

1. CALL TO ORDER

President Felicelli called the June 23, 2015 meeting of the San Miguel Power Association Board of Directors to order at 9:33 a.m. All Directors were present

2. OATH OF OFFICE – BOB JUSTIS

Attorney Link asked Director Justis if he had read the Director Creed and asked if he would affirm that he has read and agrees to abide by the creed. Director Justis agreed and signed the Director Creed. He was congratulated and he stated he looks forward to serving his next term on the Board of Directors

3. ELECTION OF OFFICERS

Director Garvey motioned to keep all officers as they are currently. Director Rhoades seconded. President Felicelli asked for discussion. He clarified that the other positions on CREA, Tri-State, Western United, etc. would also remain the same unless there was interest from other directors as serving as representative. No discussion was presented. The motion was voted on and passed unanimously. President Felicelli thanked fellow Directors for their confidence.

4. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the consent agenda. Director Alexander seconded. The motion was voted and carried.

5. MEMBER OR CONSUMER COMMENTS

Director Sibold mentioned a member approached him with a request to pay his electric bill with an electronic funds transfer (ETF). He was directed to contact the CSR's in order to access the information and process on how to set this up with his bank.

President Felicelli reported that a member expressed confusion with a recent solar installation. The member was confused as to when the bill credit would appear on his monthly bill. President Felicelli suggested that a member information packet be developed that could outline this type of information for owners of new solar installations.

Director Sibold shared a complaint from a member, Scott Carlisle, about a deposit requirement. Director Sibold contacted Cal and received the history on the member account. Director Sibold called the member back and offered to put member in touch with Cal so they could discuss further. The member was given the opportunity to come to the board meeting but he was unable to attend. The member was thankful for the effort made by Director Sibold and staff.

6. CEO REPORT

E. Strategic Plan Updates

Relationship Goal

Manager Ritter shared that Carla Reams recently attended an HR conference where representatives from San Luis Valley REC made a presentation on a culture change program that was implemented at their cooperative. The company went through an assessment and developed a listing of issues the company was facing. Working groups were developed and assigned projects to develop skills and address problems. Loren Howard, CEO at SLVREC and Wendi Seger met with Manager Ritter and Carla to discuss the program in greater detail. SMPA staff is strongly considering implementing the program at SMPA. Implementation of a program such as this is continuing to work on improving relationships

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and sustaining a positive change for the long term. Manager Ritter stated he liked the program because it is measurable, sustainable, long term, and has achieved significant results at SLVREC in two years. We have worked on relationships for some time and have made progress, but this is a much more defined program. SMPA has arranged for Wendi to meet with Senior Staff on July 6th. July 7th & 8th Wendi will present the program concept during the scheduled All Employee meetings. She will also conduct some interviews with employees and each employee will be given a questionnaire to complete. She will provide a summary of main issues identified. Small groups are then formed with a random mix of employees. Each group is assigned a project to address an issue, or improve their communication skills. Many of the employees who were nay-sayers of the program are now the biggest supporters of the program at SLVREC. They have also developed a culture committee whose purpose is to sustain the progress of the programs. SMPA offered to compensate for SLVREA's assistance, but SLVREC only wanted reimbursement for travel expenses while on site. Carla shared that both Empire and LaPlata were interested in seeking assistance from Wendi also. One positive thing that struck Carla about the program was the progress made over a one year time frame. The Board thought it sounded like a very good program and encouraged staff to continue to pursue its implementation.

H. Scholarship Guidelines

Manager Ritter shared that one scholarship recipient submitted a request for SMPA to hold the scholarship funds until next year. She has received more than one scholarship and was asking for consideration of SMPA holding the funds until next school year when they will be needed. Manager Ritter reminded Directors that a similar issues arose a couple of years ago which prompted a policy change which stated that "Scholarships were to be used in the year they were awarded. If the recipient cannot accept or use the scholarship during that year the scholarship will be awarded to the runner up except for extenuating circumstances as approved by the board of directors on a case by case basis." Discussion took place. Directors were polled regarding their opinion. Directors reached a consensus on remaining with the policy where the scholarship should be used in the year it was awarded. Directors suggested having the student approach the other scholarships that were awarded her and see if they are willing to hold their funds for one year.

I. Board Donations

Director Garvey asked that \$100 of her Director funds be donated to the Red Rock Rodders.

K. Annual Meeting

Manager Ritter shared a comment from a member regarding her opinion on the prize give away. The member was informed that the prize was donated to the cooperative from Tri-State. Directors felt the annual meeting went smoothly, the sound system worked well and positive feedback was received from members that attended. Directors thanked the staff for their efforts in pulling the meeting together.

