

1. CALL TO ORDER

President Felicelli called the regular meeting of the San Miguel Power Association (SMPA) Board of Directors to order at 9:00 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 (March 23, 2021) and the February 23, 2021 minutes with corrections. Director Cooney seconded. The motion was voted and carried.

3. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

N/A

4. BOARD TOPICS

West End Transition Funding Committee Update

Director Cooney reported that the committee met with Paul Major and April Montgomery from the Telluride Foundation along with Wade Buchanan from the Colorado State Energy Transition Office to learn what has been done already for the West End and to get a better understanding of what is still needed in the community. Director Cooney reported additional research is required to understand better how the SMPA Board of Directors could potentially help the community members in the West End.

CREA Annual Meeting

Director Cokes communicated the CREA Annual Meeting was held virtually and had 185 attendees. Director Cokes and Director Felicelli reported they enjoyed the legislative agenda item, noting the platform made it easy to hear the speakers. It was interesting to learn how the Democrats and Republicans are working together to find creative solutions to recover from the impacts of COVID19 on the economy.

5. STRATEGIC PLANNING UPDATE

Reliability and Resiliency- Jeremy Fox

Manager Fox provided a status update on the four initiatives developed to help achieve the objective to prioritize reliability and resiliency risk with an initial focus on fire mitigation. He reported the Vegetation Management Plan is in final draft form, the Wild Land Fire Mitigation Plan is still in an information-gathering stage as staff closely monitor the proposed State Bill 21-170, the System Hardening Plan is underway, including a Construction Work Plan (CWP) kick-off/information-sharing meeting, and the Red Mountain Project is currently in the bid review stage. Manager Fox stated all four initiatives are on track, advancing as anticipated to be completed within targeted timelines.

Continue to Improve SMPA's overall safety and work culture- Paul Enstrom

Paul Enstrom, Safety and Regulatory Compliance Coordinator, reviewed the five initiatives designed to improve SMPA's overall safety and work culture; a focus on enhancing safety trainings, methods to promote safety, evaluation of policy/procedures, an emphasis on workplace culture, and designing new safety programs. Mr. Enstrom highlighted that in alignment with identified initiatives, trainings have been scheduled, new general safety rules adopted, a 30-day spring wellness challenge introduced, and a new Fire Retardant (FR) clothing program implemented. Mr. Enstrom noted that these projects, along with others, contribute to the Safety and Work Culture Objective progressing as projected to achieve identified timelines.

Financial/Power Supply Rate- Brad Zaporski and Bill Mertz

Manager Zaporski informed the Board that staff would like to change the scope of the cost-of-service and rate structure review initiative, acknowledging it is difficult to move forward with an all-encompassing cost-of-service study considering the uncertainty with the Wholesale rate from Tri-State. Manager Zaporski stated that staff would like to adjust the project's scope from an all-encompassing study to a targeted study, focusing on defining programmatic rates, such as establishing a rate class for Electric Vehicle (EV) chargers and other Beneficial Electrification (BE) programs. Manager Zaporski noted once we have more clarity on our wholesale rate, we could move forward with a full cost-of-service study. Following discussion, the Board was in favor of the change in scope for the cost-of-service study, noting it is a prudent path to take to respond to changing needs of our members, with a particular focus on establishing a rate for EV and rapid EV chargers.

6. CEO REPORT

CEO. Items

Power Supply Update

Manager Zaporski advised the Board that staff continues the analysis on a Partial Requirements Contract (PRC). If it is determined a PRC could benefit the co-op, SMPA will need to file a petition with Tri-State by early May along with an application fee of up to \$20,000. Manager Zaporski communicated that an aspect of the analysis includes consideration given to the Tri-State policy that states SMPA must purchase at least 65% of its electrical needs from Tri-State if it would like to maintain a Board seat. Manager Zaporski added that while staff is moving forward with analysis, we are ultimately waiting for decisions from the Federal Energy Regulatory Committee (FERC) regarding a Buy Down Payment (BDP) evaluation.

Legislative Update

Manager Zaporski reported that staff discussed the proposed wildfire legislation with representatives from CREA, highlighting that, as proposed, it is unlikely the bill would result in reduced liability on federal lands, but hopeful it would help liability on private lands.

Director Cokes commented the proposed electric cooperative governance bill is picking up momentum, noting multiple co-ops voiced their approval of the bill in testimonies to the State Energy Committee. The bill incorporates allowing co-ops the ability to host electronic elections and defining fiduciary responsibilities for a director who sits on both a distribution co-op Board and the Generation and Transmission (G&T) Board and outlines procedures co-ops need to follow to provide additional transparency.

