

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 (August 27th, 2019) to include the July 23rd, 2019 meeting minutes. Director Rhoades seconded. The motion was voted and carried.

3. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Rhoades informed the Board that amongst some negative feedback about the new SMPA building in Silverton, the overwhelming response is positive.
- Director Cokes informed the Board that an 'Affirmation Station' is to be established near the Ridgway Library. The Affirmation Station is similar to a crosswalk sign, but when you push the 'walk' button, it provides a positive affirmation to the pedestrian. The organization working on the project is excited that SMPA said it would be possible to get electricity to it.
- Legal Counsel Jim Link reported that a local HOA wanted to extend a personal thank you to SMPA crews for updating their neighborhood streetlight to an LED.
- Director Felicelli reported that he had received positive feedback from members regarding the speed that SMPA was able to get the power back on following an outage in Mountain Village.

Corporate Donation Presentations

San Juan Skijoring – Richard Weber

Richard Weber reviewed the sport of Skijoring with the Board and highlighted the benefits the San Juan Skijoring (SJS) event has on the community. He noted that the event brings over 3,000 spectators and 105 competing teams to the area; increasing visitation to the region that is traditionally a slow time of year. Mr. Weber reported to the Board that the SJS event was voted the number one race in 2019 and is putting Ridgway on the map in a whole new way. He communicated the organization's desire to grow the event, with live event feeds, jumbotrons, and increased advertising opportunities. Additionally, he noted SJS's commitment to the community by outlining SJS's giving back programs, including the goal of establishing a scholarship program for local youth.

All Points Transit / Montrose Oktoberfest – Sarah Curtis

Executive Director Sarah Curtis informed the Board that All Point Transit provides around 80,000 rides a year, services 4,500 rural square miles, and offers door-to-door transportation for patrons. She reported that 70% of the transportation provided is to get passengers to and from medical appointments. Ms. Curtis noted that Oktoberfest is All Points Transit's biggest fundraiser of the year and they leverage the local support to match grant opportunities.

4. STRATEGIC PLANNING

Improve member Outreach/Communication/Education.

Communications Executive Alex Shelly reviewed the actions the member service team has taken to increase member outreach and communication. To improve baseline demographic data, SMPA is in the process of scheduling a member survey. The effort to develop a more targeted marketing strategy includes an emphasis

on social media as well as increasing face-to-face meeting opportunities by scheduling Power Hour events. Additionally, introducing the 'Totally Green' program allows an opportunity to communicate with our members during the enrolment process and help identify our members that would be most interested in renewable initiatives. Mr. Shelly stated the strategy to improve media relations includes contacting local newspaper owners to establish personal relationships with members of the press. He highlighted that we are in the process of updating our website to the newest version of Coop Web Builder. Mr. Shelly noted that the SiteDocs application has contributed to improved outage communications.

Improve system reliability. Complete final Red Mountain transmission analysis with final recommendations- Bill Riley

Manager Riley provided a status update on the Red Mountain Project. He informed the Board that letters have been sent to landowners requesting permission to conduct surveys on their property, noting that about a third have responded. A meeting is scheduled with the Forest Service and then on the ground surveys will begin.

Jeremy Fox, Service Planner Supervisor, presented on the Naturita Overhead Rebuild Project 388. He reviewed the bidding and proposal review process. He noted the project qualifications taken into consideration that resulted in three qualified bid proposals submissions. After reviewing the proposals, the staff recommends that the project be awarded to Western Line Builders

5. CEO REPORT

CEO. Items

Audit Call with Kevin Kelso 10 AM

Kevin Kelso, CPA, PC, PA, reviewed the 2018 audit report via conference call with the Board of Directors.

Director Sibold made a motion at 10:57 AM to enter into executive session to review the 2018 audit report. Director Rhoades seconded. The motion was voted on and carried. The Board entered into executive session at 10:57 AM and came out at 11:18 AM. While in executive session, no decisions were made, nor votes taken.

Director Garvey motioned to accept the 2018 audit report. Director Sibold seconded. The motion was voted and carried.

Contract Committee Update

Due to limited time, Manager Zaporski and Director Cokes will provide an update on the Contract Committee at the September Board Meeting.

Reputation Management and Communication

Manager Zaporski informed the Board that in other states, cooperative governance has recently been under scrutiny. As a result, the National Rural Electric Cooperative Association (NRECA), identified and distributed a list of 20 questions that co-ops need to be prepared to answer regarding cooperative governance and how directors get compensated. Upon reviewing the questions, Manager Zaporski reported that SMPA scored very well on these issues through transparent business practices.

Introduction of Employee Guests

Manager Oliver introduced Weston Rasmussen; our new Telluride based Journey Line Technician. Weston grew up in Nucla, attended Colorado Mesa Hotline School and has spent the last five years in Steamboat Springs working for Yampa Valley Electric Association. Weston is happy to be back in the area.

