

1. CALL TO ORDER

President Felicelli called the meeting of the San Miguel Power Association (SMPA) Board of Directors to order at 9:42 AM. All Directors were present.

2. APPROVAL OF CONSENT AGENDA

Director Alexander motioned to approve the revised consent agenda (September 25, 2019) to include the July 23, 2019 meeting minutes. Director Garvey seconded. The motion was voted and carried.

3. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Cokes informed the Board that she had a pleasant conversation with a member and former Director Justis. He stated that one of the most significant insights he learned from being involved with SMPA is that just a few people can truly make a difference and expressed gratitude to the SMPA organization for an enjoyable experience.
- Director Felicelli reported that he has been receiving positive feedback regarding the new 'Totally Green' program. Members are excited about the program's concept and the simplicity of tracking. Manager Freeman added that Clarks Market in Telluride and Norwood have enrolled in the Totally Green program.

Corporate Donation Presentations

Telluride Mountain Club – Heidi Lauterbach & Ashley Smith

Heidi Lauterbach and Ashley Smith called into the meeting to speak to the Board about The Telluride Mountain Club (TMC). They informed the Board that donations to the organization are earmarked for trails, the via ferrata, climbing, and avalanche education initiatives and projects. They noted that funds raised can be used as matching funds for larger grant applications and projects. They communicated that TMC has big plans for 2020, including improving trail signage, updating area maps for public use as well as creating new trails and reroutes, as detailed in the TMC Trails Sustainability Plan. Director Garvey asked TMC to look into the Sharing Success Grant, noting that TMC might be a good candidate for the program.

4. STRATEGIC PLANNING

All-encompassing program to expand local renewables- Wiley Freeman

Manager Freeman reported that rebate program participation has increased, and the member services team has been able to reduce admin time per rebate by streamlining the process. He informed the Board that I.Q. Solar program is doing well, with approximately 75% of the panels allocated. He explained that the Green Blocks program has been updated with the new Totally Green program and that the new program has been well received. He noted that the team is continuing to work on a two-step process for net metering interconnection applications. He noted that the progress on these projects has remained steady while navigating staffing changes and the NISC system implementation.

Understanding the full value, and options, of our membership and contract with Tri-State G&T.

Director Cokes provided an update on the Tri-State Committee Proceedings. Director Cokes reviewed the diversity of the 42-member committee, noting 18 are from Colorado, eight from Wyoming, 11 from New Mexico, and six from Nebraska. In addition to the diverse locale of members, Director Cokes highlighted the

different leadership roles represented on the committee consisting of 13 Co-op CEO/Managers, 18 Tri-State Directors, 12 Co-op Directors (non-Tri-State director). Director Cokes informed the Board that the committee goal has been defined to 'develop recommendations that provide member flexibility in an equitable manner that provides clarity, simplicity, and preserves Tri-States financial strength.

Director Cokes reported that the contract committee has been tasked to develop a recommendation to establish additional classes of members. More specifically, the committee is working on creating a partial requirements membership that will define the rights and privileges for existing and new members. Director Cokes relayed that the committee has been tasked with coming up with a "Make-Whole Number," for both buying down to a partial requirements contract, as well as outlining the methodology for establishing equitable terms and conditions for a member System's withdrawal from Tri-State. The committee is tasked with making recommendations before the next Tri-State Annual Meeting in April 2020. Director Cokes noted that the contract committee meetings have included presentations by consultants, outside G&T's and co-ops that are considered subject matter experts. Director Cokes communicated that a sub-committee has been formed. The sub-committee was established to identify and recommend contract proposals that would honor the contract modifications some of the memberships are requesting while honoring the goal to keep Tri-State financially secure. She noted that within the subcommittee, SMPA's proposed changes were well received, and ultimately was the highest-ranked proposal. A popular change included noting a 'make whole number' vs. a 'buy-out number' because it allows an opportunity for a partial contract instead of a co-op leaving the membership. A partial requirement contract could enable cooperatives to establish a diverse power supply portfolio by allowing co-ops to explore local renewable power supply options while still utilizing Tri-State for transmission and a portion of the power supply needs.

