

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 (June 13, 2017) to include: May 23, 2017 meeting minutes and the re-ratification for SMPA staff to move forward with a P.O. and a scope of work for the NISC project and the approval of Manager Zaporski's contract as discussed in executive session. Director Alexander seconded. The motion was voted on and carried.

3. MEMBER OR CONSUMER COMMENTS

- Director Justis referred to an email that he forwarded to the Board of Directors from Kurt Johnson and a summary of his correspondence was passed to the Board. Director Justis explained that his response to Mr. Johnson will be that the actions he is requesting should be those of the Board of Directors and would not be actionable at the Annual Meeting and that in regarding to the Qualifying Facilities rate that he should meet with Manager Zaporski.
- Director Justis also had comment after the Annual Meeting from Chris Meyers. He has reservations of our election process and asked for a review of the voting list and how we look at the addresses on file.
- Director Sibold received comment regarding broadband and the need.
- Director Felicelli in passing spoke with Eric Jacobson and he commented on Kit Carson Electric Cooperative and Tri-State. Director Felicelli also received feedback from Brian Werner regarding his opinion that SMPA should be leaving Tri-State.
- Manager Zaporski read a letter from Mike and Janet Rosero, from Silverton. They expressed concerns regarding the member comment/question and answer time at the Annual Meeting. The Rosero's felt that the members in attendance were not happy with the format and suggested that in the future that questions should be submitted ahead of time and that answer period is shortened.
- Director Cokes received several comments that reflected the same opinion of the Rosero's. She also received positive feedback from members that had never attended before and were very pleased with the meeting. Overall feedback was that staff hit it out of the park.
- Director Cokes received comment from Jack Young about his upcoming development project and that he would like to collaborate with San Miguel Power.

General Council, Jim Link served as the 2017 election monitor's feedback regarding this election is not that the election was not fair, but that the process is flawed. Mr. Link explained that in the past we have had inquires or complaints but those members in all cases have been out of the voting district in question. This year the complaints regarding process have been only by a few people but have taken up a lot of staff time. Working with SMPA staff there are some Bylaw and process issues that will be assessed and recommendations of any changes will be brought to the board in the next several months.

Concerns to examine:

- Eligibility to vote and eligibility to run for Director differ
- Primary account designation with multiple accounts
- Primary account address in our system and billing address
- Ability to change primary account once every four years
- Ways to increase voter participation
- One member one vote evaluation for those with multiple accounts in different districts

Discussion regarding pros and cons to one member one vote, if moving to new software will aid in this process, and the responsibility of member and of the coop in voting education and primary account knowledge.

4. STRATEGIC PLANNING

Manager Zaporski explained his first 2017 Strategic Objective Initiative in understanding the full extent of All Requirements Contract (ARC) with Tri-State; it's value and options. Mike McInnes contacted Manager Zaporski requesting that he speak with the Board before we submit our letter requesting withdrawal. Manager Zaporski cleared the rumor of withdrawal and explained that we are trying to work out a meeting date with Tri-State to educate the Board and management to explain the value of our contract with Tri-State. At this point we are planning on researching our options without requesting a buyout price. The Board discussed the costs associated with requesting a buyout price and the impact. Manager Zaporski is looking at companies to aid in the analysis of our power options and will look at the scope of work that they provide and the costs associated. This would be a larger budget item that would be determined by the Board if they would like to include this in the 2018 budget.

Manager Zaporski spoke about his second strategic initiative regarding our current long term financial policy and options to create financial flexibility while maintaining rate stability. Manager Zaporski will work with Manager Rutherford to have a session to build understanding of our current long term financial goals. Next year we will consider bringing in a consultant. Both Manager Zaporski and Manager Rutherford think our current long-term policy is working and is good.

5. CEO REPORT

Employee Guests

There was no employee guest this month.

Corporate Donations

There were no corporate donations to review this month.

Board Donations

There were no board donations this month.

Finance Update

Manager Rutherford gave a brief Form 7 review.

