

1. CALL TO ORDER

President Felicelli called the San Miguel Power Association (SMPA) Board of Directors regular meeting to order at 9:06 AM. The meeting was held in person at the Nucla office location and via Zoom Video/Teleconference. Director Brown, Director Cokes and Director Rhoades attended via Zoom Video/Teleconference and Director Felicelli, Director Cooney, Director Garvey and Director Alexander attended in-person at the Nucla office location.

2. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the revised consent agenda (July 27, 2021). Director Alexander seconded. The motion was voted and carried.

3. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- A representative from the City of Ouray attended the meeting in person and voiced disappointment concerning the timing and lack of communication surrounding the road closure schedule for the Red Mountain Electrical Reliability and Broadband Improvement Project. Stating that scheduled closures would interrupt tourist travel from Texas, Arizona, and New Mexico; negatively impacting the community's economy. He expressed a desire for SMPA to consider revising the projects schedule and increase communication going forward.
- A representative from the Ouray Board of County Commissioners attended the meeting virtually. He communicated the importance of affordable and reliable electricity in Ouray County, noting that the area's terrain threatens critical infrastructure as it is prone to rockfall, avalanche, flood, mudslide and fire hazards. He expressed gratitude to the SMPA Board and staff for being forward-thinking in planning the Red Mountain Electrical Reliability and Broadband Improvement Project. The rebuilding of the hundred-year-old line that serves two counties and part of another county is vital to help ensure reliable services. The representative stated that he is in favor of the current revised plan. He requested increased communication and community involvement regarding the project timelines and potential impacts going forward.
- A member and business owner from the City of Ouray participated in the Board meeting virtually. She communicated that she owns a busy retail store and describe how a power outage, even a short one affects her business; she couldn't imagine the impact of an extended outage. She added that the business community is not the only members affected by outages; residents of all ages rely on power to store food, heat homes and power medical devices. The member stated her belief that the project is important; the reality is we have a short weather window and limited resources; it will cost all members money and inconvenience. She voiced a desire for improved communication and collaboration with communities to find a workable plan.
- A member from the Ouray Silver Mines participated in the meeting virtually. He informed the Board that backup power is critical for the operation of the mine, noting that if the area were to experience an extended outage, the impact would be monumental in both tax revenue and shut down labor. He echoed support for the project, stating that it may cause some angst in the short term, but in the long run, it is a very beneficial project for Ouray and Ouray County.
- Manager Zaporski commented that this is a big, multi-faceted project, and it is nearly impossible to do it in a way that's not going to have some disruption. He advised that scheduling helicopters has become extremely difficult as they are being called to fight fires. Manager Zaporski stated that addressing a challenging labor market, helicopter availability and coordinating both of those with CDOT for

permitting are just a few of the more challenging aspects of the overall project. Manager Zaporski reported that the communication regarding the schedule was not ideal, and staff will work closely with stakeholders going forward. He noted that while there will never be the perfect time to close the road, hopefully, SMPA and stakeholders can collaborate to target more agreeable timeframes that consider resource availability, weather events, and economic factors.

- Director Rhoades advised the Board he received a letter from the Town of Silverton requesting that the road closure timeline be revised to begin no sooner than August 15, 2021 and ensure that Search and Rescue as well as EMTs were notified of scheduled dates to allow adequate time to develop a response plan.
- Manager Freeman reported he had received an email from Ouray County Commissioner Jake Niece expressing his concern of the magnitude of risk if the project is not completed, acknowledging there is a hardship to be faced by all the stakeholders involved to get this work done, but it's a necessary challenge to work through. Commissioner Niece is in support of the project.
- Director Rhoades, Director Cokes, Director Alexander, Director Brown, Director Felicelli, Director Garvey, and Director Cooney all reported receiving a call from the City of Ouray Mayor expressing his disappointment with the project timeline, citing it will negatively impact the community and local economy as it will detour tourists.
- Director Felicelli informed the Board that Helitrax had contacted him to discuss avalanche mitigation.
- Manager Zaporski advised staff received a letter from San Miguel County expressing gratitude for all the help and guidance SMPA staff provided to assist with the Outdoor Area Renovation.