L. Strategic Planning

Directors were informed that staff has been working on preparations for the Strategic Planning scheduled for July 23, 2015. Directors were informed that the Bell Family Lodge was available as a possible location. Staff shared the comments received from the meeting facilitator who was in favor of having the function in a casual location away from a conference room atmosphere. Directors reviewed the location options. Director's consensus was to meet at the Bell Family Lodge.

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Directors were advised that Gregg Piburn has spoken with both President Felicelli and Manager Ritter. A survey will be emailed to directors for their response. Each Director is encouraged to complete the survey and add any issues they feel are important to discuss. Gregg Piburn will summarize the issues for discussion. All responses will be kept confidential.

M. Pedal the Plains Sponsorship

Manager Ritter inquired if there was interest in helping sponsor the Pedal the Plains bike event. Discussion took place. Director Alexander motioned to give a sponsorship of \$500. Director Justis seconded. The motion was voted on and passed with six favorable aye votes and one nay voted from Director Garvey.

N. Eco Action Partners

A letter from Eco Action Partners was received. There was a vacancy left on their board by former SMPA employee, Ken Haynes. EAP is requesting representation from the SMPA Board of Directors to the EAP Board. Discussion took place. Directors were asked if there was interest in serving. Director Sibold volunteered to serve on the EAP Board.

O. CFC Election

Manager Ritter shared that nominations are being sought to serve on the CFC Board of Directors. Directors were asked if there was interest in seeking election to this Board. No interest was presented. If any Director is interested they were asked to contact staff for nomination information.

P. CFC Integrity Fund

Directors were asked if there was interest in contributing to the CFC Integrity fund which is a fund utilized to settle legal suits related to territorial disputes. Director Justis motioned to contribute \$1000 for the purpose of territorial integrity. Director Rhoades seconded the motion. No discussion was presented. The motion was voted on and passed unanimously.

Q. Finance

vi. Financial and Statistical Reports

Directors reviewed the financial reports for May. Directors were pleased that revenues were up. President Felicelli shared that a member he knew that had multiple properties express their happiness upon receiving their capital credit check.

Director Justis questioned the cash budget line item that defined the capital credit retirement of \$1,244,000 in June and the similar budget amount in July. Cal Rutherford explained that the amounts to left of the bold line are actual numbers. The numbers to the right of the line are estimates. The capital credits were paid out in early June.

vii. April 2015 Expenditure Report

Directors reviewed the April expenditure report. No questions were presented.

viii. May 2015 Expenditure Report

Directors reviewed the May expenditure report. No questions were presented. President Felicelli stated he was encouraged with the amount of rebate checks to the membership.

R. Marketing & Member Services

i. Vacancies

Directors were informed that Alex Shelly the new Communications Executive will begin employment on July 7th. Staff conducted interviews for the Key Accounts Executive. The field of candidates was very well qualified. Staff has made an offer to a candidate and the necessary background check is being conducted.

R. Information Technology

i. Lightning Damage

Manager Ritter shared that SMPA's insurance carrier has given notice that the claim involving the lightning strike will be honored. The insurance company is in the process of forwarding \$100,000 in good faith to cover the preliminary costs of hardware replacement.

T. Special Projects

i. Environmental Audit

Duane Oliver, Manager of Special Projects gave a summary report to Directors on the finding of the recent environmental audit conducted by Malmanus Consulting Engineering. The auditor visited several of the substations and the three main office facilities. The spill prevention counter measures and controls (SPCC) plans were outdated and need to be updated. The main equipment yards in Nucla, Ridgway, and Telluride may also require a SPCC plan due to the amount of equipment stored there. Another option would be to reevaluate where we store equipment to avoid the limit. SMPA could self-certify the SPCC plans for the substations based on the gallons per locations. The main facilities may require the signature and certification by a professional engineer. There are some issues with the wash racks in Telluride and Ridgway. Both racks are currently shut down until the drainage issues in the oil separators can be corrected. The corrections will require some work but mostly updating plans to comply with regulations. Overall the audit identified some issues for correction but staff was pleased there were no major corrections to be made.

7. ATTORNEY'S REPORT

Director Justis motioned to go into executive session for the purpose of discussing lawsuits and legal actions. Director Sibold seconded. The motion was voted on and approved.

Directors came out of executive session at 11:55 a.m., while in executive session no votes were taken and no decisions were made.

8. POLICY REVIEW

Staff reviewed the policies submitted for Director consideration and re-approval. Staff recommended rescinding the CDL – Drug and Alcohol policy, because it duplicated our Substance Abuse policy. In May Directors approved the Substance Abuse policy which included random drug testing for all SMPA employees and specified requirements for CDL drivers.

