

1. CALL TO ORDER

President Felicelli called the meeting of the San Miguel Power Association Board of Directors to order at 9:30 a.m. Five Directors were present. Director Sibold was in attendance via conference phone. Director Alexander joined the meeting at 9:45 a.m.

2. APPROVAL OF CONSENT AGENDA

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

3. MEMBER OR CONSUMER COMMENTS

A. Comments on the Solar Array Purchase

Paul Ryka and David Eckman were in attendance representing the Telluride School District (TSD). The TSD is in the process of building a 24 million dollar addition onto the school. Directors were thanked for allowing comments regarding the solar array purchase and also thanked SMPA for the option of purchasing at the Community Solar Garden. The concept of purchasing panels has been discussed at the school since January. A group of student from the Help Our Planet Earth (HOPE) Club were the driving factor of having the school go green. TSD is the only school district in the State that has made a commitment this large. The purchase by TSD will 100% offset the usage of the addition to the school. The TSD was in attendance to ask the SMPA Directors for approval of their purchase since it over the limits set by the State and SMPA policy. TSD plans on including green building options into the school curriculum. Amy Thompson from Clean Energy Collective (CEC) also thanked Directors. CEC has spoken with other school systems about making similar purchases. A recent deal with Amherst school in Massachusetts for solar offsets has been completed. President Felicelli stated that this purchase would sell out the community solar farm. Currently this leaves the Town of Telluride (TOT) with no options for their newly implemented green building codes. David Eckman shared that he attended the most recent town council meeting and the town council has given their verbal support of the TSD purchase. President Felicelli thanked the members for their comment and stated that Directors will discuss this purchase later in the meeting.

D. West End Pay It Forward

Jane Thompson president from the West End Pay It Forward Trust was in attendance to share information about the Trust and ask for support from SMPA, and to request assistance in sharing the information with employees. Paul Koski, Treasurer for the Trust was also in attendance. The trust is setting up an endowment within the community where donations can be accepted. The money will then be invested with Telluride Foundation. Once the Trust reaches set funding levels they hope to disperse funds through a grant process to nonprofit organizations in the area. The Trust has been in existence for two years and is collecting funds very slowly. There is currently a \$10,000 match outstanding with an anonymous donor. The trust is looking to raise funds to obtain the match which would help meet their fundraising goals and set them up for future grants. A booklet listing the many nonprofit organizations that are in the immediate area is available. The trust will help support those non profits that in turn help their community. Paul Koski stated that there will be a committee formed when it is time to distribute funding. The trust has an account set up at the Citizens State Bank. Quarterly Telluride Foundation will draw on the funds for investing. One time donations, inheritance, donation of old cars are a few ways donations are accepted. Jane and Paul thanked the SMPA Directors for allowing their attendance at the meeting.

E. Montrose West Recreation District

Paul Koski thanked Directors for their past monetary support to bring back an old program. The \$1,500 from SMPA was used to fund the Fun In The Sun summer program which is a month long summer program that runs 2 days per week for children to participate in organized activities in the summer. The program had 10-12 adult counselors who organized themed weekly activities. Eight high school students were hired to assist with the participants. The Recreation District thanked SMPA for their generous support and hoped for continued funding opportunities with SMPA. The Just for Kids foundation matched the SMPA donation. They hope to continue the program come June.

B. Red Mountain Line Comments

Manager Ritter advised Directors about the letters and emails received from citizens of Silverton to encourage SMPA to hold off on the Red Mountain road closures until September. This item will be discussed later in the agenda.

C. E. Kuhne Comments

Manager Ritter shared the letter received and his responses to the questions she was asking. The letter and the responses were included the Director packets. This items will be discussed later in the agenda.

4. CEO REPORT

Manager Ritter introduced four employee guests who were in attendance to receive the service awards. Mike Morlang, Equipment Technician was recognized for 10 years of service to SMPA. Gary Crawford, Mechanic was recognized for 15 years of service. Claude Barrett was recognized for 20 years of service, & Shawna Sinks was recognized for 20 years of service.

Gary Crawford and Shawna Sinks stayed and were asked to give a brief summary of their work history.

All employees were congratulated and thanked for their years of service to SMPA.

Manager Ritter shared two awards that were received from Colorado County Life. The first award was for 2nd place for coops with 11,001 to 25,000 meters, article for best explanation of an industry situation, "Powering Up After an Outage Takes Time". The second award was also for second place for best safety article, "Asplundh Takes Over Tree Trimming Operations". Plaques were passed around for Directors to view.

