

1. CALL TO ORDER

President Felicelli called the San Miguel Power Association (SMPA) Board of Directors' regular meeting to order at 9:01 AM. The meeting was held in person at the Ridgway office location and via Zoom Video/Teleconference. Director Rhoades attended via Zoom Video/Teleconference, and Director Garvey, Director Brown Director Felicelli, Director Cokes, Director Alexander and Director Cooney attended in-person at the Ridgway office location.

2. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the revised consent agenda (April 26, 2022) and the March 29, 2022 meeting minutes. Director Alexander seconded. The motion was voted and carried.

3. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Felicelli reported he had been approached about the possibility of updating the painting of transformers from the standard green to a more festive design to add character to the Mountain Village Core area. Manager Zaporski reported that there is safety concerns to be addressed when considering changing the appearance of transformers including the use of specific safety paint and ensuring proper safety signage is prominently displayed.
- Director Cooney stated he was approached by a member asking about undergrounding in Telluride. Manager Zaporski reported that it is an option available at the member's expense.
- The Directors acknowledged April 18th was lineworkers' appreciation day and expressed their gratitude to the line crews for keeping the lights on in all types of conditions.

4. 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

Manager Zaporski advised that in 2021, three cooperatives filed 'conditional' notices of intent to exit their Wholesale Electric Supply Contract (WESC) with Tri-State, hoping that this 'conditional' intent would start the two-year notice requirement to exit the WESC. On April 21, 2022, the Federal Energy Regulatory Commission (FERC) issued an order denying clarification and waiver. This FERC order denies that the submission of an intent to exit can be conditional and that all three filings are not valid as they were submitted as 'conditional'. The result of this decision is distribution cooperatives will likely wait to see what FERC decides regarding the final Contract Termination Payment (CTP) methodology. The CTP is the cost that a cooperative will have to pay to exit Tri-State. At the point, that FERC determines the CTP, distribution cooperatives will then decide whether to submit their notice of intent to exit, this filing will start a two-year notice period, at the end of which the filer will be required to pay their CTP and exit Tri-State. Manager Zaporski noted that the two-year noticing period is required in order to allow Tri-State to adequately formulate its Resource Plan. Manager Zaporski reported that it is anticipated that an Administrative Law Judge at FERC will make a recommendation to the FERC commission regarding the CTP methodology in the second quarter of 2022. Additionally, Mr. Zaporski reported that he expects SMPA's Buy Down Payment (BDP) settlement to be filed at FERC within the next couple of weeks, noting that the BDP settlement is a non-binding agreement, but ensures that SMPA has the option to pursue a Partial Requirements Contract (PRC) with Tri-State.

5. CEO REPORT

CEO. Items

Power Supply Update

Manager Zaporski advised all power supply updates had been covered in the strategic objective update.

Legislative Update

N/A

COVID-19 Discussion

Manager Zaporski informed the Board that SMPA continues to stay vigilant in promoting the importance of general hygiene, sanitization and social distancing.

Annual Goal Setting (AGS) Process Overview

Manager Zaporski explained to the Board that SMPA does not utilize a traditional annual review process with staff but instead utilized a proactive performance coaching program. The program focuses on an ongoing review with staff throughout the year to address issues or celebrate performance accomplishments and incorporates an Annual Goal Setting (AGS) where the employee meets with their supervisor to review the status of the employee's previous year's goals and identify three to five goals to be accomplished for the following year.

Introduction of Employee Guests

Phil Zimmer, Energy Services Executive; Terry Schuyler, Key Accounts Executive; Kelly Truelock, Staff Accountant; Joshua Hainey, Senior Staff Accountant; Alex Shelly, Communications Executive; and Mike Therriault, Engineering Supervisor, were also in attendance at the meeting virtually or in-person.

