

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 (February 26, 2019) to include the January 22, 2019 meeting minutes with correction. Director Rhoades seconded. The motion was voted and carried.

3. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Felicelli was questioned by member, Wade Davis, who has property on Hastings Mesa, wanting an update on AT&T's broadband project and SMPA's position on the project.
- During a recent outage in the Paradox Valley caused by a large amount of ice on the lines, Director Garvey was contacted by an upset and frustrated member whom could not get through to a person when calling dispatch. The phone system did not recognize her phone number and had she was frustrated by having to retrieve her account number. This member has a medical need for oxygen. Director Garvey kept her updated throughout the outage and since the outage, staff has worked with the member to update all of their member information. Manager Tea also commented that following this outage we have made improvements to our phone line prompts in order to better facilitate outage reporting.
- Director Justis received the same conversations re: broadband from member, Wade Davis.
- Director Cokes received an email from a member, from Elk Meadows, in summary, suggesting that there may be a cheaper, cleaner way to purchase energy other than from Tri-State.
- Director Alexander received member feedback from Mr. and Mrs. Price who live on Wilson Mesa who are opposed to the new solar array project (Last Dollar Solar) and would like to see their comments on record.
Their attorney, Mr. Nerlin, from J. David Reed, P.C. Attorneys at Law, was in attendance and spoke on the Price's behalf with their concerns regarding the project and the special permit process. Although, he didn't read aloud the letter addressed to several staff and the Board of Directors, he did express a few key points of concern regarding the project mainly regarding his perceived rate impact to SMPA members, general terms of the Power Purchase Agreement (PPA), and the viability of the project.
- Director Rhoades has received comment from a commissioner that there is a group out of Silverton that spoke at the San Juan Board of County Commissioners meeting, in support of renewable energy.
- SMPA's General Counsel, Jim Link, received several comments following the recent weather outages that our crews are doing a great job.
- Manager Freeman outlined a member complaint that was included in his report. The member, from Colona, was upset with our customer service getting back to her regarding her capital credit check. This member had an issue with her unclaimed member dividends that were issued in the name of her deceased ex-husband. She is now satisfied and Manager Freeman has spoken with our Member Services Representatives with a refresher on the process for these types of calls.
- Manager Zaporski explained that recent outreach to our membership resulted in many questions regarding cost of energy, renewables and Tri-State. These occurrences were outlined

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
February 26, 2019 (Ridgway)

- Member, Lexi Tuddenham and Kevin Iverson from the Sheep Mountain Alliance (SMA), spoke in support of cleaner, cheaper energy. SMA would like to see SMPA speak up early and often on behalf of our membership to the new Tri-State CEO in support of more renewable energy. They posed questions regarding the Policy 118 project status and the SMPA Resolution around that. They inquired about what the impact could be on the membership if members (such as DMEA and Kit Carson) exit Tri-State.
Manager Zaporski explained the resolution that the Board of Directors passed in early 2018 (Resolution 2018-02). He then gave an update on how most of the key points in that resolution have changed in the past year. This included an update on the Policy 118 project, the change in prospects of an organized market, and the partnership of SMPA with Tri-State for several key projects that are now completed. He also explained that he would be speaking with the Board of Directors on the communication plan to our membership in Executive Session and that we are relooking at this strategic initiative. Manager Zaporski asserted that SMPA is continuing our research on all of our power supply options.
- Director Felicelli recently attended the CREA Presidents Meeting. Director Felicelli expressed SMPA's position in support of more renewable energy and lower energy costs to the Tri-State Board of Directors President. At this meeting they also spoke about the proposed Tri-State Bylaws changes that includes language introducing partial contracts. He also stressed that SMPA is continuing to research and look at all of our options for power supply.
- Manager Zaporski read the letter that was distributed to the SMPA Board of Directors from San Miguel County Board of Commissioners dated February 19, 2019. The letter states that they "cannot afford to participate in what we see as a substantial subsidy for the renewable energy project. As a member of SMPA and therefore Tri-State, we believe it is in Tri-State's best interest to immediately invest in additional renewable energy power production and work with Colorado to move aggressively toward a goal of 100% renewable energy as soon as possible."

