

1. CALL TO ORDER

President Felicelli called the regular meeting of the San Miguel Power Association (SMPA) Board of Directors to order at 9:32 AM. The meeting was held via Zoom Video/Teleconference. All Directors were in attendance via teleconference.

2. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the revised consent agenda (February 23, 2021). Director Alexander seconded. The motion was voted and carried.

3. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Felicelli recounted contact with a member. The member reported that even though he has solar, his bill had been getting higher; upon investigating, the member found his system was not operating correctly. The net metering member felt SMPA might have been able to identify the situation and alerted him to it.
- Director Cokes informed the Board a commercial property owner had contacted her to express her appreciation for SMPA staff assistance in identifying multiple meters.
- Directors Cokes advised the Board she had received multiple compliments on SMPA coordination of outage announcement alerts with the Ouray County Emergency Alert System.
- Director Alexander reported he had been contacted by a member from the Wilson Mesa area regarding right-away-concerns. Director Alexander put the member in contact with staff to follow up on the matter.
- Director Cooney reported receiving questions regarding public Electric Vehicle (EV) charging stations.
- A member presented to the Board a desire to install an EV DC Fast Charger. The member informed the Board that while a Level 1 EV charger can take overnight to charge a vehicle and a Level 2 EV Charger takes around four-six hours, a DC Fast Charger can replenish an EV battery in 15-20 minutes. The member reported current rate structures make the project financially unattainable and request the Board consider developing a specific rate structure for EV chargers. Manager Zaporski stated EV's are considered a Beneficial Electrification because it switches transportation fuels over to low carbon electricity. SMPA is working through the complex scenario of designing incentives and rates for EV chargers in a way that creates equity for the rest of the membership.
- A member summarized his experience regarding a potential line relocation on his property to the Board. He expressed his dissatisfaction with the design location and the process, requesting the situation be resolved as soon as possible.

4. BOARD TOPICS

Colorado Country Life Magazine

Director Cokes reported she had been contacted by a member asking if they could subscribe to the Colorado Country Life magazine. Upon receiving the request, she researched the topic and SMPA's role, noting it will be a budget item and a decision will need to be made. It was determined the matter would be discussed further at a future meeting.

Tri-State Board Policy 124 and Draft Policy 125

Director Cooney reviewed Tri-State (TS) Board Policy 124- Partial Requirements Open Season and the Draft TS Board Policy 125- Contract Termination Procedures Policy. Director Cooney noted the Draft Policy 125, as written, could significantly impact SMPA's ability to move forward exploring alternate power supply options. Following a lengthy discussion of Draft Policy 125, the Board agreed they are dissatisfied with the policy as written, noting it is not a practical policy for a small cooperative.

West End Transition Funding from Tri-State Discussion

Director Cooney summarized his research into the West End Transition Funding topic. He highlighted the plant closed before the Just Transition Act was passed in the state legislature, although it is still applies to Nucla and noted that no capital funding could make up the lost tax base following the Nucla plant shut down. After discussion, Director Cokes, Director Cooney, and Director Garvey formed a subcommittee to pursue the topic further.

5. STRATEGIC PLANNING UPDATE

Engineering Supervisor Mike Theriault and Area Serviceman KJ Johnson outlined the initiatives identified to further develop the Crisis Management Plan (CMP). Initiatives include an update and expansion to SMPA's existing Emergency Restoration Plan (ERP), staff education, blue sky exercises and a focus on mitigating supply chain disruptions. They defined a successful CMP as having a plan in place, knowing where it is and how to implement it. They discussed timelines associated with each initiative and identified Key Performance Indicators (KPI) associated with each endeavor.

Fully Optimize All Technology- Doug Tea

Manager Tea reviewed the strategic initiatives that were developed to achieve fully optimizing all technology. Manager Tea noted the initiatives, a concentration on cybersecurity, developing a documented Information Technology Emergency Response Plan (ITERP), implementing budgeted software projects, and focusing on optimizing and leveraging current technologies are projects- are all on target, progressing in alignment with targeted timelines.