F. Montrose Community Foundation (MCF)

Directors were advised that the letters to all Towns, Counties and Chamber of Commerce organizations were mailed out. The letter lists the deadline for economic development applications to be received as June 15th. Information about the grant process is listed on the SMPA website and will be included in the next SMPA newsletter.

Manager Ritter shared that CoBank again has awarded SMPA another \$5,000 in matching funds as part of their Sharing Success Program. Directors were asked to approve the SMPA matching contribution. Director Rhoades motioned to approve the \$5,000 match to the CoBank Sharing Success program. Director Garvey seconded. The motion was voted on and approved.

Discussion took place about allowing the distribution of the full \$20,000 through Montrose Community Foundation. Directors chose to wait until the proposals are received and make that determination at that time. Toni Bertorello reminded Directors that the Montrose Community Foundation is available for assistance in

grading and/or commenting on the grant applications we are receiving. Some organizations may need to meet additional reporting requirements under the guidelines set by MCF.

H. Board Donation Requests

The Uncompahgre Watershed Partnership is seeking funds for the Ridgway River Festival. The group is requesting \$500 - \$1000. Director Cokes stated the River Fest is a very well attended event in the Ridgway area and that for a \$500 donation it allows the display of a banner near the main event stage. Director Cokes motioned to have SMPA make a \$500 donation. Director Rhoades seconded. The motion was voted on and passed.

A donation request was received from Caleb Jones who is looking for funding for a trip to Germany to study IT technology. Director Garvey asked to donate \$100 from her director funds. Since this donation is outside of the current policy, Manager Ritter asked Directors to ratify the request. Director Rhoades motioned to allow the donation to a single student, Caleb Jones. Director Alexander seconded. The motion to allow the Director donation was approved.

Summer Murphy and children are seeking a donation for the Ridgway Elementary School playground project. The students are hosting a fun run event where students are seeking sponsorship for each lap they run. Funds raised will go to the playground remodel. Director Rhoades motioned to donate \$250 to the Ridgway Playground Project. Director Garvey seconded. The motion was passed unanimously.

General discussion took place about the West End Pay It Forward Trust. Director Garvey suggested using the unclaimed capital credits to make a donation. Manager Ritter shared that the current bylaws would need to be changed to allow such a donation at this time. Directors discussed a letter to this group to apply for a grant through the Sharing Success program. Directors asked staff to mail a letter regarding the economic development grant funding to the Trust group.

L. Silverton Lots For Sale

Staff contacted Jim Lindamann a realtor in Silverton. There were lots recently sold in January 2015 for \$35,000 each. Since that was the most recent market comparison of vacant lots that was his recommended listing price. Manager Ritter reported that the sale of six lots would total \$210,000. SMPA originally paid \$425,800. The tax valuation of the lots is listed as \$264,000. Directors reached consensus to sit on the lots for now and not list the lots until the market turns around.

M. Annual Meeting

Staff asked for direction about issuing a \$10 bill credit to every member that attends the annual meeting. The last couple of year's bill credits have been issued instead of prize give-a-ways where only 5-6 members may win a prize. The bill credit seems to be appreciated by the membership that attends. Director Alexander motioned to allow the \$10 bill credit to those members attending the annual meeting. Director Justis seconded. The motion was voted on and approved.

N. Election Calendar

April 27th was the deadline for self-nomination petitions to be returned by those interested in seeking election on the SMPA Board of Directors District Two. Director Justis was the only person to return a completed petition. According to bylaws since he is the only candidate he is therefore deemed elected. Director Justis was congratulated and will be serving a four year term.

Manager Ritter reviewed the election calendar items that will no longer apply since the election for District Two is now cancelled. Staff will work on the notification to members in the newspapers and newsletters.

P. E. Kuehn Complaint

Manager Ritter referenced the letter included in the board packets. Last month Directors discussed this member's situation and her request to change the policy. Directors chose to not make any policy changes at that time. This member has again submitted a letter to SMPA questioning the need to collect additional deposits and the charging of late fees. Manager Ritter responded to the member's questions. Discussion took place about deposits and the need to increase deposits to adequate levels for protection to SMPA. Manager Ritter's next newsletter article will be about the need to collect deposits. Discussion continued. Directors have empathy for members in this type of situation but agreed that the rules are for the protection of the full membership. Consensus of the board was no policy change.

