

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 (January 23, 2018) to include the December 21, 2017 meeting minutes. Director Alexander seconded. The motion was voted on and carried.

3. MEMBER OR CONSUMER COMMENTS

- Director Sibold reported that overall the Eco Action Partners Board wanted to see the rate increase in the energy charge.
- Director Cokes introduced Member, John Metcalf to the Board Meeting and invited him to speak. Mr. Metcalf gave a brief history of his time in the area and his background. He is very appreciative to SMPA for their part in helping bring fiber access to Telluride. Mr. Metcalf would like to learn more about SMPA's fiber infrastructure and would like to see us help facilitate Ouray County with existing or new fiber lines. Manager Zaporski will set up a meeting with Mr. Metcalf and appropriate staff to talk about some of his questions.
- Director Felicelli and Manager Zaporski met with new Town of Telluride Town Manager, Ross Herzog for an informal introduction lunch. Both felt that it was very positive and was good to build a business relationship.
- Director Sibold was wondering if there was anything in follow up to the Clean Energy Committee. Manager Freeman replied that they helped to gain momentum for our Green Blocks program and came up with neat ideas on how we bolster Green Blocks sales and have more interactions with our Members.
- Angela Goforth with San Miguel Resource Center spoke in regards to the organization's donation request as a sponsor for the Chocolate Lovers' Fling, SMRC's largest fundraising event that accounts for nearly 20% of their operating budget. Ms. Goforth explained San Miguel Resource Center's is the domestic violence and sexual assault crisis center in our area and highlighted some of their programs. The theme of this year's event is disco/Studio 54.

4. STRATEGIC PLANNING

Update: Instill an impeccable safety culture- Paul Enstrom & Duane Oliver

Paul Enstrom, Safety and Regulatory Compliance Coordinator updated the Board on the safety culture strategic initiative. The safety slogan and logo board room posters are completed and 2018 has monies budgeted for promotional items. They are currently working to schedule an electrical hazard awareness clinic in Nucla to include west end area responders. Training for 2018 is scheduled for the Safety Committee. The final drafts of the cover-up testing procedure and the live line tools procedure are completed. There are three safety programs scheduled for staff to teach in 2018. In February winter survival training by SafetyOne is scheduled and the swift water hazard awareness and rescue training will be scheduled for this spring. Electronic message boards budgeted for 2018 to promote safe working tips and ideas. Staff also would like to develop a picture board to place by the last door you pass through with photos of all important reasons (family, pets, quotes) to stay safe. This will give staff the inspiration to want to work safely before going into the field. Peer to peer safety observations with customer service is scheduled for February. 2018 has monies budgeted for building and security improvements.

Update: Improve Member Outreach/Communication/Education- Wiley Freeman

Manager Freeman gave an update on his strategic initiative. Staff has worked at analytics to establish baseline data per demographic. Member Services implemented an online scholarship application form for 2018. They are continuing with participation with community groups that are following SMPA programs to improve media relations and for policy maker's education. In support of SMPA's culture of safety all employee's contact phone numbers have been added to the ReadyOp application. This will quickly send out text and call alerts in case of an emergency.

Resolution 2018-01 Approval of the design and construction of the first nine miles of Red Mountain line
Director Alexander made a motion to approve Resolution 2018-01. Director Rhoades seconded. The motion was voted on and carried.

Planning for the subsequent work plan will begin in 2021 and new work plan will start in 2022. This project will prepare the Ridgway area for growth and continued reliability.

5. CEO REPORT

Introduction of Employee Guests

The employee guest this month was new employee, Mark Prezbindowski. Mark gave a brief introduction, he is originally from Indiana and graduated from Purdue University. He has been here locally for about four years. The second employee guest was Shawna Sinks. Shawna is a long-time employee; starting employment in 1994 and works in GIS.

Manager Zaporski presented Shawna with a SMPA Employee Recognition Award for her Community Involvement and SMPA Image. Shawna was nominated by one of her peers in December of 2017.

Corporate Donations

San Miguel Resource Center- Chocolate Lovers' Fling

Director Garvey made a motion to approve \$2000 to the San Miguel Resource Center. Director Garvey made a modified motion to approve a \$1000 donation to the San Miguel Resource Center for their Chocolate Lovers' Fling event; asking Basin Electric Power Cooperative to match SMPA's donation. Director Justis seconded. The motion was voted on and carried.

Telluride Mountain Club

Director Sibold made a motion to approve a \$500 donation to the Telluride Mountain Club for their Winter Film Night and their Summer Membership Drive; asking Basin Electric Cooperative for a donation match. Director Rhoades seconded. The motion was voted on and carried.

Board Donations

There were no Director donations this month.

Finance Update

Coop Director Finance Training

Manager Mertz gave an overview of the 2017 un-audited financials. Manager Mertz explained the RUS required ratios. In 2017 SMPA exceeded the minimum RUS requirements and had positive margins despite declining revenues. Overall SMPA is experiencing system growth but a decline in meter consumption.

Marketing & Member Services

Manager Freeman explained the status of the NISC project; noting that they will do their first site visit next week. In preparation for their visit, there was an 800-question survey submitted. This prompted staff to write down some of the customer service procedures in order to ease the transition. Manager Freeman explained that Dalwhinnie is our largest rebate to date to answer Director Sibold's question. He also explained that we would like to change some of the Green Blocks program details such as how we could make that tax deductible. Another idea would be for an individual to see their carbon footprint. Director Cokes thinks translating that into an application could really catch on.

Information Technology

Manager Zaporski explained that Manager Tea is finishing up the lightning strike claim. This accident has and enabled us to replace our dated servers in preparation of the NISC conversion. The NISC conversion requires SMPA to look at all business processes.