6. CEO REPORT

CEO. Items

Power Supply Update

Manager Zaporski reported that SMPA is currently involved in settlement negotiations regarding a Contract Termination Payment (CTP) number with Tri-State, noting that this number is vital for the formula analysis of power supply options. Staff maintains communication with respondents to the Power Supply Request for Proposal (RFP) and continues to explore options to take advantage of a Partial Requirement Contract (PRC), noting it is challenging to move forward without the CTP information to utilize in a methodology evaluation.

Legislative Update

Director Cokes reported that the upcoming 2021 legislative session is being referred to as the Beneficial Electrification (BE) session as they expect a lot of electrical components with a backdrop of wildfire bills. Director Cokes discussed the Draft Wildland Fire Mitigation Bill, highlighting it provides better liability protection to co-ops. Following discussion, the Board agreed they were in favor of the Wildland Fire Mitigation Bill. Director Cokes reviewed the Draft Cooperative Electric Association Governance Requirements. The original intent of the bill was to allow coops the ability to use electronic voting; now, the bill incorporates defining fiduciary responsibility for the director who sits on both a distribution co-op Board and the Generation and Transmission

(G&T) co-op and outlines procedures the organizations need to follow to provide additional transparency. Following discussion, the Board agreed they were in support of the Cooperative Governance Bill's intent. A letter of support for the Bill would be submitted to the Colorado Rural Electric Associations (CREA) Board of Directors.

COVID-19 Discussion

Manager Zaporski reported staff continues to be vigilant about following safety protocols, and the organization has not had any inter-office transmissions.

Introduction of Employee Guests

Manager Zaporski introduced Ridgway-based Service Planner Duane DeVeney and thanked him for 37 years of dedicated service to SMPA. Mr. DeVeney expressed his gratitude for working for such a great company all these years.

Manager Zaporski introduced Scott Davidson. Mr. Davidson will be moving into the Ridgway Service Planner position. Mr. Davidson has been employed with SMPA for 30 years in the Journey Line Technician role. Mr. Davison relayed his appreciation for being given the chance to move into the Ridgway Service Planner position.

Danielle Rodriguez, Human Resources and Administration Coordinator; Terry Schuyler, Key Accounts Executive; Kelly Truelock, Staff Account; Mike Therriault, Engineering Supervisor, were in attendance at the webinar meeting.

Community Focus Donations

Manager Freeman informed the Board the Community Focus Donation Program has \$2,462 in unspent funds for the 2020 year. Board Policy 150, Community Focus, Section II, A, #4 states, 'any unused funds from a previous quarter will roll over to the next.' However, as it is the end of the year, a rollover requires Board approval. Following discussion, Director Garvey motioned to roll the 2020 unspent Community Focus Funds into the 2021 Community Focus program. Director Rhoades seconded. The motion was voted and carried.

Board Donations

Director Garvey donated \$100 to the West End Family Link.

Finance Update

Coop Director Finance Training

Manager Mertz reviewed key accounting principles, including a review of accrual vs. cash accounting, the income statement, the balance sheet, the relation between the two reports, and a financial ratio review. He educated the Board that an impaired asset is an asset that has a market value less than the value listed on the company's balance sheet, noting when an asset is deemed to be impaired, it can be written off on the company balance sheet. Mr. Mertz noted an asset can become impaired for various reasons, including, but not limited to, outdated technology, regulatory, or damage. Mr. Mertz informed the Board that SMPA currently has what staff believes to be an impaired asset in the Irrevocable Right of Use (IRU) for the Dark Fiber Network Agreement, noting this asset was set up with an inaccurate amortization schedule and has several contractual aspects that impair the usage of the Southern route, an attribute of at least half of the IRU, and the remainder or Northern Route, having nominal if not uncertain benefit for future use. For reasons of half non-functional and the other half uncertain, staff considers this intangible asset to be impaired and is recommending to the Board to consider writing off the entire asset. Mr. Mertz noted that if the asset is not written off, the amortization costs would remain and be captured in the cost-of-service study and included in the rate making process. Any acceleration of

amortization without external intervention could cause rate pressures. Manager Mertz noted staff will present a Board Resolution regarding the impaired asset write-off for final consideration at the March Board of Directors meeting. Manager Mertz also highlighted that the timing to execute this write off is optimal at this time, for the year 2020, for several reasons. Although highly recommended, it was explained that it is not mandatory to write off this asset and that the Board has full discretion to write off or not write off the asset. Manager Mertz also noted that there is no cash impact to this write off. The Board indicated that they were interested in writing off the assets and directed Staff to bring a resolution next month with that proposal.