Q. Prepay Options

Duane Oliver, Brad Zaporski, and Susan McNamee gave their summary matrix of the prepay vendor options. There were three vendors that are being evaluated on the matrix. They are ATS, Exceleron, and NISC. The prepay systems compared initial set up costs, annual recurring costs, messaging and alert costs, per member monthly costs, debt recovery options, current number of utilities using the software, implementation timeline, ability to program and disable disconnects, on line portal, English and Spanish options, and meter data management. Each vendor was priced with an anticipated number of 400 members participating. Each participating customer has an option to receive a phone call, cell phone call, text messages, or email and to select the frequency of these types of communication. ATS has one customer that has been on the prepay system for one year with another two coming on line soon. Exceleron has 90 cooperatives on prepay. NISC has 111 on prepay. Each vendor offered a portal for customers to view their usage. ATS only tracks daily data. Exceleron and NISC offer meter reads of electric usage for every 15 minute intervals.

If SMPA were to choose NISC as a vendor then a much more comprehensive analysis would be required which also involves a complete conversion of the FIS and CIS programs. Manager Ritter shared he believes it is prudent for staff to evaluate this option, since learning that ATS is anticipating a platform change for a substantial fee in the next two years.

Screen shots of each vendor program were displayed. Portals displayed the high and low temperature for each day as well as a trend line of energy usage. The matrix will continue to be evaluated by staff taking into consideration all factors. This was an update for Directors. Staff is not prepared to make a recommendation to Directors at this time, but hope to make their recommendation to Directors soon.

U. Marketing & Member Services

i. Telluride School District Solar Array Purchase

Directors learned that the school has put a significant amount of money down on the purchase. Directors reviewed the letter from Michelle Haynes from Town of Telluride (TOT) urging SMPA to not fully sell out the array leaving the TOT some room for citizens to comply with recently revised green building codes. It is CEC's preference to allow the full sale to TSD. This purchase if allowed will be the largest amount of solar purchase at the Community Solar Array. Brad Zaporski shared that the current limits mirror the State statute and since this purchase is over the limit it requires Board approval. CEC had set a three year business plan for complete sell out of the facility and they are just under the three year mark. CEC is fully prepared to really promote the purchase if allowed. Director Justis motioned to approve the TSD purchase of 550 kW in the SMPA Community Solar Array. Director Garvey seconded. The motion was voted on and passed unanimously. Representatives from the TSD and CEC thanked Directors for their approval.

S. Western United Electric (WUE) - Mike Prom

Director Alexander introduced the CEO of Western United Electric, Mike Prom, who thanked Directors for allowing his presence at the meeting. He was in attendance to share the history WUE has in working with SMPA and other cooperatives. WUE was created back in the 70's by CREA. WUE was created due to the fact that many cooperatives were finding it difficult to obtain materials. They consider themselves as the purchasing arm and stocking distributor for its member cooperatives. While originally membership was focused on the Colorado cooperatives now WUE has added members from Wyoming, Nebraska, New Mexico, Nevada, and Arizona. Kansas, and Utah. Their goals are to lower costs for members, lower costs to deliver material, and to constantly improve value to members and increase margins that are returned to members. They have 62 members total and employ 32 people. SMPA participates in the inventory management program whose focus is to reduce the need for SMPA to carry excess inventory. WUE carries the inventory and will ship to SMPA as needed on a weekly basis. WUE maintains warehouses in Brighton and in Albuquerque. WUE is a cooperative which is governed by one director from each Colorado cooperative. One director is chosen from outside Colorado that has at least five members i.e. Wyoming, New Mexico, Arizona, and Nebraska each have one Director representative. There are 38 board seats in total. WUE is happy to have SMPA as a member.

T. Finance

iii. Capital Credit Retirement

Cal Rutherford passed out spreadsheets for capital credit retirement. Directors had approved a 2015 budget in which SMPA would retirement one million dollars. At the March Board meeting Directors chose to use \$500,000 from unclaimed capital credits to do a special retirement. Per policy staff will pass through the annual capital credits received from Tri-State which total \$221,000. Cal explained his analysis spreadsheet which shows the total proposed retirement of \$1,721,000. Cal displayed the cash flow analysis that shows SMPA's good financial condition to allow for the retirement. The retirement would cover 1986, 1987, and a small portion of 1988. The average check amount for every member over \$10 would be \$135. 12,000 checks would be processed. There are four large accounts that would receive checks of \$427,500 each. Director Justis inquired about other possible commitments i.e. a renewable cooperative and anticipated large rate increase from Tri-State. Director Sibold shared that Tri-State is continuing to plan for a large increase in 2017. He shared that Tri-State is looking at ways to mitigate the increase, but it is still in the financial forecast. President Felicelli shared his opinion that the retirement is member's money. SMPA is in a strong financial condition therefore should retire as promised to catch up. Director Rhoades was in favor of the retirement. Director Garvey was in favor of the retirement but would like to understand the need to borrow the RUS loan funds. Manager Ritter explained the equity management plan that explains returning capital credits is part of a cooperative business model and part of the cooperative expenses, however the loan funds from RUS are tied to construction projects not for the payment of capital credits. Director Rhoades agreed. Director Alexander was in favor of the retirement and is in favor of catching up the payment. Directors can choose to decrease the retirement amount in the future if needed. Director Alexander motioned to move forward with the capital credit retirement of \$1, 721,479. Director Rhoades seconded. The motion was voted on and approved unanimously.