Manager Oliver also introduced Tristan Barela; our new Journey Line Technician based in Ridgway. Tristan is originally from Olathe, he attended Rocky Mountain Line School and has been working for Foothills Energy Services on the Eastern Slope. Tristan is excited to return to the Western Slope.

Additional staff members that were in attendance: Danielle Rodriguez, Human Resources and Admin. Coordinator; Jeremy Fox, Service Planner Supervisor; Alex Shelly, Communications Executive; Terry Schuyler, Energy Services Executive; Paul Hora, Key Accounts Executive.

Corporate Donations

All Point Transit / Montrose Oktoberfest

Director Alexander motioned to donate \$500 to the All Point Transit's Oktoberfest; requesting Basin to match SMPA's donation and requesting Tri-State donate \$500 as well. Director Cooney amended the motion to include a request that All Point Transit correct their regional map. Director Garvey seconded. The motion was voted and passed.

Nucla-Naturita Area Chamber / West End Cowboy Gathering

Director Garvey motioned to donate \$500 to Nucla-Naturita Area Chamber for the West End Cowboy Gathering; requesting Basin to match the donation and ask Tri-State to contribute to the event as well. Director Rhoades seconded. The motion was voted and passed.

San Juan Skijoring

Director Cokes motioned for Tri-State to contribute \$5,000 to the San Juan Skijoring event and apply for a match from Basin. Director Rhoades seconded. The motion was voted and carried.

Apple Core Project / Heritage Harvest Festival

Director Garvey motioned that Tri-State sponsor the event for \$1,000. Director Sibold seconded. The motion was voted and carried.

Ouray County Fair

Director Garvey motioned to support the 4H kids by donating \$1250 to the Ouray County Fair and apply for a Basin Match. Director Rhoades seconded. The motion was voted, with six in favor and one opposed, the motion passed.

Board Donations

Director Rhoades donated \$100.00 to the Ouray County Fair.

Director Garvey donated \$300 to the Nucla-Naturita Area Chamber for the West End Cowboy Gathering.

Director Felicelli donated \$400 to Go Hawkeye Foundation.

Director Alexander donated \$100 to Go Hawkeye Foundation.

Director Cokes donated \$100 to Go Hawkeye Foundation.

Director Cokes donated \$500 to PARC (Public Art in Ridgway Colorado).

Director Alexander donated \$100 to the AppleCore Project.

Director Alexander donated \$200 to Mountain to Desert Indian Ride / Just for Kids Foundation.

Finance Update

Coop Director Finance Training

Manager Mertz informed the Board that SMPA's cash position remains steady. With consideration for increased cash disbursement for construction season and other anticipated cash requirements, SMPA will be drawing loan funds in September to increase liquidity at favorable rates.

New Citizens State Bank Account for Revenue Deferral

Manager Mertz informed the Board that the \$850,000 in deferred revenue funds that the Board approved in resolution 2019-02, will be sequestered in a separate account at Citizen's State Bank (CSB). He noted that CSB is a FDIC insured institution and supports local business.

Marketing & Member Services

Manager Freeman reviewed the member services report, noting that 40% of member accounts have registered with SmartHub.

Energy Services Executive Terry Schuyler informed the Board that he attended an investor briefing for the Good Shepard Ranch Project on Horsefly Mesa. The project proposal is to implement a 50 MW Geothermal Power System; he reported that the project is still in the early planning and funding stages.

Manager Freeman reviewed the Tesla proposed purchase; he noted that prices have come down substantially on the Model 3. Manager Zaporski added that the SMPA mechanic crew has met with Tesla representatives and is in favor of adding a Tesla to the fleet. The final staff recommendation is that SMPA move forward with purchasing the Tesla Model 3 as budgeted for 2019. Following discussion, the Board approves of the Tesla Model 3 purchase.

Key Accounts Executive Paul Hora reviewed the steps that were taken prior to the construction of the Silverton Garage. He reported that the building site was selected due to the area being zoned for commercial use, and the location is not in an avalanche zone. Mr. Hora informed the Board that the building design and materials were selected after receiving feedback and recommendations from Silverton Planning Director and the Historic Preservation Officer for the Silverton National Historic Landmark District. He added that the RFP process allowed local contractors to bid on the project. The building will store gear and equipment in one location. The results will be an efficiency gain for staff, improve response time to outages or issues, as well as improving safety for our staff. Mr. Hora noted a recent social media post on the Silverton community page had a picture of the new building, thanking SMPA for the building and for committing to Silverton.

Sharing Success Grant Committee Members

Director Cooney will replace Bob Justis on the Sharing Success Grant Committee. The committee now consists of Director Cooney, Director Garvey, Director Rhoades, and Director Cokes.

