

1. CALL TO ORDER

President Felicelli called the meeting of the San Miguel Power Association (SMPA) Board of Directors to order at 9:35 AM. All Directors were present.

2. APPROVAL OF CONSENT AGENDA

Director Rhoades motioned to approve the revised consent agenda (August 28, 2018) to include the August 28, 2018 meeting minutes. Director Cokes seconded. The motion was voted and carried.

3. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Member and recipient of past Sharing Success grant, Mike Geryak, introduced himself and thanked SMPA for our generosity. The town of Silverton, led by Mr. Geryak, built a stage in a park off Blair Street where they now have a weekly farmers market during summer months and host a concert series.
- Jim Link, General Council, had a neighbor comment about how pleased they were with Asplundt's tree trimming work and professionalism.
- Director Cokes was excited to meet Hawkeye Johnson, in which both Director Felicelli and Justis supported his San Juan Trail hike that generated over \$15,000. She also commented that the Clean Energy Committee group is growing, with lots of community support. The feedback was positive and the group appreciated Brad's attendance.
- Director Sibold had a member email him about a solar development near the airport in Telluride. He forwarded the email to Manager Freeman and was not certain on specifics of what development the member lived in or what project the member was asking about.
- Director Garvey received a thank you note at her home address from the Nucla-Naturita Senior center regarding her director donation and shared with the Board.
- Manager Zaporski attended the E2 Energy Conference sponsored by DMEA. There were several speakers at the conference including Guzman Energy and Mark Dyson from the Rocky Mountain Institute (RMI). Zaporski explained some of the discussion surrounding community choice aggregation, Blockchain Technology, the RMI report and other topics.

4. STRATEGIC PLANNING

Gain full Board understanding of current long-term financial policy, and options, to create financial flexibility while maintaining rate stability- Bill Mertz

Manager Mertz gave a presentation to the Board of Directors explaining capital credits and the proposed plan to retire Capital Credits in 2018.

5. CEO REPORT

Introduction of Employee Guests

Manager Zaporski introduced Jeff Shea and his wife Patty to the Board. In March of 2019, they will hit 10 years in Silverton. He explained that Silverton continues to grow, even with the impact of the fires. There is new construction, residential single-family homes, and they are re-doing several of the hotels in town. This is keeping town busy.

C.E.O. Items

Guzman energy presentation

Manager Zaporski spoke about this in the Member Comment section but touched back on the presentation that Guzman did at the managers meeting at Holy Cross this past month.

Council of local governments presentation

Manager Zaporski spoke on a panel in Eagle this past month to discuss how local governments can work with utilities to meet their goals. In attendance were quite a few local officials from our service territory and he felt it was very beneficial to speak. One of the topics discussed was about the land donation for our IQ Solar project in San Miguel County and he explained how our local relationships had made the project a success.

Corporate Donations

Nucla-Naturita Chamber

Director Cokes motioned to donate \$200 out of the corporate donation fund to the Nucla-Naturita Chamber for the 2nd Annual Cowboy Poets event; asking Basin Electric Power Cooperative to match SMPA's donation (combined with the donations from the Directors \$1,000 total). Director Alexander seconded. The motion was voted and passed.

Board Donations

Director Garvey donated \$300 to the Nucla-Naturita Chamber; Director Justis donated \$200 to the Nucla-Naturita Chamber; Director Felicelli donated \$100 to the Nucla-Naturita Chamber; and Director Cokes donated \$200 to the Nucla-Naturita Chamber.

Finance Update

Manager Mertz reviewed his report. Due to the conversion, his report was shorter than it is typically. His opinion is that SMPA's cash position is healthy. He reiterated that he is very proud of his team with the switch to the new NISC system.

Capital Credits/Member Dividends Retirement Proposal

Director Alexander motioned to approve the proposal to disburse Capital Credits up to but not exceeding 1.5 million dollars. He then modified his motion to include that the method for disbursement would be 100% FIFO (first in, first out). Director Sibold seconded. The motion was voted and carried.

Director Cokes motioned to approve the execution and delivery by the appropriate Directors and Officers of the following documents relating to SMPA's line of credit with CoBank:

- (i) The Amended and Restated Single Advance Term Promissory Note;
- (ii) The Credit Agreement;
- (iii) The Amended and Restated Revolving Credit Promissory Note;
- (iv) The Incumbency Certificate;
- (v) The Instruction Letter; and
- (vi) The Organizational Document Certification.

Director Alexander seconded. The motion was voted and carried. This motion will be re-ratified in October because it was not on the agenda in the 10-day notice period.

Marketing & Member Services

Manager Freeman explained that the budgeted PV rebate monies are now used in full. It was decided to continue conversation in executive session regarding the Green Fund and any upcoming projects. He explained that there are about 2,000 members with SmartHub accounts and about 3,500 accounts total. The marketing team's goal is to meet 25% by the end of the year. The raffle of the Radmini deadline is October 1st. They have not released when the drawing will be for the bike. Manager Freeman noted that we are now Payment Card Industry Data Security Standard (PCI DSS) compliant, for the first time ever. Manager Zaporski gave big thanks to Manager Freeman and Tea for making this happen. Our old system wouldn't allow for this and we are now more secure with our credit card data and payment card processing.