Annual Director Expense Summary for 2020

Director Cooney motioned to approve the 2020 Annual Director Expense Summary with corrections. Director Rhoades seconded. The motion was voted and passed.

PPP Update

Manager Mertz reported that the Payroll Protection Program (PPP) has been filed and is pending approval.

Year-End Audit Status

Manager Mertz communicated the year-end audit is in progress and on track for a presentation at the April 2021 Board of Directors Meeting.

Marketing & Member Services

Board Approval of PV Systems in excess of policy limits

Manager Freeman reviewed a member's request for a PV system limit override, noting SMPA staff's evaluation shows a valid reason for the size of the system selected. Following discussion, Director Cokes motioned for Board approval of the PV system in excess of policy limits. Director Garvey seconded. The motion was voted and carried.

Manager Freeman reviewed his Board report; he highlighted that Tri-State, in an effort to reduce expenses, will no longer pay for SMPA's membership to Basin Electric Cooperative. Manager Freeman reviewed staff analysis of the benefits of being a Basin Electric member and the expense related to paying the membership fees directly; ultimately, the staff recommendation is SMPA maintain the membership as benefits outweigh the expenses. Following discussion, the Board instructed staff to move forward with maintaining the membership with Basin Electric.

Manager Freeman informed the Board that there are ten public-facing EV charging stations in the SMPA service territory. Mr. Freeman advised the Board that Plug Share is an available resource online and as an App. Plug Share is an excellent source for locating EV charging stations; currently, the App identifies over 200,000 EV charging stations, including the 10 Level 2 EV chargers in our service territory. Manager Freeman stated that there are no DC fast chargers in our service territory at this time, but it is on the horizon. Manager Freeman will share more information about EV chargers, charge point technology, incentives and rate strategy ideas at the March Board of Directors Meeting.

Information Technology

Manager Tea reviewed his report highlighting that the two-step authentication process for the organization will be activated by the end of the day and thanked everyone for helping add this level of security to the SMPA systems. Mr. Tea praised staff for embracing technology.

Administration & Human Resources

Human Resources and Administration Coordinator Danielle Rodriguez reviewed her report, noting the Service Planner Supervisor position has been posted internally and externally. The first review of applications is scheduled for March 15, with the first interviews scheduled around the last week of March.

The Board reviewed Policy 306, Member Access to Information and Member Request Form. Following discussion, Director Garvey moved the policy be adopted as presented. Director Alexander seconded. The motion was voted and carried.

Engineering

Manager Fox presented the bid review for the engineering service contract for the 2022-2025 Construction Work Plan (CWP). Mr. Fox informed the Board that the CWP is an important document that the co-op and RUS utilize. The document details all upcoming projects and is a key component in establishing the next four years' budget. Manager Fox reported six organizations submitted bids. Staff evaluated the proposals, scoring the bids based on the quality of the bid, the organization's experience, deliverables, and verified references. Upon completing the bid evaluations, staff recommendation is the engineering service contract for the 2022-2025 CWP to be awarded to Power Engineers. Following discussion, Director Alexander motioned the engineering service contract to be awarded to Power Engineers for the 2022-2025 CWP. Director Rhoades seconded. The motion was voted and carried. The motion was passed and will be re-ratified at the April meeting because the action did not meet the 10-day advanced posting requirement.

Operations

Manager Oliver did not have anything to add to his report.

Safety and Regulatory Compliance

Paul Enstrom, Safety and Regulatory Compliance Coordinator, reviewed his report adding the contract utility arborist has officially started. This contractor will focus on processing the permission/planning of all tree work, quality control (QC) follow-up and administering the hazard tree program.

9. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes

Director Cokes informed the Board the next CREA Annual Meeting is scheduled for March 9, 2021, and the event will be virtual. Director Cokes reported significant discussion in Colorado regarding the power outage issues in Texas. Manager Zaporski gave a brief overview of the situation, highlighting why it is less likely to happen in Colorado. Colorado infrastructure is more hardened against extreme weather events and systems are constructed to perform well in colder temperatures. Additionally, Colorado is integrated into larger regional electric grids that are less likely to be simultaneously affected by the high demand for electricity and the lack of power supply that has been the cause of Texas rotating outages. Manager Zaporski added that even with the advantages of better cold-weather preparation and large electric grid options, unforeseen circumstances can still be a hurdle. Ultimately, our contract is not a guarantee of service.

