

1. CALL TO ORDER

President Felicelli called the August meeting of the San Miguel Power Association Board of Directors to order at 9:30 a.m.

2. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to accept the revised consent agenda. Director Alexander seconded. The motion was passed unanimously.

3. MEMBER OR CONSUMER COMMENTS

President Felicelli shared a positive comment from a member in his area that was selling a property who was pleased with the service he received from CSR Penny Gabardi. The member shared that any time he has called he has received very good service.

4. CEO REPORT

Manager Ritter shared news with Directors that Brad Zaporski's father recently passed away. Brad is back east for a period of time. Our thoughts and prayers are with him.

A. Introduction of Employee Guests

Manager Ritter introduced Paul Hora, newly hired Key Accounts Executive. He and his family have recently relocated from North Carolina. He has worked in the industry over the last 10 years. He has worked both with energy efficiency programs and renewable programs. He and his wife are new parents and very excited to be in Western Colorado.

Byrd Williams was introduced. Byrd was a Journey Lineman and has now taken a position as Service Planner.

F. Montrose Community Foundation

Directors were informed that the grant recipients will be joining Directors for lunch and for a check presentation.

Manager Ritter reported that staff has looked into the possibility for an in kind donation to the Silverton town park electrical. Staff reviewed the project specification and has determined that there is not much in kind work to do. Most of the work is on the member side of the meter. Staff asked for direction from Directors on how they wish to proceed. Director Sibold motioned to donate \$2000 to Town of Silverton for power pedestals. Director Garvey seconded. The motion was voted on and carried.

Director Sibold asked about the staff research into a second solar facility and how this would work with the Tri-State policy 115 limit. Manager Ritter reported that SMPA is aware of the threshold but Tri-State approves of the facility in concept. Once SMPA staff can bring forward a viable project that SMPA Directors approve, then Tri-State will become involved. Staff is currently looking at Low Income Solar which would be small in scale. Staff is also researching a second solar facility and a possible hydro facility.

Director Alexander shared that Wendy Fenner a member with property on Horsefly is looking at a possible solar facility on their property. He believed that she is in contact with Brad Zaporski. President Felicelli shared that Tri-State needs to meet the requirement set for by SB-252 and the clean energy plan. Because of this requirement SMPA should be passing along this type of information.

Director Sibold inquired about the Red Mountain Line re-build and the options for a long term solution to the aging line. Terry Daley reported that Dave Rightley, Exponential Engineering has been contracted to look into the long term options. Staff hopes to have options to present to Directors in the near future.

H. Board Donations

Manager Ritter shared that staff received a donation request from the Telluride Mountain Village Home Owners Association. The organization submitted a proposal for the economic development grant funding and was not chosen as a recipient. President Felicelli shared that he felt this was good program. Director Garvey motioned to approved funding of \$1500 to Telluride Mountain Village Kids Night Out program. Director Cokes seconded. The motion was voted on and passed unanimously

Director Rhoades inquired about the Hard Rocker Holidays donation. Event organizers stated they had not received the donation. Toni Bertorello shared she would check into the donation status.

Director Sibold asked to donate some of his director funds to the Dolphin House, \$100 and \$100 to San Miguel Resource Center.

Staff was directed to draft a thank you letter to those organizations that were not funded through the economic development grant cycle.

K. Rate Analysis/Cost of Service

Manager Ritter opened discussion on the pricing proposal received from Rich Macke of Power Systems Engineering. Directors received a presentation from Rich in July on the impact of the proposed Tri-State rate increase. With the anticipated large Tri-State increases planned in 2017 and possibly in 2018 Directors discussed the need for future planning of existing rate structures. Directors were provided the pricing proposal from PSE via email. Director Sibold asked how the cost of service (COS) study now would help in future planning. Manager Ritter shared that Tri-State's load forecast and five year projection information would be used along with any information that SMPA deems valuable i.e. budget and member usage information. Director Justis inquired if the COS should be delayed one year. President Felicelli shared that once the analysis and forecasts are set up it could be easily adjusted to meet changes made by Tri-State. Manager Ritter shared the structure of the existing rates could be addressed i.e. access charge, limits to demands, and time of use. The COS would give Directors options to make some small changes as opposed to making one large change later. Directors were advised that these would be COS recommendations only. Directors will have the final decision for any type of rate change large or small. PSE's time line would give a presentation to Directors after 2-3 months of work and analysis and another presentation in 5 months. Director Sibold motioned to approve the estimated costs for PSE's cost of service study ranging between \$23,000-\$25,000. Director Rhoades seconded. No discussion was presented. The motion was voted on and carried.

