking for funding to add small solar panels to the N in order to power and light the N for home games. The group has some funding but has not reached its goal. Director Garvey motioned to donate \$500 out of corporate funds to Nucla N project. Director Justis seconded. The motion was voted on and carried.

President Felicelli shared that the Telluride Mountain Village Home Owners Association had contacted him about the corporate funding allowed the organization for their "Kids Night Out" event. They requested permission to utilize their funding in 2016. President Felicelli agreed to the spending of funds in 2016.

August Financial & Statistical Reports

Directors were provided the August financial reports again for their review. No questions were presented.

September Financial & Statistical Reports

Directors reviewed the reports. Director Justis was pleased with the numbers presented. Manager Ritter shared that normally the last quarter is a time where expenses may increase before the end of the

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year. Terry Daley shared that he is optimistic some pole testing can begin before the end of the year. He also shared that the Tree Trimming budget is under budget at this time.

September Expenditure List

Directors reviewed the accounts payable listing. No questions were presented.

SPCC Plan

Manager Ritter shared that quotes have been received. Bids were received from LT Environmental, Stewart Environmental, and Malmanus Consulting. Staff recommendation was to accept the bid from LT Environmental because of cost and their regional presence. Directors were asked for a budget override of \$7,027.00. Manager Ritter shared there is money in the budget for regulatory compliance that can cover the costs. CREA is no longer able to provide the regulatory compliance for SMPA however staff wanted Directors aware of the change in scope. Directors Rhoades made a motion to approve the change. Director Alexander seconded. The motion was voted on and carried.

Ridgway/Telluride Wash Racks

An oil separator must be installed in Ridgway wash rack. This item was identified in the recent environmental review of all facilities. Director Alexander motioned for a change in scope to allow for the purchase of oil separator at an anticipated cost of \$3000. Director Rhoades seconded. The motion was voted on and carried.

Miscellaneous

President Felicelli asked for an update on energy efficiency programs. Staff updated Directors on the proposed Income Qualified weatherization and solar. Staff has approached Tri-State on the solar project. Tri-State has agreed that SMPA could build out 200 kW solar under the current TS-115 policy and be within the 5% limit. If SMPA is seeking to add another renewable installation then Tri-State would have an issue since SMPA would be exceeding the contract limit. Telluride Foundation was approached and has some interest in contributing some funding toward a future IQ project. Staff is looking into SMPA owned property in Nucla as a possible site. Preliminary studies show that there is a small risk that power may be pushed back onto the Tri-State line. Staff is in discussion with San Miguel County and they are interested in allowing an IQ solar site at their transfer station property. Discussion took place about concern of communities and property owners who may be opposed to the visual impact of a solar facility.

Director Garvey shared that the stolen wire on the Red Mountain line came as a surprise to her. She read about it in the Montrose Daily Press. She encouraged staff to please communicate these types of issues with Directors. The work is completed and the line is energized.

POLICY REVIEW

Members at the Board Meeting

Directors reviewed the policy as presented. Staff suggested removing the requirement of a member completing a form. Director Alexander made a motion to approve the policy as presented. Director Justis seconded. The motion was carried.

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Scholarships

Directors reviewed the scholarship policy. Manager Ritter shared that this policy does not take into consideration the Wes Perrin Memorial Scholarship. Directors had asked that the Wes Perrin scholarship be reviewed after three years. Staff plans on bringing that scholarship for review in November. If Directors choose to keep the Wes Perrin Scholarship they can also choose to combine both policies together at that time. Director Garvey motioned to approve the scholarship policy as presented. Director Alexander seconded. The motion was voted on carried.

Signing of Checks

Directors reviewed the policy as presented. Director Justis motioned to approve. Director Rhoades seconded. The motion was carried.

ATTORNEY REPORT

Director Rhoades motioned to go into executive session for the purpose of discussion personnel issues. Director Garvey seconded. The motion carried.

Directors came out of executive session at 2:45 p.m. While in executive session no decisions or motions were made.

Director Garvey motioned to accept the bid of \$2500.00 from Carol Langley & Association to conduct an employee survey. Director Cokes seconded the motion. The motion was carried.

ASSOCIATED MEETING REPORTS**A. CREA – Dave Alexander**

Director Alexander reported that the 2016 CREA budget was available in case SMPA wished to review. CREA has a new safety person. President Felicelli asked for the CREA resolution that are under current review. The resolutions will not be voted on until February.

B. Western United – Dave Alexander

Business is still profitable. Permits have been approved and work will begin soon on the new building in New Mexico. Rubber Goods testing area is being built out at the WUE Brighton facility. Testing equipment is being purchased. Staff is being trained and rubber good testing for WUE members will begin in January 2016.

BOARD TRAVEL

Director Alexander shared that he is unable to attend Director training in Nashville.

BOARD CALENDAR REVIEW

Directors chose to continue their meeting on November 16, 2015 at 1:00 p.m. in Ridgway. The regular November Board of Director meeting on Tuesday, November 24, 2015 at 9:30 a.m. in Ridgway.

The meeting was suspended.

SMPA Directors were invited to participate in a tour of Tri-State Nucla Power Plant if they were interested.

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November 16, 2015 at 1:00 p.m. Ridgway, Colorado

The meeting of the SMPA Board of Directors was reconvened at 1:00 p.m. on November 16, 2015 in Ridgway, Colorado. Six Directors were present and Director Rhoades participated via conference phone.

President Felicelli introduced Chris Arndt from the Telluride area who initiated a petition via a website call change.org. Mr. Arndt thanked Directors for allowing him to present the 300 petition signatures to Directors. He is new to the Telluride area and shared that he had a very pleasant experience in dealing with SMPA staff when applying for his electrical service.

The petition has gathered approximately 300 signatures to date and states the following:

As member of the San Miguel Power Association, we understand that the Board of Directors is actively recruiting a new General Manager to succeed Kevin Ritter, who is retiring at year end. We write to express our support for clean, renewable energy (i.e. solar, hydro, wind) and to strongly urge the Board of Directors to seek candidates for the General Manager position who are experience with clean power and who will take full advantage of the opportunities presented by the emerging clean power economy.

Mr. Arndt was thanked for taking the time to address the Board of Directors and submitting the petition and signatures.

At 1:12 p.m. Director Cokes motioned to go into executive session to discuss personnel matters. Director Garvey seconded. The motion was voted on and carried.

Directors came out of executive session at 3:20 p.m. While in executive session no decisions were made and no votes were taken.

Directors were reminded of their regularly scheduled board meeting that is scheduled for Tuesday, November 24, 2015 at 9:30 a.m. in Ridgway.

Director Garvey motioned to adjourn the meeting. Director Cokes seconded. The motion was voted on and carried.



Dave Alexander, Secretary/Treasurer