Western United- Dave Alexander

Director Alexander informed the Board that Western United sales continue to be up, specifically highlighting December sales were 41% over budget. Director Alexander added that Western United is prioritizing co-ops orders over contractor orders and trying to bring in more inventory to help alleviate lead time challenges.

Eco-Action- Kevin Cooney

Director Cooney stated Eco-Action Partners has hired a new energy auditor. The weatherization program targets assisting 40 homes in 2021, and the organization continues to explore ways to promote composting and plastic recycling in the area. Additionally, Eco-Action is focusing on a Green Business Certification program by working with businesses to evaluate their facilities and determine areas they could be more efficient, then helps identify rebate options to help them make the changes.

Tri-State- Kevin Cooney

Director Cooney reported 66% of Tri-State's load is now part of the Southwest Power Pool (SPP) Energy Imbalance Market. Director Cooney advised Tri-State sales continue to be down and staff continue to work on rate stabilization and to meet the rate reduction goals. Director Cooney reported the TS Board held a strategic planning session in early February. The session included guest speakers focusing on new technologies, new storage, methods to improve resiliency, microgrids, and discussion around energy policy at state and federal levels that might impact Tri-State.

10. ATTORNEY'S REPORT

Director Garvey made a motion at 3:29 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 3:29 PM and came out at 3:51 PM. While in executive session, no decisions were made, nor votes taken.

11. BOARD TRAVEL

N/A

12. MISCELLANEOUS

Certify Director Districts

Jim Link, General Council, reviewed the member report allocation by district and recommended no changes. Director Rhoades motioned to certify the districts as presented, Director Garvey seconded. The motion was voted and carried.

Manager Zaporski congratulated Director Alexander for receiving the Gold Level Director Certification from the National Rural Electric Cooperative Association (NRECA). The NRECA's Director Certificate Programs is offered in three levels, from fundamental to advanced, and are designed to help electric cooperative directors, at every stage of their service, understand their roles and responsibilities, stay up to date on the key issues and trends in the industry and prepare them to meet the challenges facing electric cooperatives now and in the future. The Gold Level is the highest in the certification program.

13. BOARD CALENDAR REVIEW

The Board reviewed upcoming training opportunities that are occurring virtually.

The Board discussed SMPA Board Meetings' timing and decided to adjust the meeting begin time from 9:30 AM to a 9 AM start time, effective at the March meeting. This will remain in effect while meetings are virtual and will be reevaluated when we can hold in-person meetings again, taking into consideration drive times.

14. NEXT MEETING

The next Board of Directors meeting will be Tuesday, March 23, 2021, Via Zoom.

The March meeting will take place on Tuesday, April 27, 2021, Via Zoom.

15. ADJOURN

Director Rhoades motioned to adjourn the meeting at 4:01 PM. Director Garvey seconded. The motion was voted and carried.



Doyleene Garvey (Mar 23, 2021 17:53 MDT)