COMMUNITY FOCUS FUND DONATIONS

Fortuna Tierra Club, Mary Ann Guilinger

Ms. Mary Ann Guilinger advised the Board that the Fortuna Tierra Club is requesting funding for their Log Hill Hustle event. Funds from the Log Hill Hustle are used to provide scholarships to Ridgway High School Graduates. Ms. Guilinger noted that the organization provided \$15,000 in scholarships in 2021.

San Miguel Resource Center (SMRC), Shannon Dean

Ms. Shannon Dean informed the Board that SMRC serves all of San Miguel County, West Montrose County and Ouray County. She highlighted the organization's programming; a 24-hour crisis hotline, emergency shelter, financial assistance, personal and legal advocacy, counseling services, aiding in identifying additional services and available support within the communities, a cultural outreach program and prevention education programs. Ms. Dean noted an increase in client numbers, an increase in expenses and a decrease in funds as COVID19 related restrictions have made it challenging to hold fundraising events.

All Point Transit, Amy Bricker and Sarah Curtis

Ms. Sarah Curtis informed the Board that All Points Transit is a 501c3 nonprofit organization with a mission to promote accessibility and independence for older adults and persons with disabilities and the general public by providing safe and reliable transportation. All Points Transit provides essential transportation services in four counties including, Montrose, Delta, San Miguel and Ouray. Ms. Curtis advised the Board that a donation will help support the organization's Oktoberfest fundraising event and support their mission to provide safe and reliable transportation in the region. Ms. Amy Bricker highlighted the Oktoberfest event, noting it will include a host of breweries and live music, adding the event is scheduled to be bigger than prior years.

West End Family Link, Troy Wallace

Mr. Troy Wallace advised the Board that The West End Family Link Center is requesting funding to help support the organization's Robotics program. The Robotics program was established two years ago to provide a learning experience for school-aged children on Fridays. The West End School District does not have school on Fridays, and this program provides participants with an opportunity to develop problem-solving skills, critical thinking, and social competence.

San Juan Development Association, Beth Kremer

Miss Beth Kremer communicated that the San Juan Development Association (SJDA) is a nonprofit organization that enhances economic diversification in Silverton and San Juan County, CO. SJDA promotes collaboration, partnerships, and trust between businesses, nonprofits, and local governments through community priority projects. SJDA supports new and existing business owners and not-for-profit businesses through consultation, identifying and connecting resources, providing micro-loan funding programs and emergency resource assistance. Ms. Kremer advised that the requested donation would help support SJDA's efforts to organize training for community members and business owners.

4. BOARD TOPICS

SMPA Property List

Manager Zaporski shared property maps and descriptions that the Geographic Information System (GIS) team created. The documents were developed by obtaining GIS data and descriptive information from respective county assessors' offices and layered into a SMPA service territory map. Director Brown commented the property inventory is a valuable document, observing that perhaps there is an opportunity to find creative ways to use some locations to help address employee housing challenges that have been created by the extraordinary economic and housing changes the area is experiencing.

5. STRATEGIC PLANNING UPDATE

Determine the optimal long-term power supply strategy that best achieves safe, reliable, cost-effective and environmentally responsible service to our members. Brad Zaporski and Bill Mertz

Manager Zaporski reported SMPA is involved in multiple cases at Federal Energy Regulatory Commission (FERC) regarding Tri-State rates. The Open Access Transmission Tariff (OATT) case will define what Tri-State can charge non-members to use their transmission facilities. In the Stated Rate case, there is a settlement on the table for a 2% reduction in our wholesale cost; this case is waiting for final approval from the commissioners. The Buy Down Payment (BDP) and Contract Termination Payment (CTP) cases are ongoing and highly confidential.

6. CEO REPORT

CEO. Items

Power Supply Update

Manager Zaporski advised the Board he had attended the first in-person Tri-State CEO Meeting since COVID19 started. He highlighted topics reviewed at the meeting, including discussion surrounding the FERC cases. The CEO group also discussed an Electric Vehicle (EV) Rate, ultimately the Technical Advisory Committee (TAC) recommended a strategy shift from a defined wholesale EV rate to a rebate program that would help fund infrastructure. The recommendation was largely based on the full FERC rate review scheduled for 2023, where it will likely be a completely different structure as they move towards a formulaic rate.

Legislative Update

Director Cokes highlighted that the past year was a landmark year for clean energy legislation. CREA is working hard to ensure that rural cooperatives are recognized as supportive of the legislation. Director Cokes reported that NRECA is developing a proposal to have the U.S. Department of Agriculture (USDA) and the Rural Utility Services (RUS) administer a program to address stranded assets and clean energy transition.