Administration & Human Resources

Compensation and Expenses of Board Members (Policy 5.05)

Director Garvey made a motion to approve changing Policy 5.05 verbiage for Board of Directors compensation in lieu of health insurance from \$400 to \$700 and to bring the policy back to the Board next month. Director Rhoades seconded. The motion was voted on and carried.

Manager Reams explained that SMPA met with the Union and we are requesting that negotiations begin earlier this year. Negotiations take place every two years typically at the end of the year. This topic will be discussed further in executive session. SMPA has gone one full year without any recordable safety accidents. Manager Reams will be out of town for Management Internship Program training in the second session beginning Feb. 11th through the 23rd. We received sixty applications for the Apprentice Journeymen position and have selected eight to interview.

Engineering

Manager Riley explained that we signed the Amendment with Tri-State to allow us to bill for invoices for work through 2017 on the Telluride Mountain Village Reliability Project. The switches are shipping Friday this week and will take two to three weeks. We have invoiced Tri-State for 90% of costs.

Operations

Manager Oliver explained that work is finally slowing down in Telluride and crews are now working on more capital work such as changing out poles.

Safety and Regulatory Compliance

Paul Enstrom thinks that the changes with our safety program is working and having a positive impact resulting in no recordable accidents in a year.

Manager Zaporski went to the Tri-State Managers Meeting this month. One of the topics of discussion was around using batteries for storage, prompted by United Power. Tri-State invited United Power to come in and present what they are doing, why and economics of how they are doing it. Following was Tri-State's perspective. United is installing a large battery that will be turned on at peak times of usage to decrease their demand billing with Tri-State. Tri-State's view is that the battery is like a generator. Tri-State staff is trying to make that distinction and is contemplating putting it on a stand by rate. This new rate class would decrease

United's savings by half. United has committed that even if Tri-State puts them on the stand by rate that they will continue with the project. Although this has not stopped this project, it more than likely will stop any future projects. Xcel Energy put out an all resources RFP. The median prices were shocking at 3.6 kwh cents for solar with batteries, and 2.1 kwh cents for wind with batteries. There are some missing storage details. These are at or below Tri-State's avoided costs. The managers of any coop that is bordering Xcel are unsure how they will deal with this.

6. ATTORNEY'S REPORT

Director Garvey made a motion at 1:01 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 1:01 PM and came out at 3:14 PM. While in executive session no decisions were made, nor votes taken.

7. ASSOCIATED MEETING REPORTS

CREA- Bob Justis

Director Justis wanted direction from the Board on support regarding upcoming legislation at the next CREA meeting. Overall the Board is not in favor as the bill is currently written and would recommend that Director Justis vote nay.

Western United- Dave Alexander
n/a

Eco Action- Jack Sibold

Looking at alternative treatment for bio-solids. They wanted a direct line item on their budget for SMPA and Basin Electric funding contributions. It appears that Mountain Village is completely pulling out of funding for Eco Action.

Tri-State – Jack Sibold

Director Sibold went over the presentation from Scott Madden Management Consultants regarding an industry update. The general feedback was positive from those who attended and saw this presentation. He also went over the Resource Planning from the January 2018 Strategic Planning Meeting. Xcel is regulated but may raise their rate by 1.5% each year without going to the commission to get it approved. Holcum plant is now known as a regulatory asset and will be paid off in six years. There will be a five-month outage of Craig 3 generation and this will be about 5-6-million-dollar expense.

8. BOARD TRAVEL

9. MISCELLANEOUS

Set date of record

Director Alexander made a motion to approve the date of record, April 23, 2018. Director Rhoades seconded. The motion was voted on and carried.

Appoint independent election monitor

Alex Shelley, Communications Executive reviewed three options for election services. Election services include receiving and tabulating ballots, election onsite services, and ballot printing. Option 1: to remain with Attorney, Jim Link, in this option SMPA staff would price and design ballots; Option 2: Survey and Ballot Systems; and

Option 3: eBallot. The Board of Directors discussed costs associated with using the other large election companies and the pros and cons of these choices.

Director Alexander made a motion to approve Option 1: Attorney Jim Link. Director Cokes seconded. The motion was voted on and passed with two nay votes from Director Felicelli and Director Justis.

10. BOARD CALENDAR REVIEW

n/a

11. NEXT MEETING

The February Board of Directors Meeting will be on Tuesday February 27, 2018 in Nucla.

Due to time constraints, the January 23rd meeting did not adjourn on the 23rd but was suspended and scheduled to reconvene on February 6, 2018 at 10:30 AM in Ridgway in open session.

The Board of Directors Meeting reconvened on February 6, 2018 at 10:39 AM. Director Felicelli and Director Justis in person and via phone Director Garvey, Rhoades, Alexander, Cokes, and Sibold. Also, in attendance by phone, General Counsel, Jim Link.

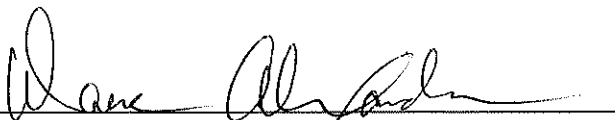
Director Justis made a motion at 10:45 AM to enter into executive session for personnel and contractual issues. Director Sibold seconded. The motion was voted on and carried. The Board entered into executive session at 10:45 AM and came out at 11:54 AM. While in executive session no decisions were made, nor votes taken.

Director Alexander made a motion to approve Resolution 2018-02. Director Garvey seconded. There was discussion regarding some changes to the resolution.

Director Justis made a modified motion to approve Resolution 2018-02 with the changes discussed. Director Alexander seconded. All Board of Directors were unanimously in favor and the motion passed.

12. ADJOURN

Director Alexander motioned to adjourn the meeting at 12:06 PM. Director Justis seconded. The motion was voted on and carried.



Dave Alexander, Secretary/Treasurer