Information Technology

Manager Tea reviewed his report, noting that he will be presenting at the NISC Users Conference regarding SMPA's implementation of the Outage Management System (OMS). Manager Oliver will also present with him,

and they will be sharing tips, tricks, and examples of outage success stories. Additionally, Manager Tea discussed the steps SMPA is using to minimize cyber security threat risks. Including implementing a two-step authentication system for individuals logging into our system from outside locations.

Administration & Human Resources

Danielle Rodriguez, HR & Admin. Coordinator, reviewed her report, adding that the management team hosted a new hire orientation for the seven employees hired in the past year. Highlights of the orientation included a review of department functions and organization chart. She noted that she had received positive feedback from the attendees.

The Board reviewed Policy 5.04, Board Committees. Following discussion, Director Alexander moved that policy 5.04 be approved without any changes. Director Rhoades seconded. The motion was voted and carried.

Manager Zaporski communicated to the Board that SMPA will be introducing a new employee policy that establishes guidelines and limitations regarding the employment of relatives by SMPA. The purpose of the new policy is to avoid actual or apparent conflicts of interest, the appearance of favoritism or bias and to enhance the integrity of supervision, loyalty, security, and morale. Manager Zaporski noted any current employees that are not in compliance with this new nepotism policy would be considered for an exception per Section E of the policy. Although the Board does not approve employee policy, the discussion was that they were very much in favor of the policy.

Engineering

No further updates other than the engineering report and the strategic initiative update provided by Manager Riley and Service Planner Supervisor Jeremy Fox.

The Board and staff reviewed the Naturita Overhead Rebuild Project. Following discussion, Director Rhoades made a motion to award the Naturita Overhead Rebuild Project 388 to Western Line Builders in the amount of \$450,648. Director Alexander seconded. The motion was voted and carried.

Operations

Manager Oliver praised the crew's effort in the Telluride/Mountain Village area to mitigate and minimize outages rolling back to breakers. Additionally, he noted that we are in the last phase of a 4-year cycle of pole inspections.

Manager Zaporski noted that SMPA's commitment to providing reliable electrical service is reflected in the projects that we have undertaken. The Telluride Mountain Village reliability project and now the Naturita Overhead Project demonstrate alignment with the SMPA mission statement to provide reliable electrical service. These are important projects. However, it is also important to recognize that reliability projects that are not associated with load growth can result in upward rate pressure.

Safety and Regulatory Compliance

Paul Enstrom, Safety and Regulatory Compliance Coordinator reviewed his report, adding that CREA presented SMPA a safety achievement award for going 1,174 days without a lost-time incident.

6. ATTORNEY'S REPORT

Director Garvey made a motion at 3:00 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 3:00 PM and came out at 4:32 PM. While in executive session, no decisions were made, nor votes taken.

Following the executive session, Director Alexander made a motion for a budget override to hire additional personal. Director Garvey seconded. The motion was voted and carried.

Director Alexander made a motion for a budget override to authorize up to \$80,000 at the discretion of the General Manager in regard to power supply. Director Garvey seconded. The motion was voted and carried.

Legal Counsel Jim Link noted that District 1 and District 4 are up for election in 2020. In preparation for the election, he reviewed the members by district listing. He reported that we do not adjust the district boundaries if the member count by district variance is less than 5%. Currently, all district member counts are under the 5% variance and at this time staff does not recommend any adjustment to the districts prior to the election.

7. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes

N/A

Western United- Dave Alexander

N/A

Eco-Action- Jack Sibold

N/A

Tri-State- Jack Sibold

Director Sibold informed the Board that there will not be a rate increase from Tri-State in 2020. This will be the fourth year in a row that Tri-State has not increased rates. He also reported that there are very few planned outages for generation maintenance and upgrades in 2020.

8. BOARD TRAVEL

Manager Zavorski will be traveling to Guatemala September 6 – 13th, 2019 as the Colorado Manager Representative to represent CREA at the lighting of the Guatemala project.

The Board discussed CREA Energy Innovations Summit taking place in Denver in October. Most directors are planning on attending.

9. MISCELLANEOUS

N/A

10. BOARD CALENDAR REVIEW

N/A

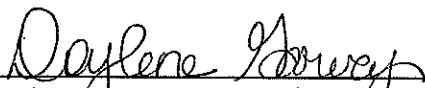
Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
August 27th, 2019 (Ridgway)

11. NEXT MEETING

The next Board of Directors Meeting will be Wednesday, September 25th, 2019, at the Silverton City Hall. The October meeting will take place on Thursday, October 31st, 2019 at Mountain Village Town Hall meeting room.

12. ADJOURN

Director Alexander motioned to adjourn the meeting at 5:03 PM. Director Cokes seconded. The motion was voted and carried.



Doyleene Garvey, Secretary/Treasurer