L. Strategic Planning

President Felicelli share that some Directors expressed their opinion that many topics were not discussed at the recent strategic planning session and time ran out. The meeting facilitator, Gregg Piburn suggested scheduling another two days of strategic planning. The first day would be with the Board and the General Manager and the second day would be with the General Manager and Staff. President Felicelli will speak with Gregg Piburn regarding his timeline. President Felicelli mentioned that this may not take place until early 2016. Director Garvey asked if it would be appropriate to invite community members into the strategic planning session. President Felicelli shared his concept that

inviting others into the SMPA strategic planning may be too fractured. He was in favor of concentrating on the relationship with BOD and GM. Then once the direction is set then the GM can work with the staff for implementation of the BOD's direction. Manager Ritter shared the cost for meeting facilitation would be \$4000. Director Cokes motioned to allow a budget override for strategic planning of \$4000 to Leaders Edge Consulting. Director Garvey Seconded. The motion was voted on and carried.

M. Pre Pay Analysis

Manager Ritter shared that staff is wrapping up its analysis on the pre pay options and the software analysis. They will present their recommendation to Directors at the September meeting.

O. Finance

v. Director Question

Staff reported back on a question Director Justis had on the financials in July. The question was regarding the decrease in kWh in the Ouray area while there was a significant increase in kWh sold. Cal Rutherford compared the Ouray's usage of the top 50 members for the last three years. There was one large customer that dropped off during that time and one large customer was added. All fifty customers were showing reduced usage in the three years. Cal checked the temp differences. The average in July was four degrees lower in 2015 vs 2014. This leads Cal to believe the reduction in usages to affect all members reviewed would be weather related. The amount reported on the increase in what was billed was a timing issues with Tri-State billing.

vi. Financial & Statistical Reports

Directors reviewed the financial reports and graphs. Director Sibold shared that the net margins are higher and cost of service is lower. Cal mentioned there are about 80 jobs that are still open and will be closed and expensed out. Terry Daley shared that line maintenance and pole testing jobs have not been started and those dollars have not been spent.

vii. July 2015 Expenditure List

Directors reviewed the expenditure list. President Felicelli shared that he likes to see the rebate checks going out to members.

viii. Director Composition of Districts

Directors were provided an option to even out the number of members in each district. District maps were passed out to each director. Cal displayed the current boundaries and the colored portion showed the anticipated changes. District 1 was short members and the highest member count was in District 3. Both districts keep advancing toward the east where more growth in membership has taken place. Staff reported that District 2 now includes the camp bird line. The district numbers and proposed changes are as follows:

| | |
|-------------------------|--------------------------|
| District 1 Current 1303 | District 1 Proposed 1423 |
| District 2 Current 1373 | District 2 Proposed 1423 |
| District 3 Current 1478 | District 3 Proposed 1423 |
| District 4 Current 1456 | District 4 Proposed 1413 |
| District 5 Current 1435 | District 5 Proposed 1426 |
| District 6 Current 1465 | District 6 Proposed 1420 |
| District 7 Current 1438 | District 7 Proposed 1420 |

Directors were asked to consider the changes and bring back comments to the September meeting. President Felicelli inquired about which District Lawson Hill is located in.

P. Marketing and Member Services

i. Coffee with Your Coop in Nucla

The Coffee With Your Co-op event is scheduled for this Thursday morning in Nucla. Manager Ritter shared that the Telluride event is being planned for the evening. Manager Ritter asked Directors if a separate meeting should be held in Mtn. Village. He shared the historical negative member feedback when the rate meetings were not held in both Telluride and Mountain Village. President Felicelli mentioned he would like to extend an invitation to the government officials and ski area. Consensus was to hold meetings in both Telluride and Mountain Village. Alex Shelley will schedule accordingly.

vi. Older PV solar inverters.