Sharing Success Grant Recipients

Paul Hora, Key Accounts Executive, administers the Sharing Success Grant program that partners with CoBank and in 2018, Tri-State G & T, to fund initiatives that stimulate and enhance our local economies. Three local organizations were present to receive their 2018 Sharing Success Economic Development Grant monies. Nicole Glacier received \$2,000 on behalf of the West End Economic Development Corporation (WEEDC). Kim Grant received \$2,500 on behalf of the Silverton Farmer's Market, and Brad Wallis received \$2,950 on behalf of Top of the Pines.

Corporate Donation Presentations

Friends of the Ridgway Library

Tom Williams spoke to the Board of Directors regarding their donation request for the library expansion project. The project would expand the library by 50% and the Friends of the Ridgway Library have already generated over \$400,000 in private funding.

Ah Haa School for the Arts

Kathleen Cole gave a brief overview of the 2018 auction; noting how well received our SmartHub raffle of the Radmini bike was. They are asking for additional monies (other than what is budgeted) to purchase an electric bicycle for the 2019 auction as an art bike.

Friends of the Wright Opera House

Nancy Nixon spoke to the Board of Directors about the Wright Opera house, their history, and they are requesting donation monies to aid in programming for 2019.

4. STRATEGIC PLANNING

Improve Member Outreach/Communication/Education

Manager Freeman updated the Board of Directors on his strategic initiative. He highlighted the new internal All-Star Coordinating Committee made up of one person in each department to help coordinate both internal and public events. The launch of the new outage communication tools with NISC for members is aiding in member notifications and communication. He explained, that using Formsite, staff has reduced the scholarship processing time by 38%. Member Services began presentations on the SmartHub application to our local policy makers. Lastly, in an effort to boost internal communications regarding upcoming company events and safety messaging, we have trialed Marlin screens. The screens will be located in central areas with high visibility to staff.

Improve system reliability. Complete final Red Mountain transmission analysis, with final recommendations. Manager Riley spoke to the Board about the upcoming Red Mountain re-build project. He has been working with an engineering firm and we have made a few revisions to their proposal. In parallel, we have been working with legal to review the RUS form of contract with some minor revisions. We estimate to have that contract submitted in the next two weeks to the engineering firm for review and approval. Upon acceptance of this contract we hope to have board action next month. SMPA has received the first draft letter agreement from Tri-State for financial contributions for the project. They have approved our project and we are now working out the details.

5. CEO REPORT

C.E.O. Items

IRP/ERP meeting at Tri-State

Tri-State will host several Electric Resource Plan (ERP) and Integrated Resource Plan (IRP) public meetings with the first scheduled at the end of March. Tri-State will give a background on loads, resources and planning and changes since 2015. Director Cokes suggested that we publish those dates as some of our membership would possibly like to attend.

La Plata PSC meeting

Manager Zaporski gave an update on the last Power Supply Committee meeting. Bryan Hannegan, President and CEO of Holy Cross Energy explained the exchange of power between Camanche Unit 3 and the new upcoming wind project. Camanche 3 is currently ≈8% owned by Holy Cross Energy.

Director Cokes spoke about the Colorado Energy Impact Assistance Act, known as securitization act, that would authorize any investor-owned electric utility to apply to the Public Utilities Commission for financing that would authorize bonds to lower the cost to customers while retiring a power plant. This has not yet passed but will be re-introduced.

Update on Tri-State Bylaw change

Tri-State will finalize the language in March to change their Bylaws. Director Sibold noted that the majority of the Tri-State Board of Directors are in support of these changes. Manager Zaporski is in support of the language

changes because it could possibly give us more flexibility to achieve our memberships goals then our current contract with Tri-State

Director Rhoades motioned to make Director Justis as the Tri-State Annual Meeting voting delegate and Director Cokes as the alternate. Director Alexander seconded. The motion passed and will be re-ratified at the March meeting since the motion did not meet the 10-day advanced posting requirement.

