

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 (December 20, 2016) and November 29, 2016 meeting minutes with the spelling corrections of the last names of Edwin Schlapfer and Joe Bayless. Also, the correction of Director Sibold (from Director Alexander) on page four along with the word change to recuse. Director Alexander seconded. The motion was voted on and carried.

3. MEMBER OR CONSUMER COMMENTS

- Member, Angela Goforth with San Miguel Resource Center (SMRC) came in to give further information about SMRC and to answer any questions. San Miguel Resource Center has requested a donation in the amount of \$2,000. Ms. Goforth explained that SMRC assists many people within the service territory with issues that pertain to violence and prevention. They estimate that they touch approximately 900 kids a year and work with goal setting, helping teachers with education regarding bullying issues, and anything that deals with violence. SMRC has a 24-hour crisis hotline and provides up to 5 days of safe housing with the aid of a Federal Grant (previously could only provide 3 days), along with counseling and attorney services available for victims.
- Director Felicelli reported that Mr. Schlapfer, who had written in about the potential rate increase, was very thankful for the minimal changes and that the member's comments were considered and had impact.
- Director Garvey received a call from a member whose mother passed away and wanted to collect her capital credits/estate. She wanted to receive the payment all at once and SMPA was holding a portion. Cal explained that we discount each year appropriately for the period of time based on the amount of time they will be paid early. The recipient would then receive the discounted amount. It is in the Equity Management Policy (Policy No: 8.08). The discounted rate is a blended average rate of debt; our cost of capital (weighted average cost of capital). The member has the option to take the discounted rate or wait the full term. Cal further explained that we assess the present value of the money using the current date and discount it based on an estimate of our average cost of the funds.
- Director Sibold received two different comments from members of the Tri-County Water Board with regard to the Energy News explaining the access charge and the energy charges. They feel like the newsletter didn't explain well. Director Sibold thinks that our message may not be connecting with people and that he continues to receive questions. Manager Zaporski doesn't think there is a good way to explain to our members all the details that go in to the COS study and how SMPA determines our fixed costs in our general marketing. He believes it is best to simplify the message so it is not too technical for our membership to understand.
- Director Cokes said that Mr. Bayless met with Manager Freeman and Manager Riley after our meeting last month and was very happy following the time they spent with him.
- The Montrose Daily Press contacted Director Felicelli for comment as to why DMEA has raised their rates. He responded that he was not able to speak on their behalf.
- Manager Zaporski said he had several comments about the Christmas party, that people enjoyed the different format and thought it was a good shift from buying presents or raffling them off as we have in the past. Director Felicelli also thought it was a fun evening.

4. STRATEGIC PLANNING

Director Felicelli proposed the date of Monday, February 27, 2017 to hold the Strategic Planning workshop. Director Felicelli will forward Executive Assistant, Mrs. Rodriguez the contact information to coordinate the speaker, lodging, and flight arrangements. Everyone agreed to look at the Chipita Lodge as a venue again.

5. CEO REPORT

Employee Guests

Manager Zaporski introduced Darcy Weimer as our employee guest.

Corporate Donations

Manager Zaporski explained that Member Services is transitioning the administration of the Corporate Donations, starting the first of the year, to the Executive Assistant, Danielle Rodriguez. Rodriguez will administer all tracking, contact, and follow up with both Corporate Donations and Director Donations.

The board reviewed the following donation application:

- a.) San Miguel Resource Center – requested \$2,000
- b.) Nucla- Naturita Area Chamber of Commerce – requested \$50- \$100

Director Garvey received a donation request from the Chamber. Director Garvey read the letter sent, the request is to help fund a speaker at their Annual Banquet.

Director Felicelli suggested that we give \$100 to the Chamber and the remaining funds of 2016 in the amount of \$1,224 to the San Miguel Resource Center.

Director Rhoades motioned to approve the \$100 to the Chamber and \$1,224 to San Miguel Resource Center. Director Garvey seconded. The motion was voted on and carried.

Board Donations

- Director Sibold would like to donate \$400 to San Miguel Resource Center.
- Director Felicelli would like to donate \$250 from his 2017 allotment to the San Miguel Resource Center.
- Director Garvey would like to donate \$150 from her 2017 allotment to the San Miguel Resource Center.

Combined with both the Corporate Donation and the Director Donations, San Miguel Resource Center will receive \$2,024 in total. Manager Zaporski offered the Board the tickets resulting from this donation for the Feb. 11th event, Chocolate Fling, first and will offer staff any tickets to follow.

Engineering

2017-2020 Construction Work Plan review

Manager Riley introduced David Rightley, P.E. from Exponential Engineering Company. Mr. Rightley did a presentation to explain the process of the following: Construction Work Plan, the Environmental Report, the RUS Loan Application Process, and the Updated Long Range Plan.

Line Extension/Tap Fee proposal

Manager Zaporski explained the Line Extension and Alteration Policy No: LINE EXT-1 was last revised in April of last year. This revision removed the cost of the transformer for residential services. Jeremy Fox, Service Planning Supervisor, presented a brief history of what SMPA has done with line extension policies and tap fees in the past. He also presented a proposal for changes to our current policy. The proposal outlined the formula

to charge a tap fee for new connections on a line extension and provide refunds to the existing members on that line. When asking the Board as to whether we should move forward with a new policy revision, all agreed that we should make changes to be fair. Manager Zaporski cautioned the board that this type of policy was out of the norm and we may open ourselves up to different problems. He also wanted to stress that there would be additional administration time and costs associated. Manager Zaporski will see that a formal proposal to a revised policy is presented in January 2017.