COVID-19 Discussion

Manager Zaporski stated the offices are now open fully to the public, and staff is returning to the office in alignment with guidelines for 50% occupancy. He highlighted that staff remains vigilant about following safety protocols, and the organization has not had any inter-office transmissions.

Introduction of Employee Guests

Eric Pottorff, Area Serviceman; Phil Zimmer, Energy Services Executive; Alex Shelly, Communications Executive; Terry Schuyler, Key Accounts Executive; Kelly Truelock, Staff Accountant; Joshua Hailey, Senior Staff Accountant and Mike Therriault, Engineering Supervisor, were in attendance at the webinar meeting.

Community Focus Donations

The next donation review is scheduled for April 2021.

Board Donations

Director Rhoades donated \$200 to the Silverton Fire Department.

Director Rhoades donated \$200 to the Ouray Fire Department.

Director Rhoades donated \$100 to the Ouray Ice Park.

Director Rhoades donated \$100 to the Ouray International Film Festival.

Director Cooney donated \$100 to the Ouray Ice Park.

Director Cokes donated \$100 to the Ouray International Film Festival.

Finance Update

Manager Mertz reviewed the financial report, noting that year-to-date revenues are less than budget by 2.78%.

Coop Director Finance Training

Manager Mertz informed the Board that just as SMPA focuses on impeccable safety culture, the finance team focuses on financial safety. Kelly Truelock, Staff Accountant, stated she appreciates the focus on internal controls, highlighting it helps protect both the company and the employees. Mr. George Lynch of the Kelso-Lynch, P.C., PA firm reported significant improvements from SMPA over the past several years.

Manager Mertz briefly reviewed financial liquidity, noting it is more than just cash on hand. Liquidity includes ensuring ease of access, managing accessible funds, monitoring interest rates/timing, and evaluating access to cash through long-term and short-term loans. Mr. Mertz also provided a high-level refresher of the rate-making process. Manager Mertz highlighted facets that are considered in the rate development process, including a focus that rates are: fair and equitable, financially adequate, reflect cost causation, avoid abrupt changes, customer acceptance, promote efficient use, comparison with neighbors, easy to explain and administer, key economics and continuity between rates.

Fiber Asset Impairment Resolution 2021-01

Manager Mertz introduced representatives from Kelso-Lynch, P.C., PA, SMPA's independent audit firm, George Lynch and Kevin Kelso. Mr. Lynch informed the Board of the process used to measure an impaired asset, noting consideration is given to the expected revenue stream of the asset and the current value of the asset. Mr. Lynch reported, after a thorough evaluation of the Dark Fiber Network Agreement (DFNA), it qualifies as an impaired asset, and his recommendation is the asset be realized (written-off) on the SMPA's financial statements in the 2020 audit. Mr. Lynch advised it will not affect SMPA's financial health as it will be recognized as a non-operating loss and, therefore, will not affect SMPA's Operating Tier (OTIER). Mr. Lynch noted it will bring down net margins for the 2020 year; however, lenders recognize 2020 as a pandemic year, and the impact is minimized. Director Rhoades motioned to approve the Fiber Asset Impairment Resolution 2021-01. Director Alexander seconded. Following discussion, the motion was voted and passed.

PPP Update

Manager Mertz reported that the Payroll Protection Program (PPP) has been filed and is pending approval; the system is backlogged and causing delays.

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 two member's requests for a PV system limit override. Following discussion, Director Brown motioned for Board approval of the PV systems in excess of policy limits. Director Cokes seconded. The motion was voted and carried.

Manager Freeman discussed recent damage at the Ouray Ice Park that will affect Ouray Hydro's operation and the power SMPA purchases from the hydro plant. Manager Freeman informed the Board SMPA is participating in an Earth Day Celebration hosted by the the Ridgway Secondary School on April 22 and will launch SMPA's Beneficial Electrification (BE) program at the event. Manager Freeman reviewed the comprehensive plugshare.com website and app, noting it shows you the location of EV chargers as well as photos of the charging station. He reported that SMPA has been awarded a grant from Colorado Energy Office to install EV charging stations at our Ouray and Nucla offices.

Alex Shelly, Communications Executive, presented options for SMPA's Virtual Annual Meeting theme. After reviewing options, the Board determined the 2021 Annual Meeting theme would be Reliability, Recovery and Resiliency.

Information Technology

Manager Zaporski highlighted the IT department's work on an Operations Analytics (OA) program in Manager Tea's absence. The OA program will increase efficiency as staff will be able to proactively monitor transformer loading remotely. This will be a key aspect to our ability to do a hosting capacity study.

