

### **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 (April 25, 2017) to include: March 28, 2017 meeting minutes and the re-ratification of the granted Corporate Donation to Nucla/Norwood AAU in the amount of \$250. Director Rhoades seconded. The motion was voted on and carried.

### **3. MEMBER OR CONSUMER COMMENTS**

- Manager Zaporski mentioned that Manager Freeman and Manager Zaporski met with Adam Chambers, a member and climate scientist out of Mountain Village. He is impressed with our Green Blocks program and did not see any flaws with our REC accounting and subsequent methods of accounting for carbon.
- Member Dawn Glanc stopped in to say hello and introduce herself. Ms. Glanc is an Ouray City Council Member and is a local climbing guide. She is running for District 7 seat as a San Miguel Power Director.
- Member Anne Ryan spoke about the LEADS Serves organization seeking a donation request. Ms. Ryan talked about her organization that focuses on youth outdoor leadership, veteran and veteran families, and athletes with adaptive needs. The programs give these groups an opportunity to join outdoor programs. The program looking for sponsorship is "Walking off the War."
- Member Jamie Nixon and Glynn Williams spoke about the Mount Sneffels Education Foundation (MSEF) and the Mt. Sneffels Marathon/Half Marathon seeking a donation request. Mr. Williams explained that MSEF was established in the early 90s to broaden the educational and cultural experiences of the youth in Ouray County. The foundation contributes money to projects initiated by local schools and community leaders where there is no regular funding available. Ms. Nixon spoke about the race and the sponsorship opportunity.

Attorney, Jim Link, gave a brief overview of the election candidates. Communications Executive, Alex Shelley gave an update on the election process. Mr. Shelley explained the date of record is 45 days prior to the election. The date of record is the cutoff date in which new members are able to vote. After the date of record, we are able to provide the candidates a member list (including names and addresses) as they have requested. The ballot order will be determined by the independent election monitor, Jim Link at the board meeting today. The ballot order will be used throughout the election for all press releases and any other publications by SMPA. Ballots will be mailed out to District 5 & 7 and the ballots are due by June 7, 2017 by mail or dropped off to either of our main office locations. If a member misses the deadline, you may vote at the Annual Meeting June 8, 2017 in person. Jim Link suggested a note on the ballot suggesting that ballots are mailed asap due to how long the USPS has been taking. During this time, Manager Zaporski also explained that we were no longer assigning staff to attend the Board Meetings and do encourage any employee to attend if they would like. If we think there is low attendance or lack of interest we will revisit assigning staff to attend.

### **4. STRATEGIC PLANNING**

Manager Zaporski distributed the updated Strategic Objectives list that now includes the assignments. The next step will be that Manager Zaporski will work with the team to present the initiative list to include timelines. Director Justis asked if we should add the strategic plan to the website. The Board discussed adding it to our website and the possibility of this as a newsletter topic. It was suggested to yes, do so. Director Justis also

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inquired if we so add also non-local renewables as part of the plan and was looking for staff to advise. He thought the visit to La Plata Electrical Association opened his eyes that there are more than local renewables. Director Felicelli suggested changing the Strategic Objective to regional. Discussion took place regarding this addition, but, no changes were made. Manager Zaporski would like to have each assignee present to the Board and would like to get through all initiatives within three months.

## **5. CEO REPORT**

### **Employee Guests**

There was no employee guest this month.

### **Corporate Donations**

The board reviewed the following donation applications:

- a.) Mount Sneffels Education Foundation - \$5,000
- b.) LEADS Serves - \$5,000

Director Garvey motioned to approve a donation of \$1,000 to the Mount Sneffels Education Foundation and requesting Basin Electric to match our donation (with Board Donations total of \$1,500). Director Rhoades seconded. The motion was voted on and carried.

Director Rhoades motioned to approve a donation of \$500 to LEADS Serves and requesting Basin Electric to match our donation (with Board Donations total of \$1,200). Director Alexander seconded. The motion was voted on and carried.

Discussion took place regarding adding to the Corporate Donation fund and how to add to the amount of money for donations.

### **Board Donations**

Director Cokes donated \$400 to LEADS Serves.