Safety and Regulatory Compliance

Paul Enstrom introduced Darcy Weimer who presented the winner of the Safety Logo and Slogan. There will be an engraved plaque made for each location, approximate size 12" x 12"; will have sweatshirts made for the employees. Renee Koski was the winner of the slogan and Carla Reams was the winner of the logo.

Manager Riley mentioned an engineering update: that development permit for the Telluride – Mountain Village project is submitted to San Miguel County.

Finance Update

Manager Rutherford explained that he has to wait on the energy bill from Tri-State in order to accurately report on the month; that is why his reporting is often not in the board packet. Overall, Manager Rutherford explained, that due to unseasonably high temperatures in November, we had a lower margin level than expected. SMPA is still approximately \$700,000 over in budget and expects ≈ 2.5 million in net margins for the year.

Manager Zaporski inquired if the Board was found the Form 7 review beneficial and if they would like to continue monthly small trainings. Director Felicelli and Director Cokes responded with yes; we will continue some training overviews until otherwise noted.

Marketing & Member Services

Manager Freeman gave an update on the IQ Solar project. Freeman noted that we have \$367,000 in the Green Fund and suggested to use the monies for funding the program. Manager Zaporski explained that while there is approximately \$600,000 of unclaimed capital credit funds, he would like to use some of the money to retire capital credits. SMPA will receive \$50,000 reimbursement from The Telluride Foundation upon completion of the IQ Solar project. A list will be compiled, that offer options of how we may use any additional power, and presented to the Board at a later date.

Director Alexander motioned to approve using \$200,000 from the Green Fund to fund the IQ Solar project. Director Rhoades seconded. The motion was voted on and carried.

Manager Freeman explained the rate change will be implemented the first of the year and will show up in the member's February bill. He also mentioned that he was still working on the follow-up regarding what other co-ops are doing with their corporate donations. Delta-Montrose Electric Association donates approximately \$34,000 annually. He is also looking in to the possibility of matching donations from Basin Electric Power Cooperative.

Communications Executive, Alex Shelley, proposed 5 different themes for the Annual Meeting. The majority of the directors chose The Challenge of Change as the theme.

Information Technology

Manager Zaporski updated getting off MPLS and changing over to our own fiber is moving along. Dallas Creek and Ouray are completed and the only location left is the Sunshine/Telluride.

Administration & Human Resources

Manager Reams had no updates.

Approval of Association Legal Counsel (Policy 5.07)

Director Alexander motioned to approve Policy 5.07 as presented. Director Cokes seconded. The motion was voted on and carried.

Approval of Board of Directors- General Manager Relationship (Policy 5.03)

Director Garvey motioned to approve Policy 5.03 as presented. Director Alexander seconded. The motion was voted on and carried.

Operations

Manager Oliver gave update that the lighting projects moving to LED are completed and Paul Hora is in the process of sending the other lights back to the manufacturer. Manager Oliver also wanted to confirm that the Summary Outage Report is what the Board was looking for, all agreed, that it was.

6. ATTORNEY'S REPORT

Attorney Jim Link was not in attendance.

Director Sibold made a motion at 2:03 PM to enter into executive session for personnel and contractual issues. Director Rhoades seconded. The motion was voted on and carried. The board entered into executive session at 2:03 PM and came out at 3:37 PM. While in executive session no decisions were made, nor votes taken.

7. ASSOCIATED MEETING REPORTS

CREA– Dave Alexander

- Dec 1-2 Christmas party for CREA.
- Legislative changes and how those will impact.
- CREA recently hired a lobbying firm.
- Randy Wesburg, last day of work Nov 30th, safety and loss control, they are looking to replace him.
- Kent Singer was up for review recently and will continue as the Executive Director for CREA.
- Working on updating the CREA directory.
- Jay Chris, passed away who was working on a documentary that SMPA was involved with. The documentary was not completed and is on hold.

Western United- Dave Alexander

Everything is going well. They have the testing facility up and running and is going well. More and more co-ops are using it.

Tri-State – Jack Sibold

The Nucla plant is down and will start up again in spring. Market prices are very low right now, making it cheaper to buy power than to self-generate. Budget for revenues 48.6 mill, forecast is 21.4 mill; 56% below

budget. This was due to the loss of a lot of non-member sales that were not lucrative, stemming from market prices being so low.

Cash flow is good due to less capital expenses and not that many projects going on.

Employees of Tri-State visited Haven House in Montrose and brought coats and presents to each person that lives there (44 ppl).

Director Sibold went through the Organized Market Overview Tri-State presentation and included some other presentation documents for the Directors to review.

Eco Action Partners – Jack Sibold

Was not able to attend.

8. BOARD TRAVEL

Director Garvey mentioned the CREA Annual Meeting beginning February 11-14th in Denver. Executive Assistant Danielle Rodriguez will send out the Agenda and make travel arrangements for those that requested to attend.

The NRECA Annual Meeting will be held in San Diego. No Board members will be attending.

9. MISCELLANEOUS

n/a

10. BOARD CALENDAR REVIEW

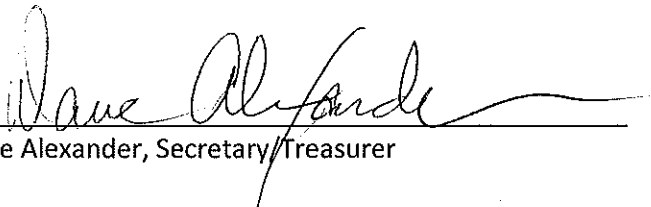
n/a

11. NEXT MEETING

The next board meeting will be held on Tuesday, January 24, 2016 in Ridgway at the SMPA office.

12. ADJOURN

Director Garvey motioned to adjourn the meeting at 4:04 PM. Director Cokes seconded. The motion was voted on and carried.



Dave Alexander, Secretary/Treasurer