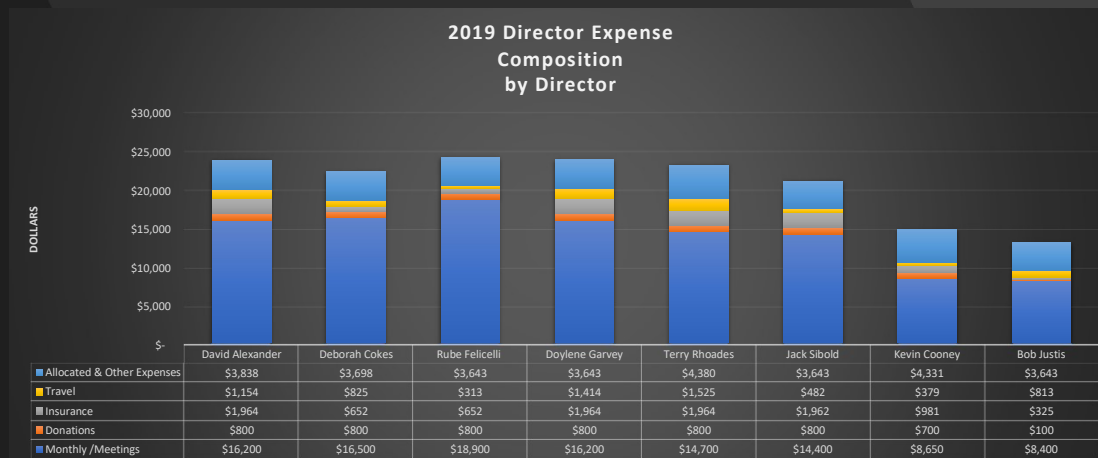
Doyleene Garvey, Secretary/Treasurer

Director Expense

Annual Review

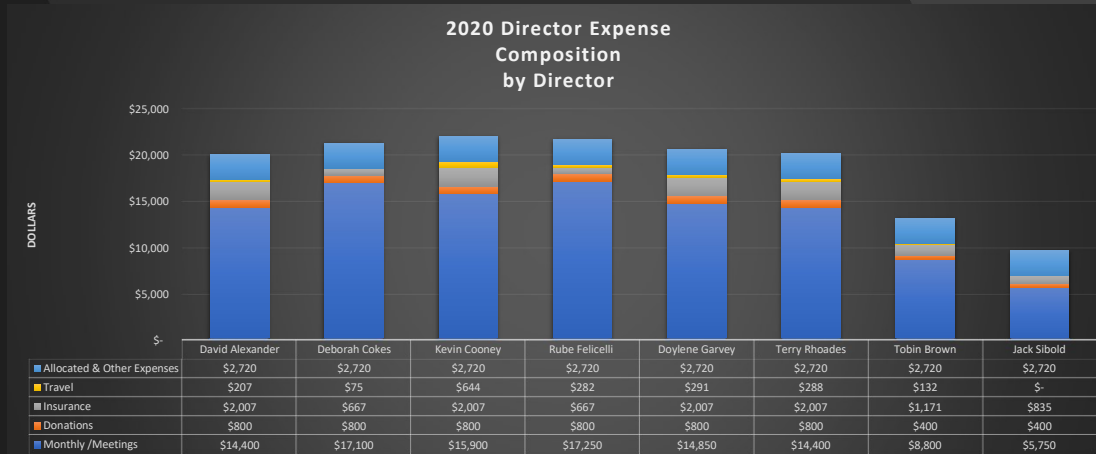
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2019 Director Expense Composition by Director



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2020 Director Expense Composition by Director