San Isabel Board Resolution

Director Justis made a motion in support of and execution of the Resolution to improve wholesale electric power costs to the member-owners of Tri-State Generation and Transmission Association. Director Cokes seconded. The motion passed and will be re-ratified at the March meeting since the motion did not meet the 10-day advanced posting requirement.

CREA Guatemala

Distributed in the Board of Directors folders was information on the application process for the 2019 Colorado international program (with CREA). Manager Zaporski would like to allow our staff to apply and approve up to two people to participate if selected.

Introduction of Employee Guests

Manager Zaporski introduced Alex Shelley, Communications Executive, Terry Schuyler, Energy Services Executive, Jeremy Fox, Planning Supervisor, and Paul Hora, Key Accounts Executive in attendance.

Corporate Donations

Friends of the Ridgway Library

Director Garvey motioned to donate \$1,500 to the Friends of the Ridgway Library for the expansion project; requesting a match from Basin Electric Power Cooperative (Basin). The motion failed to second.

Director Sibold motioned to donate \$2,500 to the Friends of the Ridgway Library for the expansion project; requesting Basin to match SMPA's donation (match to include Director Sibold's donation for a total of \$3,200). Director Rhoades seconded. The motion was voted and carried.

Ah Haa School for the Arts

Director Rhoades made a motion to donate \$700 to the Ah Haa School for the Arts (in addition to their budgeted amount) for the 2019 art; requesting a matching donation from Basin. Director Sibold seconded. The motion was voted and carried.

Friends of the Wright Opera House

Director Cokes motioned to donate \$500 to the Friends of the Wright Opera House for programing; requesting a matching donation from Basin. Director Felicelli seconded. The motion was voted and carried.

Board Donations

Director Sibold donated \$700 to the Friends of the Ridgway Library for their expansion project and Director Felicelli donated \$100 to KOTO.

Finance Update

Manager Zaporski updated the Board with the financial report, as Manager Mertz was not present.

Revenue Deferral proposal & Resolution

Director Sibold motioned to approve the revenue deferral resolution (2019-02); allowing staff to determine and propose the amount. Director Rhoades seconded. The motion was voted and carried.

Per Resolution 2019-02 both the revenue deferral plan and resolution will be attached to the February 26, 2019 meeting minutes.

Annual Director Expense Summary for 2018

Director Justis motioned to approve the 2018 Annual Director Expense Summary for 2018 as presented. Director Rhoades seconded.

Marketing & Member Services

Manager Freeman gave a brief update on his report. Paul Hora, Key Accounts Executive, then reviewed the Silverton School billing issue and the new processes with reporting to check billing errors. Hora then updated the Board of Directors on the Silverton facilities projects. We will be moving forward with a two-bay garage next to the existing home and have the basic plans now. The next steps will be to get soil samples and the slab design. Following that will be the request for proposal for the project. He noted that Jeff Shea is very happy with the new heating system in the house and that the new gate has been installed in Telluride.

Information Technology

Manager Tea reviewed a couple highlights in his report, and attributed the success of the NISC project to the positive attitude of everyone involved.

Administration & Human Resources

Danielle Rodriguez, HR & Admin. Coordinator, reviewed the highlights of her report.

Scholarships (Policy No: 7.02)

Director Sibold motioned to approve the Scholarship Policy (7.02) striking G. e. Director Garvey seconded. The motion was voted and carried.

Engineering

Manager Zavorski gave an update on the Engineering report, as Manager Riley was not present.

Operations

Manager Oliver explained that the teamwork between Mike Therriault, Staff Engineer and Clint Colson, Forman has let to improvements lines in Mountain Village and had no other updates.

Safety and Regulatory Compliance

Paul Enstrom and the Safety Committee are looking at implementing vending machines for personal protective equipment (PPE) for crews. Currently, there are only a couple people who have keys to get staff these types of PPE. The Beaver Fire mediation will begin in early May.