Administration & Human Resources

The Board reviewed Policy 106, Compensation and Expense of Board Members. Following discussion, Director Cokes moved the policy be adopted as presented. Director Garvey seconded. The motion was voted and carried.

Manager Zaporski discussed the Employee Telecommuting Procedure. He advised the Board that while the procedure was implemented in response to COVID19, it is written to be applicable both during and after the pandemic. SMPA considers telecommuting to be a viable, flexible work option when both the employee and the position are compatible with such arrangement. Manager Zaporski reviewed the guidelines and philosophy associated with the procedure. He advised the Board that supervisors are currently reviewing positions to determine which positions could be eligible to continue to telecommute, highlighting the goal is to gain the benefits of both working from home and in office and eliminate the negative impacts of both by having eligible employees is in the office a minimum of 50% of the workweek.

Engineering

Manager Fox reviewed his report, highlighting an organization has signed an Intermittent Load agreement (ILA). He explained an ILA is a risk mitigation tool to ensure that the cost associated with upgrading the system is paid for by the organization requesting it and does not affect the membership.

Operations

Manager Oliver reviewed his report, noting crews continue to be busy.

Safety and Regulatory Compliance

Paul Enstrom, Safety and Regulatory Compliance Coordinator, did not have anything to add to his report.

9. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes

Director Cokes informed the Board the next CREA Meeting is scheduled later this week.

Western United- Dave Alexander

Director Alexander reported Western United held their Annual Meeting. Western United continues to experience record-breaking sells and their effort to increase inventory continues.

Eco-Action- Kevin Cooney

Director Cooney advised the Board that Eco-Actions is bringing back the Green Lights program to local farmer markets. The Green Lights program offers LED light bulbs at discounted rates. Additionally, Eco-Action is assisting with the greenhouse gas accounting report for the region.

Tri-State- Kevin Cooney

Director Cooney updated the Board on how Tri-State handled the extreme weather situation. Financial impacts were relatively low as the organization utilized fuel switching during critical times to keep costs down, so the excess costs to Tri-State that gets passed on to members was less than for many of our neighbors. Director Brown commented that Tri-State and SMPA provide remarkably reliable power in challenging terrain and unusual distribution environments. Director Cooney advised the Tri-State Board Policy 125, Contract Termination Procedure Policy was passed by the Board.

10. ATTORNEY'S REPORT

Director Garvey made a motion at 12:38 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 12:38 PM and came out at 2:57 PM. While in executive session, no decisions were made, nor votes taken.

11. BOARD TRAVEL

N/A

12. MISCELLANEOUS

The Board discussed the possibility and timeline of returning to in-person meetings. Following discussion, the Board noted they will continue to monitor the COVID19 situation and, if possible, will target an in-person meeting in June 2021.

Director Cokes reported she had been contacted by other Colorado Co-Ops asking if SMPA Board would like to get involved in reviewing NRECA policies. Following discussion, Director Cokes reported she would look into the process.

13. BOARD CALENDAR REVIEW

The Board reviewed upcoming training opportunities that are occurring virtually.

12. NEXT MEETING

The March 23, 2021, Board of Directors meeting will reconvene for a continuation of the executive session on April 21, 2021. The reconvened meeting will be held in Executive Session to discuss personnel and contractual issues.

The next regular Board of Directors meeting will be held Tuesday, April 27, 2021, Via Zoom.

The May 2021 meeting will occur on Tuesday, May 25, 2021, Via Zoom.

13. RECESS

President Felicelli suspended the meeting at 3:08 PM. The meeting will reconvene on April 21, 2021, at 9:30 AM via Zoom in executive session to discuss personnel and contractual issues; there will be no public participation at the meeting or public agenda items.

14. RECONVENE

On April 21, 2021, Director Felicelli reconvened the March 23, 2021 meeting at 9:34 AM via Zoom Video Conference. All directors and Jim Link, Legal Counsel, were present via teleconference.

Director Cokes made a motion at 9:35 AM to enter into executive session for personnel and contractual issues. Director Alexander seconded. The motion was voted and carried. The Board entered into executive session at 9:35 AM and came out at 11:20 AM. While in executive session, no decisions were made, nor votes taken.

15. ADJOURN

Director Rhoades motioned to adjourn the meeting at 11:21 AM. Director Alexander seconded. The motion was voted and carried.



Doylene Garvey (May 25, 2021 20:36 MDT)

Doylene Garvey, Secretary/Treasurer