COVID-19 Discussion

Manager Zaporski reported that the Delta variant is on the rise. It is affecting SMPA; as the organization navigates exposures and quarantines, a strict return-to-work protocol is in place that requires exposed individuals to provide negative test results or complete a quarantine period that is in alignment with CDC guidelines.

Introduction of Employee Guests

Manager Zaporski introduced Ben Wiles, Service Planner Supervisor. Mr. Wiles stated he has been working in the utility industry for over 15 years, all for cooperatives. From Illinois to Oregon, Washington and now Colorado working as a staking engineer planner/designer. Phil Zimmer, Energy Services Executive; Terry Schuyler, Key Accounts Executive; Kelly Truelock, Staff Accountant; Joshua Hainey, Senior Staff Accountant; Alex Shelly, Communications Executive; Danielle Rodriguez, Human Resource and Administration Coordinator and Mike Therriault, Engineering Supervisor, were in attendance at the meeting virtually or in-person.

Community Focus Donations

Following discussion, Director Cooney motioned to award the community focus donations funds following the results the Board arrived at via the evaluation scorecard and apply for Basin match when applicable. Director Rhoades seconded. The motion was voted and carried. The awarded amounts are as follows:

- Ouray High School, \$200 SMPA donation.
- Apple Core Project, \$500 SMPA donation with a \$500 Basin Electric match request.
- Ouray County Food Pantry, \$1,000 SMPA donation with a \$1,000 Basin Electric match request.
- All Point Transit, \$1,250 SMPA donation with a \$1,250 Basin Electric match request.
- Fortuna Tierra Club, \$500 SMPA Donation.
- Norwood Roping Club, \$1,000 SMPA donation with a \$1,000 Basin Electric match request.
- West End Family Link, \$1,500 SMPA donation with a \$1,500 Basin Electric match request.
- Ridgway Elementary School, \$1,000 SMPA donation with a \$1,000 Basin Electric match request.
- San Juan Development Association, \$1,500 SMPA donation with a \$1,500 Basin Electric match request.
- San Miguel Resource Center, \$500 SMPA donation with a \$500 Basin Electric match request.

Board Donations

Director Brown donated \$200 to KOTO News Department.

Director Cooney donated \$200 to the San Miguel Regional Housing Authority.

Finance Update

Manager Mertz reviewed the financial reports, noting that in 2021 SMPA is working on more capital projects than regular operations and maintenance (O&M) jobs. He highlighted that the materials and supplies inventory expense is going up as we continue to purchase equipment to help mitigate supply chain challenges. Mr. Mertz reported we are seeing an uptick in revenues, noting Year-to-Date (YTD) revenues are 3.64% above budget.

Manager Mertz advised the Board that SMPA has received official notification of the PPP loan forgiveness approval.

CFC Power Vision Loan Increase

Manager Mertz informed the Board that liquidity is a composition of cash and our lines of credit from various banks and provided an overview of the line of credit options SMPA currently has access to. He advised the Board that staff reviews capital projects currently in progress, considers upcoming projects, and uses the data to target liquidity goals. Manager Mertz indicated that another liquidity increase via a CFC Power Vision Loan is targeted for early 2022, explaining this program from CFC makes the funds available as needed, and no fees are charged until the funds are used.

Marketing & Member Services

Manager Freeman reviewed his report, highlighting that SMPA's EV Charging stations are on the map. Manager Freeman also noted that SMPA has been involved with helping bring fiber to our communities and recently participated in celebrating the completion of forty-two miles of fiber line from Montrose to the City of Ouray.

Information Technology

Manager Tea reviewed his report, highlighting that the Cloud Strike cybersecurity software is 100% deployed throughout the organization.

Administration & Human Resources

Human Resource and Administration Coordinator Danielle Rodriguez reviewed her report, informing the Board that there are currently four open positions adding that staff is considering posting a grounds man internship position. The internship position would be a temporary position based at the Ridgway location. Ms. Rodriguez noted that the shift to a new insurance provider is complete, the transition has been smooth, and staff is looking forward to utilizing their safety resources.