Directors reviewed the Hazardous Communications policy. Manager Ritter shared that staff wished to change the title of the policy to The Chemical Right To Know policy. Hazard communication can be confused when employees are tasked to identify hazards on the power lines.

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Directors reviewed the Cost Sharing for Non Affiliated Premiums. Manager Ritter asked Directors to table this policy until next month. Staff has spoken to our labor attorney who has staff who are experts on the Affordable Health Care laws. The firm asked for more time to review the SMPA policy to include language as required by the existing laws. Staff will bring back to Directors when complete.

Manager Ritter shared that the Attorney Link made some minor changes that were not included in the Board packet.

Director Cokes motioned to rescind the CDL-Drug and Alcohol policy, approve the Chemical Right To Know policy, and approve the Travel and Business Expense policy, as they were amended by Attorney Link. Director Rhoades seconded. The motion was voted on and carried.

9. ASSOCIATED MEETING REPORTS

A. CREA – Dave Alexander

Director Alexander reported that the most recent meeting of the CREA Board was held in Ouray/Ridgway area. Directors discussed the recent legislation. CREA has hired Angela Myer as their new Job Training and Safety (JT&S) person. Many compliments were received about the tours and meeting format.

i. CREA Resolution Discussion

Manager Ritter shared that he emailed Directors the resolutions that are reviewed on an annual basis. The process to make any changes is just starting. Cooperatives will have until fall before the final votes. If Directors were interested in reviewing and giving their input they were encouraged to bring forward their comments to Director Alexander.

2. Western United Electric – Dave Alexander

The monthly meeting for Western United is scheduled to be held this upcoming Thursday, June 25th.

3. Tri-State – Jack Sibold

Director Sibold asked if there were any questions from the monthly Tri-State board report included in the Director packet. President Felicelli asked for an update on the ColoWyo mine. Director Sibold shared that the Office of Surface Mining must go back and correct the process they failed to comply with when they approved the permit. The corrections must be made by July which is approaching quickly. It is unknown if they will be able to comply with the requirement by the deadline. There was discussion that the mine may be temporarily shut down until the corrections are made. The ColoWyo is the primary provider of coal for the Craig Generating Station.

Director Sibold reported that a part of the Craig Generating facility was nonoperational, which means there was more natural gas used for generation during the month of June, which is more expensive.

Director Sibold reviewed the Tri-State rate analysis presentation with SMPA Directors. Members of the rate design committee were made up of 25 people who are TSGT board members and some member managers. Rate design considerations were to focus on inequitable rates, variations in member power supply costs, load shifting, transparency, and time of use. Other objectives were that the rate structure should be as simple and understandable, explainable, and defensible as possible, and should promote load shifting. Director Sibold reviewed the electronic polling results of the rate

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committee and discussed which recommendations received strong committee support and those with split support. Director reviewed the historical cost of service rate changes in both energy and demand rate structures. General discussion took place.

Directors reviewed Tri-State presentation slides about the Interest Rate Risk. This is important especially since Tri-State is now subject to the bond market and must mitigate risk of fluctuating interest rates and areas of exposure. Tri-State is anticipating there will be less frequency in their borrowing. Charts on historical treasury rates and annual change in rates were shown. Interest rate risk management is an important consideration that should be addressed in conjunction with future borrowing needs. Floating rate debt was discussed.

Director Sibold was thanked for his informative information.

11. BOARD TRAVEL

NRECA Region 7 Voting Delegate

President Felicelli shared he was interested in attending the Region 7 meeting being held in Salt Lake City. Director Cokes shared she was interested in possibly attending the Director Training classes. Directors chose to wait until the August meeting to select their voting delegate for the meeting.

CREA Energy Innovations Summit is scheduled for October. Once staff receives the registration information it will be shared with Directors who choose to attend.

Director Cokes shared her desire to attend the CoBank Energy Conference in Colorado Springs.

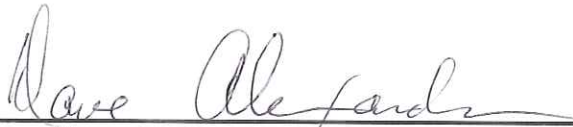
10. STRATEGIC PLANNING

President Felicelli shared that only the Board of Directors will meet with Gregg Piburn at approximately 9:30 a.m. on July 23rd. Management will be asked to join the meeting at about 10:30 a.m.

14. NEXT MEETING

Directors chose to have the July meeting in Ridgway on Tuesday, July 28, 2015 at 9:30 a.m.

The meeting was adjourned.



Dave Alexander, Secretary/Treasurer