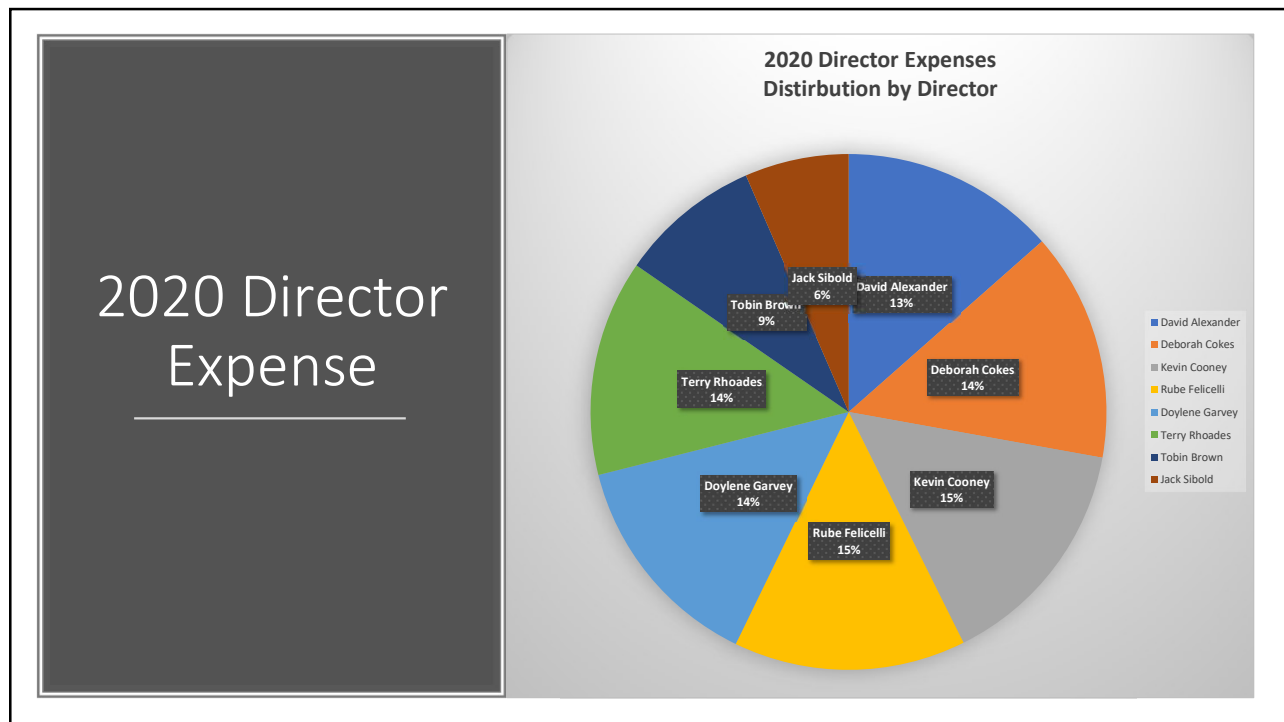


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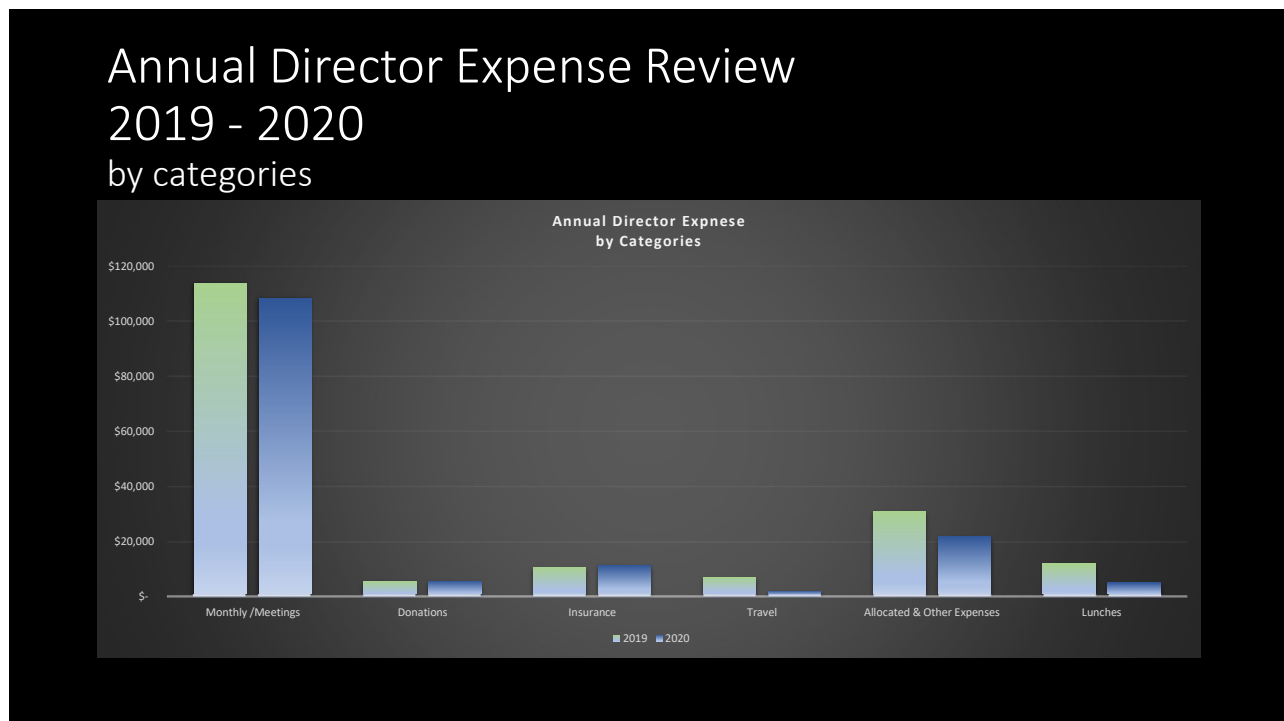
Director Expenses 2019 – 2020



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