Manager Tea reviewed SMPA's employee recognition program, where the employees can recognize their peers. Following a brief overview of program guidelines and the committee review process, Mr. Tea advised the Board of awards to be presented. MartyJo Davis, Executive Assistant, was recognized in the SMPA image category, for being positive and forward-thinking on a continual basis. In alignment with the Board's strategic objective to continually improve SMPA's overall safety and work culture and the cooperative principle of Concern for the Community, Mrs. Davis organized an employee donation program and volunteer paid time policy for the organization.

Community Focus Donations

The Board reviewed the application scorecard results. Following review, Director Garvey motioned to award the Community Focus donation (as follows) and apply for Basin match when applicable. Director Rhoades seconded. The motion was voted and carried. The awarded amounts are as follows:

- Telluride Mountain School, \$750 SMPA donation with a \$750 Basin Electric match request.
- Ridgway Chautauqua Society dba Sherbino Theater, \$500 SMPA Donation with a \$500 Basin Electric match request.
- Ouray Mountain Rescue Team, \$2,100 SMPA Donation with a \$2,100 Basin Electric match request.
- Mountainfilm, \$500 SMPA Donation with a \$500 Basin Electric match request.
- Silverton Creative District, \$1,250 SMPA Donation with a \$1,250 Basin Electric match request.
- Nucla Naturita Senior Citizens, \$2,500 SMPA Donation with a \$2,500 Basin Electric match request.
- Ouray Trail Group, \$1,500 SMPA Donation with a \$1,500 Basin Electric match request.
- Community Options Inc, \$500 SMPA Donation with a \$500 Basin Electric match request.
- Uncompaghre Watershed Partnership, \$500 SMPA Donation with a \$500 Basin Electric match request.

- Community Resource Center, \$500 SMPA Donation with a \$500 Basin Electric match request.
- Hoof and Paw, \$750 SMPA Donation with a \$750 Basin Electric match request.
- Ouray Summer Club Basketball, \$500 SMPA Donation with a \$500 Basin Electric match request.

Board Donations

- Director Garvey donated \$800 to the Nucla Naturita Senior Citizens and requested to apply for a Basin Electric matching donation.
- Director Felicelli donated \$500 to the Go Hawkeye Foundation and requested to apply for a Basin Electric matching donation.
- Director Cokes donated \$250 to the Ouray Mountain Rescue Team and ask that it be combined with Community Focus Donation in order to apply for a Basin matching donation.

Finance Update

Financial Review

Manager Lehigh reviewed the finance report, highlighting that in anticipation of the upcoming construction season cash flow needs, staff has submitted for the \$1.643 million in remaining load funds from the Rural Utility Service (RUS). Manager Lehigh also noted that March revenues exceeded budget while purchased power is trending slightly over budget.

2021 Audit Presentation and Approval

George Lynch, CPA, P.C., P.A., reviewed the 2021 audit report with the Board of Directors.

Director Garvey made a motion at 10:20 AM to enter into executive session to review the 2021 audit report. Director Cokes seconded. The motion was voted and carried. The Board entered into executive session at 10:20 AM and came out at 10:36 AM. While in executive sessions, no decisions were made, nor votes taken.

Director Cooney made a motion to accept the 2021 audit report as presented with no questions or issues. Director Alexander seconded. The motion was voted and carried.

Marketing & Member Services

Microgrid Presentation- Terry Schuyler, Key Accounts Executive.

Key Accounts Executive Terry Schuyler communicated that reliability projects are projects that focus on fortifying the grid, and resiliency projects are projects designed to fortify outside the grid. Mr. Schuyler explained that a microgrid is an example of a resiliency project and is essentially an island within the grid that can supply power in the event of a utility outage. Mr. Schulyer reviewed two microgrid systems that exist in SMPA's service territory, highlighting the components of the system and how they work together to ensure mission-critical loads will never go down. System components of microgrid systems include solar PV systems, generators, and battery storage systems.

Information Technology

Manager Tea reviewed his report, noting the office phone systems have migrated to a Mitel Cloud system, he highlighted features of the new system and anticipated cost savings.