The Board reviewed an updated Policy 150, Community Focus. Updates to the policy include adding real estate purchases to the list of exclusions/restrictions and adding the option to submit a pre-recorded presentation (up to 5 minutes) at the time of application. Director Rhoades motioned to adopt Policy 150, Community Focus, as modified. Director Alexander seconded. Following discussion, the motion was voted and carried.

The Board reviewed Policy 302, Interconnection Policy. No changes were proposed. Director Alexander motioned to adopt Policy 302, Interconnection, as presented without any changes. Director Garvey seconded. Following discussion, the motion was voted and carried.

Engineering

Conductor Upgrade Update

Manager Fox reported that roughly 11 miles of copper has been replaced as part of the conductor upgrade project with more scheduled. Mr. Fox noted that conductor upgrade is one element of the overall fire mitigation strategic objective.

Region 10 Fiber IRU

Manager Fox informed the Board that SMPA has reached an IRU agreement with Region 10 for commercial fiber allocations between Sunshine and Telluride Substations. This agreement is allocated on additional fiber installed with the Telluride/Mountain Village Reliability Project. Additional work is being planned to allow for commercial

splicing at both substations. This will help complete an alternate loop for fiber transmission into the Telluride area.

Manager Fox reviewed the timeline associated with Red Mountain Road Closure. Early messaging began in February/March of 2020, with presentations to the stakeholders explaining the project's purpose. The project was featured in the annual outreach video and followed through to the most recent events, including the July 15, 2021, notification from CDOT that a permit for 4-hour closures would begin on July 19, 2021, and the feedback from local government officials that resulted in postponed closure dates to allow further review. Manager Fox listed the multiple meetings attended and created to communicate and collaborate with stakeholders regarding the schedule. Manager Fox informed the Board that the communication strategy going forward is to have regular and frequent conversations with the stakeholder group regarding project timelines and potential impacts. Following discussion, the Board determined this project is in the best interest of the members in the long term, noting fire mitigation is very important for the safety of the communities and forests. The Board instructed staff to improve communication and proceed with the project.

Operations

Manager Oliver reviewed his report, adding that all counties SMPA operates in have rescinded the Stage 1 Fire Restrictions. Manager Oliver informed the Board of the need to purchase a four-axle truck that can transport a backup transformer, essentially making it a mobile substation; he noted funding for the purchase will come from a reallocation of funds that were budgeted for a different project that will not take place.

Safety and Regulatory Compliance

Paul Enstrom, Safety and Regulatory Compliance Coordinator, reviewed his report, highlighting that the organization has not had any reported injuries since October 2020. Mr. Enstrom reviewed the results of the recent Rural Electric Safety Achievement Programs (RESAP) audit, noting the significant improvement over the 2014 audit.

7. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes

Director Cokes did not have any items to discuss beyond those mentioned in the legislative review.

Western United- Dave Alexander

N/A

Eco-Action- Kevin Cooney

Director Cooney reported Eco-Action has completed 15 IQ Weatherization with five more in progress and another five in the queue. Director Cooney communicated that Eco-Action is experiencing delayed shipments of LED bulbs for the GreenLights program.

Tri-State- Kevin Cooney

Director Cooney reported that Tri-State's Annual Meeting is scheduled for August 5, 2021; all Directors are welcome. Director Cooney communicated that Tri-States renewable generation in May was 31% of the total power and 38% of their member sales, noting these numbers reflect being ahead of where Tri-State promised to be in terms of renewable power.

8. ATTORNEY'S REPORT

Director Alexander made a motion at 1:44 PM to enter into executive session for personnel and contractual issues. Director Garvey seconded. The motion was voted and carried. The Board entered into executive session at 1:44 PM and came out at 2:06 PM. While in the executive session, no decisions were made, nor votes taken.

9. BOARD TRAVEL

N/A

10. MISCELLANEOUS

N/A

11. BOARD CALENDAR REVIEW

The Board reviewed upcoming training opportunities that are occurring virtually.

12. NEXT MEETING

The next regular Board of Directors meeting will be held Tuesday, August 24, 2021, in Ridgway and Via Zoom. The September 2021 meeting will occur on Tuesday, September 28, 2021, in Nucla and Via Zoom.

13. ADJOURN

Director Garvey motioned to adjourn the meeting at 2:16 PM. Director Alexander seconded. The motion was voted and carried.



Doylene Garvey (Aug 24, 2021 22:17 MDT)

Doylene Garvey, Secretary/Treasurer

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Final Audit Report

2021-08-25

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