Wiley Freeman reported that SMPA has seven net meter systems on line that are old and with outdated equipment that does not meet today's standards. The manufacturers of the old inverters in use are even recommending to not utilize the inverter equipment for net meter and tying to the grid. Staff is proposing to allow up to a \$750 rebate to these customers with outdated systems to update their equipment or face having to disconnect their net meter systems. Director Justis motioned to allow a \$750 rebate for retrofit of new inverters. The money would come out of the existing green fund. Director Garvey seconded. The motion was voted on and was carried unanimously.

5. ATTORNEYS REPORTS

Director Garvey motioned to go into executive session. Director Alexander seconded. The motion was voted on and carried

Directors came out of executive session at 10:45 a.m. where personnel matters and contracts were discussed. While in executive session no votes or decisions were made.

Director Sibold motioned to accept the letter of retirement from Manager Ritter and for him to continue his service until the end of the year under the existing contract terms. Director Alexander seconded. The motion was passed unanimously. Directors thanked Manager Ritter for everything he has done for SMPA.

6. POLICY REVIEW

A. Computer Usage and Internet

Manager Ritter shared that the SMPA labor attorney has reviewed this policy. SMPA staff was informed that these types of policies are under active review by the NLRB so several of the proposed changes were brought forward by the labor attorney for director review. The SMPA logo is not be used without prior authorizations. SMPA is to speak with one voice. Director Justis motioned to accept the computer usage and internet policy with the amendments regarding the use of the logo and media contacts. Director Rhoades seconded the motion. No discussion was presented. The motion was voted on and carried.

B. Family Medical Leave Act (FMLA)

Manager Ritter shared that the policy was also reviewed by the labor attorney. The changes presented put SMPA in compliance with the ever changing regulations. President Felicelli asked if this meets requirements enacted by recent legislation to same sex marriages and caregiver status. Manager Ritter stated that yes this brings SMPA into compliance. Director Garvey motioned to approve the Family Medical Leave Act Policy as presented. Director Alexander seconded the motion. The motion was voted on and carried.

C. Personal Protective Equipment (PPE) Policy

Director Cokes motioned to rescind the Personal Protective Equipment Policy as recommended by staff because it is covered under the OSHA rules and safety policy. Director Sibold seconded. The motion was voted on and carried.

D. Town Requested Pole Attachments.

Directors reviewed the policy. Director Justis inquired what happens if a member posts a notice of a lost dog onto our pole. Manager Ritter shared that crews normally look for hazards i.e. pole attachments and staples left behind routinely. If it poses a hazard to them they will remove it. This policy covers mostly government sanctioned attachments. Manager Ritter shared that this policy does not intend to stop assisting the towns with decorations and banners, the policy just formalizes the relationship. Director Cokes motioned to approve the Town Requested Pole Attachment policy as presented. Director Sibold seconded. The motion was passed by a unanimous vote.

CEO REPORT (Continued)

Q. Special Projects

i. Environmental Audit

Duane Oliver shared that a request for proposals (RFP) are being received on the spill prevention controls and countermeasures (SPCC) plan. A temporary resolution on the Telluride and Ridgway wash racks are being sought. Staff is planning on continuing with an RFP process on the Ridgway addition and to incorporate a wash bay resolution and storage pads for Ridgway.

Director Sibold stated he wanted to echo the kudos made in the Operations report about the employees reporting the near miss incidents. Either of the near misses could have resulted in serious injuries. Brief discussion took place about the recent accident at Morgan Country REA where a lineman lost his life. Directors stressed the need for employees to focus on their safety at all times. Paul Enstrom reported during a recent safety meeting the CREA trainer reviewed the details of the accident and it could have been avoided.

S. Operations

v. Red Mountain Repair

Paul Enstrom reported that contract crews from Wasatch will begin work on August 31st. They will begin work on the southernmost structure that does not impact the highway traffic. Beginning September 14th the road closures will begin for the SMPA portion. Work is anticipated to be complete within 10 days.