Director Garvey donated \$100 to LEADS Serves.

Director Alexander donated \$100 to LEADS Serves.

Director Rhoades donated \$100 to LEADS Serves.

Director Rhoades donated \$200 to Mount Sneffels Education Foundation.

Director Cokes donated \$200 to Mount Sneffels Education Foundation.

Director Sibold donated \$100 to Mount Sneffels Education Foundation.

### **Finance Update**

Joshua Hainey, Senior Accountant, went over the TIER, OTIER (Operating Tier) and DSC (Debt Service Coverage) financial ratios as part of our Form 7 training. TIER and OTIER are indications of the company's ability to earn margins sufficient to pay the interest on debt. DSC is a test of the company's ability to maintain cash flows through margins and depreciation to pay the principle and interest on borrowed funds.

The equation for TIER:  $(\text{net margins} + \text{interest on long term debt}) \div \text{interest on long term debt}$ . When looking at the Form 7:  $(\text{line 29} + \text{line 16}) \div \text{line 16}$ .

The equation for OTIER:  $(\text{operating margins} + \text{interest on long term debt}) \div \text{interest on long term debt}$ . When looking at the Form 7:  $(\text{line 21} + \text{line 16}) \div \text{line 16}$ .

The equation for DSC:  $(\text{net margins} + \text{interest on long term debt} + \text{depreciation}) \div (\text{principal} + \text{interest})$ . payments. When looking at the Form 7:  $(\text{line 13} + \text{line 16} + \text{line 29}) \div (\text{YTD principle} + \text{interest payments})$ .



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Manager Zaporski noted that RUS minimums and our goals (higher than the minimum) to allow for us to collect more revenue to pay off capital credits. Manager Zaporski gave a finance update. Our net margins are off by ≈ \$200,000. There are several factors that impacted this: we did not have as high of revenues as we have in past years due to a warmer early 2017, WAPA load significantly lower, and our expenses ≈ \$100,000 higher. Manager Zaporski explained that a job was closed out this year and should have been closed in 2016 and this has also impacted our margins for 2017. We are working with the auditor to determine if this can be changed. Operations is still working on changes with staff labor posting to capital. Manager Rutherford announced his retirement at the end of August.

#### **Marketing & Member Services**

Manager Freeman updated the Board that the scholarship recipients had been selected including winners at Telluride Mountain School and Paradox Charter School (newly added this year). Alex Shelley, Communications Executive will coordinate with Board members to present the scholarship winners at each school's awards ceremony. SMPA submitted the application to again participate in the Sharing Success Grant. This is a partnering with CoBank. Manager Freeman also reported that we have selected a speaker for the Annual Meeting, Sue Hanson a motivational speaker out of Montrose. Manager Freeman gave a Green Fund update, a payment from Tri-State for the community solar rec agreement from 2016. We were able to lock in at a 3 times multiplier, which is why we have such a large revenue stream. Director Justis received a member comment from George Greenbank out of Telluride regarding the Ames powerplant shutting down. Xcel Energy keeps proposing to shut down one of the two penstocks, Howard's Fork. Mr. Greenbank stresses locals would like to keep it viable and feel it is part of Telluride history. Director Felicelli suggested that Kurt Johnson bring SMPA a proposal to help. Manager Freeman also explained that we implemented a page on our website devoted to closure dates for the Telluride/Mountain Village reliability project.

#### **Information Technology**

Manager Tea wanted to express that he is very impressed with the culture at SMPA and encountered positive professionalism and thinks management and the board is doing a good job. Mr. Tea has been meeting with employees to gather what training is needed and what new tools would be helpful to staff. In working on our Strategic Plan, he has been assessing our hardware, software and network needs and will present his ideas soon. We are still working with our contractor, SMSB through the end of May.

#### **Administration & Human Resources**

Manager Reams looking for direction regarding the giving to the 4-H Livestock Sale. There are more kids participating this year and in the past, we have given each child \$100. It was suggested that we divide what we have budgeted by how many children and that is the amount each will receive. Manager Reams updated the Board that the Grievance has been withdrawn and is completed for the safety violation.