Marketing & Member Services

Manager Freeman gave an IQ Solar project update, that the meter is working and the project is live. Sharing Success Grant money clarification with Top of the Pines. The grant money was spent on what was on the application, contrary to what was reported last month. There will be language in the application process moving forward that will explain this further. Member Services received a request for information (RFI) from Pinhead Institute breaking down our historic system wide peak data information. They would like to see if there is any economic benefit to create a battery to offset our peak usage. Manager Freeman explained a new project that the Town of Ridgway is working on for affordable housing development. In a shared parking area would like to potentially put a solar area to offset energy costs for these homes. Staff is working on what our approach might be for this. Allyn Svoboda, Rico member observing this month's board meeting, spoke of his knowledge about flow batteries as means for peak shaving or as a micro grid to repair outages. Manager Zaporski explained to the Board the RFI process, that all requests go to the General Manager for review and approval and depending on the nature and if it is out of the ordinary course of business may be subject to charges.

Information Technology

Manager Tea explained that they are going to install a cell phone booster in our Nucla office to try to increase signal, this is scheduled for June 14th. We have disconnected our fiber with Century Link and are relying on our own fiber now, we are required to have one more billing cycle with them. SMPA's contract with our IT contractor, SMSB is now expired and we are no longer using them.

Administration & Human Resources

Director Justis motioned to reinstate the 401K and RS Plan as presented. Director Sibold seconded. The motion was voted on and carried.

There were no policies for review this month.

Engineering

Supervisor Jeremy Fox gave an update on the Telluride/Mountain Village Reliability project. Crews will not work on the large festival weekends. The next upcoming is Blue Grass. The project is moving forward and is about a mile & half in now. The impact on the Galloping Goose Trail will be for 3-4 weeks of shut down in late July.

Operations

Manager Oliver explained that he is meeting this week with the tree trimming techs to concentrate on the hot spots. Manager Zaporski said unfortunately we are not exactly where we wanted to be with the trimming and did not want to be in a place where we are concentrating on hot spots and that we wanted to be doing preventative work.

Safety and Regulatory Compliance

Started on strategic initiatives. Going to try to submit an application for a reduction in premium to Pinnacle Insurance if we qualify. The concrete pad in Ridgway is poured for foundation of the transformers.

6. ATTORNEY'S REPORT

Director Rhoades made a motion at 1:00 PM to enter into executive session for personnel and contractual issues. Director Sibold seconded. The motion was voted on and carried. The board entered into executive session at 1:00 PM and came out at 1:32 PM. While in executive session no decisions were made, nor votes taken.

7. MISCELLANEOUS

Election of Officers

Director Rhoades made a motion to approve no changes to the standing officers. Director Garvey seconded. The motion was voted on and carried.

Officers:

Rube Felicelli, Board President

Bob Justis, Vice President

Dave Alexander, Secretary/Treasurer

Doylene Garvey, Assistant Secretary/Treasurer

8. ASSOCIATED MEETING REPORTS

CREA- Bob Justis

Director Justis NRECA direct courses in fall classes to include Equity and Feedback for CEO and Board President at the District 7 & 9 Meeting. FCC is blaming coops for high fees attachment fees. Hail storm in Denver with caused roof damage to CREA building and a lot of other damage in the area. Holy Cross has new CEO, Brian Hannagan.

Tri-State – Jack Sibold

Most was review of Strategic Planning. There was a presentation of The Cost of Increasing Renewable Generation, 1% would cost 84 million in lost revenue over 20 years. There was also a broadband presentation given by Joel. Fiber network just over 3000 miles. Industry overview was presented by Scott Madden. Director Sibold will try to send the Board copies of the presentation instead of trying to review them in person.

Eco Action Partners – Jack Sibold

Brief meeting mostly about composting.

9. BOARD TRAVEL

Director Justis, Cokes and Garvey will attend the CFC Financial & CREA Crucial Conversations in Vail, CO Aug. 28-30th. Manager Zaporski would also like to attend.

10. BOARD CALENDAR REVIEW

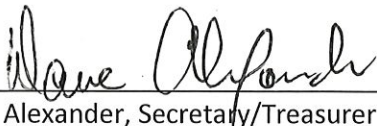
Discussion of a future visit by Tri-State to SMPA scheduled for August 15th in Ridgway.

11. NEXT MEETING

The next Board Meeting will be July 25, 2017 in Nucla. The Board would like to look at dates to hold a meeting in Mountain Village and in Silverton.

12. ADJOURN

Director Garvey motioned to adjourn the meeting at 1:50 PM. Director Justis seconded. The motion was voted on and carried.



Dave Alexander, Secretary/Treasurer