F. Check Presentation to Grant Recipients (MCF Continued)

Mike Geryak representing the Silverton Band Shell Project, Paul Major, Telluride Foundation, representing the Paradox Business Technical Assistance Project, and Diana Reams from WEEDC representing the Community Kitchen project were present. They were present to accept a check toward their economic development projects. Each gave a brief presentation about their projects, to accept the checks from SMPA Directors, and to give their thanks to SMPA. The recipients joined Directors for lunch and took check presentation photos with Directors.

7. ASSOCIATED MEETING REPORTS

A. CREA – Dave Alexander

Director Alexander reported that both the CREA and Western United meetings will be held later in the week. Directors were invited to attend the WUE annual fish fry.

CREA will be touring the Vestas plant where Governor Hickenlooper and other legislators will be attending.

CREA Directors will continue to work on resolutions between now and February's annual meeting. If any Directors have comments they wish to share with Director Alexander they were encouraged to communicate changes with him.

The Energy Innovations Summit is scheduled to take place October 24th – 27th in Denver.

Directors reviewed a donation challenge to CARE. No motion was made for a donation at this time.

C. Tri-State – Jack Sibold

Director Sibold shared a few highlights from the last TSGT board meeting. TSGT Directors reviewed a rate comparison for five out of the last seven years. In 2015 there was zero increase, 2014 zero increase, 2013 was a 4.9% increase, 2012 was a 4.8%, and 2011 and 2010 were both a zero rate increase. Director Sibold pointed out that the average over these years is 1.4% increase. It looks like Tri-State may be anticipating some large increases to cover costs for emission controls at generation facilities and the loss of large purchase contracts. Manager Ritter asked if there was discussion about smoothing out the large increase. Director Sibold stated no discussion has been held but he hopes Tri-State Directors will have that discussion soon.

Director Sibold shared that he has a draft copy of the operating and cost of service budgets from Tri-State. He also has the capital construction budget for review. Tri-State is budgeting for fuel costs to be lower in 2016. September 6th is the deadline for all comments to be returned regarding the ColoWyo mine.

Director Sibold shared slides from a recent presentation on renewable RFP updates. In 2007 50 projects were proposed, 2011 48 projects proposed, 2013 79 projects proposed and in 2014 71 projects were proposed. Out of the proposed projects RFP, 398 mW of renewables have been added. Tri-State Directors discussed whether it was time to issue another RFP and what the benefits and challenges would be. Director Sibold shared information about the proposed Twin Buttes Wind II project which is a 76 mW project with a 25 year Energy Purchase Agreement. The project is 30 miles south of Lamar, Colorado with 38 turbines. A second project of San Isabel Solar LLC was reviewed. This project is a 30 mW project with a 25 year Energy Purchase Agreement located approximately 20 miles north of Trinidad, Colorado. As of June 2015 Tri-States renewables make up 20% of its total power supply. Director Sibold was thanked for his presentation.

D. Eco Action Partners (EAP)

Director Sibold shared that EAP had asked him to inquire about additional solar and weatherization projects. Director Sibold shared that both topics were covered in the board packet already. He will take this information to EAP to inform them SMPA is currently looking into options for these programs.

9. BOARD TRAVEL

Directors who were interested in attending the Energy Innovations Summit in Denver were encouraged to make arrangements with staff for hotel and registration.

Director Alexander and Director Sibold each expressed interest in attending Director Training in Nashville in December.

10. MISCELLANEOUS

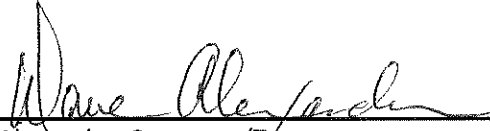
Manager Ritter asked if Directors were interested in updating individual and group photos of the Directors. Directors preferred informal photos be taken. Staff will work on setting up a date.

11. BOARD CALENDAR REVIEW

Directors chose to set the September board meeting date on Tuesday, September 22, 2015 at 9:30 in Ridgway.

Director determined the October board meeting will be held in Nucla.

The meeting was adjourned.

A handwritten signature in cursive script, appearing to read "Dave Alexander", is written over a horizontal line.

Dave Alexander, Secretary/Treasurer