Information Technology

Manager Tea gave the Board an update on the NISC project and dates. He explained that there is a reporting tool, Mosaic, that was slated for 2019 that staff needs currently. It will aid in billing and the month end closings for the accounting team. He requested a budget over-ride to purchase the module this year.

Director Justis motioned to approve a budget override for \$4,000 and the monthly support fees for the NISC Mosaic module. Director Garvey seconded. The motion was voted and passed.

This motion will be re-ratified in October because it was not on the agenda in the 10-day notice period.

Administration & Human Resources

Manager Zaporski updated the Board that we are planning to keep our Group Plans with no changes this year and prepping for open enrollment. He also talked about the Aflac supplementary insurance that we offer. He explained that we met with our Representative, Dawn Standish and she explained that we offer this to our employees with no cost to SMPA.

Engineering

Manager Riley gave an Engineering Department update. He explained that staff is evaluating reversing the starting point of the Red Mountain project. The most troublesome areas of the line are on the Ouray portion, with the steepest and most rugged terrain. The Ouray portion was initially in the second phase of the project. Now, working with the engineering firm, staff will decide on whether to reverse the starting point. The engineering firm will break down the costs and give recommendations. Currently the Phase 1 cost estimate is 3.3 million and the Phase 2 cost estimate 6.2 million. If it is decided to reverse the starting point, then the timing of the costs would reverse as well. Director Rhoades inquired what Tri-State's contribution would be. At a rough estimate (dependent on load) Tri-State's contribution will be \approx 1.6 million.

Operations

Manager Oliver updated the Board on his report that was distributed via email during the meeting.

Safety and Regulatory Compliance

There were no updates other than what was in the Board Packet.

6. ATTORNEY'S REPORT

Jim Link, General Counsel, distributed information on the Williams case that was produced for the RUS loan package.

Director Sibold made a motion at 1:48 PM to enter into executive session for personnel and contractual issues. Director Rhoades seconded. The motion was voted on and carried. The board entered into executive session at 1:48 PM and came out at 3:01 PM. While in executive session no decisions were made, nor votes taken.

7. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes

Director Cokes attended for Director Justis this month. She reported that they are going to add another safety instructor next year. LaPlata shared photos from the 416 fire that were very impactful. It is amazing they didn't lose any structures. CREA is looking to put together CREA survey and would like to customize by service territory. Director Cokes also noted that she and Terry Schuyler attended the legislative meeting last month and talked about hydro power.

Western United- Dave Alexander

Director Alexander reported the fish fry was great but not as well attended as in the past. They are reporting another record year. Mike Prom, Western United's Chief Executive Officer, is retiring in the spring. His replacement is Greg Mordini; hired internally and formally their Chief Financial Officer. They have already begun the transition and training.

Eco Action- Jack Sibold

n/a

Director Justis will attend for Director Sibold next month.

Tri-State – Jack Sibold

Director Sibold reported that they will have a 0% rate increase for 2019 and very low potential for the next ten years due to focusing on cost containment and lower capital projections moving forward (eg. Capital cost projections for 2019- \$300 million & 2023- \$100 million). The Board had an educational session on Transmission. Tri-State will now include energy efficiency rebates to include electric vehicle chargers as a pilot program. Tri-State sent out an RFP for more renewables and received over 100 proposals. Director Sibold explained a comparison of the median responses to those that Xcel Energy received about 9 months ago.

Director Garvey discussed with the Board on what the follow up should be re: The Telluride Foundation's presentation. The discussion that followed was that of gratitude towards the Telluride foundation for doing the study.

Director Alexander discussed the use of our poles for fiber from Nucla to Norwood and his concerns. Manager Zaporski explained that our position has not changed and that we will work with developers for pole attachment agreements in places where the proper easements are in place.

8. BOARD TRAVEL

All Directors with the exception of Director Alexander will attend the CREA Energy Innovations at the end of October.

9. MISCELLANEOUS

n/a

10. BOARD CALENDAR REVIEW

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
September 25, 2018 (Silverton)

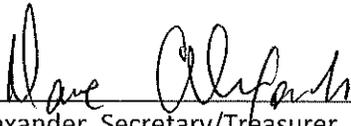
The December Board of Directors meeting was changed to Tuesday December 18th in Ridgway.

11. NEXT MEETING

The October 23, 2018 meeting will be hosted in Mountain Village at the Town Hall meeting room. Director Garvey is unable to attend.

12. ADJOURN

Director Garvey motioned to adjourn the meeting at 3:38 PM. Director Rhoades seconded. The motion was voted on and carried.



Dave Alexander, Secretary/Treasurer