V. Information Technology

ii. RFP Internet Service Providers

Susan McNamee made a presentation on quotes received from three providers of internet service. Fast Track Communication, Century Link, and NNTC submitted quotes. SMPA is currently with ACC which is a subsidiary of AT&T and paying \$1,300-\$1,500 per month. SMPA pays for 2 T1 lines into the Nucla office with 3 megabits of service. The quotes received increased the speed options. IT is looking at SMPA's current needs while also planning for future needs. IT's recommendation is to move to the 1 gigabyte speed with Fast Track Communication. The service can be installed at the regen facility at Tri-State in Montrose where the SMPA fiber

is currently terminated. If there is a break in service the other SMPA offices can still be up and running with built in redundancy. The cost of the ISP will be increased but the speed is being increased 1,000 times faster. IT is working on ending the contract with Century Link for the MPLS that can be transitioned to the existing fiber network which could save \$7,700 per month. Director Cokes motioned to approve the quote from Fast Track Communication for internet service provider. Director Justis seconded. The motion was voted on and passed unanimously.

W. Administration & Human Resources

v. Scholarship Presentation Dates & Locations

Manager Ritter shared that the awards ceremony dates, locations, and times in each Director district were included in the board packet. Directors were asked to let staff know if they would be available to make the scholarship presentation in their District, otherwise staff will be directed to make the presentations on behalf of the Board.

iv. Policy Review Cycle

1. Substance Abuse and Drug Free Workplace

Manager Ritter reviewed the recent proposed changes to the substance abuse and drug free workplace policy. In March Directors chose to include all SMPA employees be included in the random drug screens. Staff made the change and also sent the policy to Drug Testing Inc. for their review of the policy. They made a few recommendations to list the alcohol concentrations to comply with the law. Directors reviewed the proposed changes. Director Alexander motioned to approve the policy as presented. Director Cokes seconded. The motion was voted on and approved.

2. Military Service (Non Bargaining) Policy

Manager Ritter explained a similar policy is in place for the bargaining unit personnel. This policy applies to the non-bargaining unit. Directors reviewed the policy. Director Justis motioned to approve the policy as presented. Director Garvey seconded. The motion was voted on and passed unanimously.

3. Premium Pay and Rest Time (Non Bargaining) Policy

Manager Ritter explained that this policy is for the non bargaining unit staff. Directors reviewed. Director Justis motioned to approve as presented. Director Rhoades seconded. The motion was voted on and approved.

X. Special Projects

v. Environmental Audit

Staff is recommending an environmental audit to better determine if the cooperative is in compliance with laws and regulations, where we are now, and which areas need improvement. An audit will also give recommendations for getting into compliance. This was an unbudgeted item but staff believes there will be funds in the regulatory compliance budget since CREA is no longer providing those services for SMPA and therefore not incurring additional fees for the service. Directors reviewed the quotes received. The quote received from Malmanis was higher but included a detailed description of work that will be performed and a comprehensive report of findings along with an in person exit report to staff on all findings. Directors questioned the other bids received and what deliverables were included. Director Alexander motioned to approve the bid submitted from Malmanis Consulting Engineering to conduct an environmental audit at a cost of \$7,400. Director Justis seconded. Director Cokes shared she has some contacts for environmental work that she has had personal experience with. She is willing to share their contact information if other opportunities for bidding come up. The motion was voted an approved.

Y. Engineering

ii. Red Mountain Repairs

Staff reported they received push back from Ouray and Silverton businesses on the timeframe of when the scheduled Red Mountain road closures took place. CDOT had approved the repair work to be scheduled in June. Public meetings were held in Silverton and Ouray and it was very clear the businesses were not happy with the schedule. The businesses were promised by CDOT that no road closures would take place in June due to it being high tourist season. CDOT to their credit, Ed Archuleta stepped forth and took responsibility that CDOT staff in error had agreed to a June road closure. The new timetable for Red Mountain repairs is now September. Manager Ritter shared a few letters and emails that were included in each of the Director folders. Staff is checking with our contractors to coordinate the new dates.