#### **Tools & Safety Equipment (Policy 6.06)**

#### **Holidays (Non-Bargaining) (Policy 6.07)**

#### **Vacation Compensation Policy (Non-Bargaining) (Policy 6.08)**

Director Alexander motioned to approve Policy 6.06, 6.07 and 6.08 as presented. Director Sibold seconded. The motion was voted on and carried.

#### **Engineering**

Manager Riley updated the Board on the Telluride/Mountain Village reliability project, that there are some concerns with Williams Construction. This will be discussed in Executive Session.

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Easement Increase Dallas Creek- McKinzie Creek 15V TL

Director Rhoades motioned to approve the signature for corrected assignment of easements and additional release from RUS to Tri-State. Director Garvey seconded. The motion was voted on and carried.

### **Operations**

Manager Oliver gave an update regarding the outage near the Telluride airport. We are having issues with the locate company. We are looking to change to a different company. Although, having trouble finding resources. Manager Oliver explained that they are still working on labor changes and he is extremely proud of the crews. The crews have been very receptive. Director Sibold noted that he stopped last week to observe the crew in Ridgway working. He was impressed and said they had great teamwork.

### **Safety and Regulatory Compliance**

Paul Enstrom, Safety and Regulatory Coordinator explained that this year we would have a RESAP inspection, which happens every three years. Angelina Meyer did an onsite pre-walk with him last month and we did well overall. Mr. Enstrom thinks we have done a good job addressing the 2014 RESAP list and staff has done a lot of preparation for this year's inspection.

Attorney and independent election monitor, Jim Link selected names for the ballot order.

#### District 5

Joe Shults

Rube Felicelli

#### District 7

Dawn Glanc

Deedra Williams (since has withdrawn from the election)

Terry Rhoades

### **6. ATTORNEY'S REPORT**

Director Alexander made a motion at 12:59 PM to enter into executive session for personnel and contractual issues. Director Alexander seconded. The motion was voted on and carried. The board entered into executive session at 12:59 PM and came out at 2:53 PM. While in executive session no decisions were made, nor votes taken.

### **7. ASSOCIATED MEETING REPORTS**

CREA- Bob Justis

Director Justis updated the Board on upcoming bills.

Troy Bradenkamp with Nebraska Rural Electric Association, spoke about their experience fighting off deregulation, with a long legislative battle.

May meeting is in Cortez.

Western United— Dave Alexander

N/A

Tri-State – Jack Sibold

Director Sibold gave an update and reviewed Tri-State Resource Planning presentation and went over the Tri-State survey questionnaire with the Board.

Eco Action Partners – Jack Sibold

N/A

**8. BOARD TRAVEL**

Director Justis would like to attend the CFC Financial & CREA Crucial Conversations in Vail, CO Aug. 28-30<sup>th</sup>.

**9. MISCELLANEOUS**

Discussion of a future visit by Tri-State to SMPA.

The Board discussed potential dates and will see if we can get a meeting scheduled.

Discussion of support for possible Policy 115 changes and LPEA's recent motion

Director Justis motioned to petition Tri-State to allow us to increase the cap of energy allowed to purchase from outside entities from 5% to 10% in our Wholesale Power Agreement. This request is to also include a distributed generation project in our service territory (preference to the west end of Montrose County). Director Rhoades seconded. The motion was voted on and carried. Director Felicelli would also like to write a letter to Tri-State, a Resolution, and submit a press release.

**10. BOARD CALENDAR REVIEW**

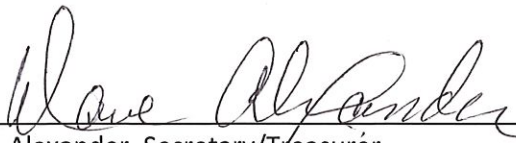
n/a

**11. NEXT MEETING**

The next board meeting will be held on Tuesday, May 23, 2017 in Nucla at the SMPA office. Annual Meeting is June 8, 2017. The June Board Meeting will be changed to June 13, 2016.

**12. ADJOURN**

Director Garvey motioned to adjourn the meeting at 4:10 PM. Director Cokes seconded. The motion was voted on and carried.

  
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Dave Alexander, Secretary/Treasurer