5. CEO REPORT

CEO. Items

Regulatory Update FERC/Colorado PUC/Tri-State

Manager Zaporski reported that SMPA has submitted a protest to the Federal Energy Regulatory Commission (FERC) regarding Tri-State's filing to become FERC regulated. The protest was not to FERC regulation but that the Tri-State filing was incomplete. It did not contain many of the documents, policies, bylaws and articles of incorporation that SMPA feels need to be filed at FERC in order to preserve all of SMPA's rights and options for the future of our power supply. At the time of the meeting was the 120-day review period, and SMPA is still anticipating a response from FERC.

Manager Zaporski reported that the Colorado Public Utilities Commission (PUC) has issued the Notice of Proposed Rule Making (NOPR) for the Energy Resource Plan (ERP) process. He reported that The PUC sent Tri-State a list of questions to help define if Tri-State will fall under the PUC's regulatory process, and recent legislation, now that they have filed for FERC regulation. Tri-State responded, stating that while FERC will regulate the rates, Tri-State fully intends to comply with all CO state legislation and the PUC ERP and/or carbon reduction legislation and goals. Manager Zaporski noted that currently, SMPA has not participated directly with the PUC NOPR process, yet SMPA can still submit a comment and has an opportunity to participate in the hearing. Manager Zaporski commented that, while the current hearing is specific to Tri-State, he firmly believes in local control of SMPA and does not recommend any action that would relinquish local control of SMPA (not Tri-State) to the Colorado PUC. Because SMPA was under rate regulatory authority of the PUC at one point Manager Zaporski has first hand knowledge of how relinquishing local control of our distribution cooperative

would increase expenses, rates, administration, bureaucracy/red tape, and would put significant obstacles in the way of SMPA being able to achieve its mission, vision , what is best for the SMPA membership, and our ability to develop local renewable energy resources. Following discussion, the Board directed staff to continue to track the PUC process but not interject at this time. The consensus was that Tri-State is working diligently to comply with the PUC ERP NOPR process and recent carbon legislation.

Introduction of Employee Guests

Danielle Rodriguez, Human Resources and Administration Coordinator, attended the meeting.

Corporate Donations

Grief Share Program

Director Cokes motioned to donate \$165 to the Grief Share Program. Director Garvey seconded. The motion was voted and passed.

Telluride Mountain Club

The Board opted to review the Telluride Mountain Club (TMC) donation request following the review and recommendations of the Sharing Success Grant applications.

Friends of Ouray Library

The Board decided to revisit the Friends of Ouray Library donation request at the October Board of Directors Meeting. This decision was made to allow time to evaluate Tri-State's new community giving program guidelines.

Board Donations

Director Rhoades donated \$100 to Friends of Ouray Library.

Director Garvey donated \$200 to the Grief Share Program.

Director Cooney donated \$100 to the Grief Share Program.

Director Cokes donated \$100 to the Grief Share Program.

Finance Update

Coop Director Finance Training

Manager Mertz informed the Board that the cash position is down a little due to a busy construction season. We have drawn our RUS loan to increase our liquidity at a favorable 1.9% rate, thereby saving considerable expense. He reviewed the finance report noting that it is likely that we will finish slightly above budget.

Manager Mertz reviewed capital credits/member dividends and proposed another member dividend retirement to the membership. Manager Zaporski informed the Board that moving forward with another member dividend retirement would move SMPA closer to the goal of a 20-year retirement cycle and that it is foundational to the cooperative business model to return this capital to the membership. Following discussion, Director Rhoades motioned to retire 1.5 million dollars in capital credits/member dividends following the FIFO (First In First Out) methodology in December 2019. Director Sibold seconded. The motioned was voted and carried.