5. ATTORNEY'S REPORT

Attorney Link was not present for the April meeting. Director Rhoads motioned to go into executive session for the purpose of discussing contracts. Director Cokes seconded. The motion was voted on and carried.

Directors came out of executive session at 2:53 p.m. While in executive session no motions or decisions were made.

7. ASSOCIATED MEETING REPORTS

A. CREA – Dave Alexander

Director Alexander reported that HB-046 which CREA was supporting has passed out of both houses and is on its way to the governor's desk for signature. This clarified changes to HB 252 from last year. It allows counting solar gardens for retail compliance with HB 252 and allows co-ops to not count industrial loads when calculating their compliance requirements. This will make it easier for some cooperatives to meet the 2% distributed generation requirement.

Two Public Utility Commissioners were added.

HB-1364 was discussed by CREA. The bill affected the inspection of small hydro equipment that currently is required to have a UL listing. The bill is seeking an exemption of having the UL listing. There has been a crunch lately in getting bills heard and voted on before the legislative session ends.

CREA has a new Job Training and Safety Instructor who will begin employment on April 29th.

The CREA May Board of Directors meeting will be held on May 28th and 29th in Ouray and Ridgway. All SMPA Directors are invited to attend. There will be a tour of hydro facilities on the afternoon of May 28th and a dinner in Ouray that evening. The Board of Directors will meet at the SMPA Ridgway boardroom on the 29th at 8:00 a.m.

B. Western United – Dave Alexander

President Felicelli expressed his appreciation for Mike Prom being present and sharing some history of Western United and the partnership with SMPA. Director Alexander shared that WUE has approved their budget. They are investigating the need to remodel the facility in Brighton. WUE is also considering expanding their services to include the testing of rubber gloves.

Land has been purchased in New Mexico and Staff is in the process of seeking bids for construction of a warehouse building. WUE is not planning on seeking loan funds for construction.

C. Tri-State – Jack Sibold

TSGT continues to review their rate structure and the impact of those changes to each member cooperative. TSGT had given a breakdown of the percentages of sales in various categories, which were residential 32%, large commercial 31%, small commercial 28%, irrigators 9%.

President Felicelli shared that he and Director Justis attended the recent TSGT annual meeting which was very informative.

8. STRATEGIC PLANNING

President Felicelli asked fellow Directors to begin thinking about topics and setting a date for strategic planning. Manager Ritter shared that staff has been noting possible topics as Directors have mentioned them from previous meetings. Directors can select which topics they wish to cover and make any additions as they wish. Director Garvey shared that August is a good time for her schedule. Staff will seek out the cost and availability of facilitators.

9. BOARD TRAVEL

Director Justis shared that he is considering taking some Director training classes in Missouri in July.

President Felicelli and Manager Ritter are both scheduled to attend the NRECA Legislative Conference in Washington D.C. in early May. The Senate is in session. They hope to make contact with Senators Bennett and Gardner from Colorado. The House is out of session but there are plans to meet with the Representative's staff.

10. MISCELLANEOUS

Director Justis mentioned now that there will not be an election he would like to see the Coffee With the Coop meetings begin soon. Manager Ritter shared that since Member Services is short staffed at the moment he believes these meetings could be set up soon after the new Communications Executive is hired. Interviews for this position are taking place on May 11th & 12th.

Director Justis shared that he and Wiley Freeman are planning on attending the Sheep Mtn. Alliance meeting. They are to discuss the community solar farm and how the concept works. Now that the TSD has purchased the remainder of the farm, he will focus the discussion how SMPA will be looking into other projects and that SMPA will work with TSGT to further projects in our service territory. Discussion took place about the appetite of Directors in wanting to research other renewable facilities. Director Alexander shared his reluctance for subsidies although if a subsidy were required he believes the model that Grand Valley Power is using to assist low income families to purchase solar panels is a good model. Discussion took place about other forms of renewable installations. Staff will begin to look at options and bring back information for board review.

12. NEXT MEETING

The May meeting is scheduled for Tuesday, May 26th. TSGT will be in attendance to give a presentation on the Nucla-Cahone project. Directors chose to meet in Ridgway beginning at 9:30 a.m.

Meeting Adjourned at 3:23 p.m.



David Alexander, Secretary/Treasurer