It was announced that all of our Board of Directors have achieved their Credentialed Cooperative Director Certificates (CCD) and we received a plaque.

6. ATTORNEY'S REPORT

Director Sibold made a motion at 2:18 PM to enter into executive session for personnel and contractual issues. Director Garvey seconded. The motion was voted on and carried. The board entered into executive session at 2:18 PM and came out at 4:00 PM. While in executive session no decisions were made, nor votes taken.

7. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes

Director Cokes went to the last CREA meeting for Director Justis and gave the Board an update. She explained that Colorado Country Life surveyed its subscribers and reported that 54% would pay more for renewable energy. A new committee was formed, House Rural Affairs Committee that covers economic dev. And broadband. They reviewed some of the senate bills the securitization act, which was discussed earlier in the meeting issuing bonds for retiring fossil fuels. The need to have a RTO in Colorado group discussion and how that could help to reach an increased renewable energy standard. Jack, La Plata, consultants they are using brought up the potential to congest the transmission system. The governor's office is looking at carbon emissions for all of the energy. They would like to have input on the Tri-State, DMEA PUC complaint and the letter of support. Several times Kent Singer made remarks that it has put CREA in a difficult position. This in reference to the DMEA conflict.

Western United- Dave Alexander

Director Alexander reported that they are having another record year. This past meeting was Mike Prom's last meeting. Greg Mordini, new CEO has taken over and has some good people with him. They now have another member in Montana. They must have seven members to receive a member on the board. The cable cutting is moving forward. They have had troubles with planning and zoning with getting their new warehouse built. They are showing growth efficiency and supplies on hand and getting products to members.

Eco Action- Jack Sibold

Director Sibold explained they had discussions regarding their finances. They discussed hosting a sustainability event and plan to review all their programs and how to get messaging out to the public, such as KOTO and the Telluride Daily Planet.

Tri-State – Jack Sibold

The February Tri State Board Meeting was dominated by the selection of the new Tri State CEO, Duane Highly. The process started with over 30 applicants. Rick Gordon, Board Chairman, and the head hunter selected 8 for further consideration by the CEO Selection Committee composed of the Executive Committee and the chairs of the 3 committees, External Affairs, Engineering and Operations, and Finance. They reduced the applicants down to 3 candidates for the full board of 43 to interview and select the future CEO. The interview process consisted of a 45 minutes presentation by the applicants. Two applicants gave PowerPoint presentations and Highly verbally addressed the board by walking around in the middle of the room engaging each board member visually. These presentations were followed by Rick Gordon, aided by the head hunter, asking questions from a previously prepared list that he felt had not been addressed during the presentations. Finally, the formal part of the meeting was adjourned and the applicant was available to answer any questions or comments from the board "mingling" in the front of the room. About 80% of the board gathered around the applicant each time

with questions and answers taking about 45 minutes. These interviews took place Wednesday morning for the first applicant, Wednesday afternoon for the second and Thursday morning for the third. The discussion by the board and decision took place Wednesday afternoon. Highly received 70% of the votes. Then a full background check took place over the ensuing days followed by employment negotiations and an acceptance. Another interesting item that took place during the board Meeting was a PowerPoint presentation about the history of the New Horizon Mine.

8. BOARD TRAVEL

The Board of Directors discussed the upcoming Tri-State Annual Meeting, Director Justis and Cokes will attend. Director Felicelli will attend the Legislative Conference in Washington DC.

9. MISCELLANEOUS

Certify Director Districts

Jim Link, General Counsel recommended no changes. No motion was necessary.

10. BOARD CALENDAR REVIEW

11. NEXT MEETING

The next Board of Directors Meeting will be March 26, 2019 in Nucla.

12. ADJOURN

Director Garvey motioned to adjourn the meeting at 4:25 PM. Director Cokes seconded. The motion was voted on and carried.



Dave Alexander, Secretary/Treasurer