Marketing & Member Services

Manager Freeman reported that SMPA has contracted Bellomy to conduct a member survey. He informed the Board that some members will receive an email survey while others will receive a phone call. Bellomy is a full-

service market intelligence firm operating on the American Customer Satisfaction Index (ACSI). The ACSI is important because it allows SMPA to measure our membership responses with nationwide responses. Additionally, we can benchmark against our previous scores to gauge areas of success and/or opportunities for improvement. The survey has multiple questions focused on three different topics, including; community service/engagement, technology, and beneficial electrification questions.

Information Technology

Manager Zaporski informed the Board that, IT Manager Tea, along with six other team members are at NISC's MIC (Member Information Conference) in St. Louis. He noted that Manager Tea and Manager Oliver were presenting at the conference regarding SMPA's implementation of the NISC Outage Management System (OMS), and the incredible successes that SMPA has had.

Administration & Human Resources

Danielle Rodriguez, Human Resources and Administration Coordinator, had no further updates to her report.

The Board reviewed Policy 500-1, Availability. Following discussion, Director Garvey moved that policy 500-1 be approved with updates. Director Alexander seconded. The motion was voted and carried.

The Board reviewed Policy 5.07, Association Legal Counsel. Following discussion, Director Alexander moved that policy 5.07 be approved with modifications. Director Garvey seconded. The motion was voted and carried.

Engineering

Manager Riley informed the Board that the Red Mountain Project is in the permitting process with the forest service. Based on the current permitting timeline, it appears that the project will likely have a 2021 construction schedule. He noted that consideration is being given to going underground for the Ruby Walls segment of the project. There was discussion about the impacts that this would have on Red Mountain pass, with road closures, and most importantly how this has a negative impact on our communities of Ouray and Silverton. Manager Zaporski communicated that these impacts are of primary concern to SMPA and that we would start working on engaging these communities in discourse about this project. It was also mentioned that the project will include Fiber, which has the potential to enhance Broadband capabilities for both communities greatly.

Operations

In Manager Oliver's absence, Manager Zaporski reported that the operations team will complete the pole testing cycle this month. This concludes the last phase of a four-year process that will not need to be done again for at least six years. Additionally, he informed the Board that the Naturita Re-build project is underway.

Safety and Regulatory Compliance

There were no updates or additions to the report that was included in the Board Packet.

6. ATTORNEY'S REPORT

Director Rhoades made a motion at 4:24 PM to enter into executive session for personnel and contractual issues. Director Garveys seconded. The motion was voted on and carried. The Board entered into executive session at 4:24 PM and came out at 5:01 PM. While in executive session, no decisions were made, nor votes taken.

7. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes

Director Cokes did not have anything to add to the report that was distributed to the Board.

Western United- Dave Alexander

Director Alexander informed the Board that Western United is having a record year, including expanding into Nevada. He also remarked that the new CEO is doing well; he is conservative and has a strong financial background. He also noted that the annual fish fry was well attended.

Eco-Action- Jack Sibold

N/A

Tri-State- Jack Sibold

Director Sibold informed the Board that due to limited time, he would email out his notes regarding the meetings at Tri-State.

8. BOARD TRAVEL

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

Director Alexander expressed interest in attending NRECA's Winter School for Directors scheduled for December 13 – 18th in Nashville, TN.

9. MISCELLANEOUS

Director Alexander nominated Director Cokes to be the Colorado NRECA Voting Delegate with Director Felicelli as the Alternate. Director Rhoades seconded. The motion was voted and carried.

10. BOARD CALENDAR REVIEW

N/A

11. NEXT MEETING

The next Board of Directors meeting will be Thursday, October 31, 2019, at Mountain Village Town Hall meeting room.

The November meeting will take place on Tuesday, November 19, 2019, in Nucla.

12. ADJOURN

Director Alexander motioned to adjourn the meeting at 5:14 PM. Director Cokes seconded. The motion was voted and carried.



Doyle Garvey, Secretary/Treasurer