Administration & Human Resources

Manager Zaporski reviewed the Administration and Human Resources Board Report, focusing on the staffing and recruitment topic. He advised the Board of challenges in recruitment that are related to candidates procuring housing. Manager Zaporski advised the Board that a Housing Committee is being formed. The objective of the Committee will be to discuss ideas and recommend possible solutions to address the housing challenges. Director Garvey volunteered to join the Housing Committee as the Board representative on the committee.

The Board reviewed Policy 304, Members at Board of Director Meetings. Following discussion, it was determined the policy would be reviewed again at the May Board of Directors Meeting.

The Board reviewed Policy 305, Member Information and Public Relations. Director Brown motioned to adopt Policy 305 as drafted, striking proposed letter C and reformatting the balance. Director Garvey seconded. Following discussion, the motion was voted and carried.

Engineering | Operations | Safety and Regulatory Compliance

Non-Refundable Engineering Fee

Manager Fox advised the Board that staff is moving forward with implementing a non-refundable engineering fee for engineering quotes; the fee will have a tiered rate strategy based on the size of the service. The fee will be credited towards a project that moves forward or, if for some reason, the project does not move forward the fee would be forfeit and go into the facility reinforcements. The fee will help cover the administrative time spent in preparing estimates.

7. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes

Director Cokes reported the next CREA meeting is scheduled for April 29, 2022.

Western United- Dave Alexander

Director Alexander stated the next Western United meeting is scheduled for April 28, 2022.

Eco-Action- Kevin Cooney

N/A

Tri-State- Kevin Cooney

Director Cooney stated topics discussed at Tri-State's 70th Annual Meeting included a high-level overview of Tri-State's efforts to accelerate their Responsible Energy Plan transition, renewable energy additions and advancement of contract flexibility. Director Cooney reported that at the Rate Design Committee meeting there was an overview of the rate design process, explaining that the rate design committee reviews information and then makes a recommendation to the Tri-State Board of Directors, Tri-State Board of Directors makes a decision and Tri-State will take it to FERC for approval before rates can be implemented. Director Cooney informed the Board that Tri-State advisers presented an analysis of how certain FERC decisions could impact various cooperatives such as the direct assignment of costs as it relates to radial lines. Manager Zaporski explained that radial transmission lines spur off the main transmission line to serve a specific load, noting that due to SMPA's remote location, a significant portion of SMPA's load is served by radial transmission. Manager Zaporski informed the Board that historically, the transmission rate has been socialized amongst the Tri-State

membership. However, if the FERC decides on the direct assignment of transmission costs, SMPA will experience a significant increase in transmission rate as it relates to loads served via radial transmission lines.

8. ATTORNEY'S REPORT

Director Alexander made a motion at 1:55 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 1:55 PM and came out at 2:48 PM. While in executive session, no decisions were made, nor votes taken.

9. BOARD TRAVEL

The Board reviewed upcoming meetings and training opportunities.

10. MISCELLANEOUS

Order of Ballots

It was determined that with the introduction of electronic voting and the ability to randomize the order on ballots, both digital and paper that it is no longer necessary to draw names to determine the order of ballots.

Manager Zaporski communicated to the Board that he had been asked by NRECA/CREA to be present when NRECA/CREA electrifies a village in Guatemala, August 14-20, 2022. The Board approved Manager Zaporski's travel to Guatemala with NRECA/CREA.

11. BOARD CALENDAR REVIEW

N/A

12. NEXT MEETING

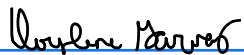
The next Board of Directors meeting will be Thursday, May 19, 2022, in Nucla and Via Zoom.

SMPA's Annual Meeting will take place on Thursday, June 9, 2022. The Board will be in-person at the Nucla office with the event will be Virtual for attendees.

The June 2022 regular Board of Directors meeting will occur on Tuesday, June 28, 2022, in Ridgway and Via Zoom.

13. ADJOURN

Director Garvey motioned to adjourn the meeting at 2:57 PM. Director Alexander seconded. The motion was voted and carried.



Doylene Garvey (May 19, 2022 18:39 MDT)

Doylene Garvey, Secretary/Treasurer