

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 Justis motioned to approve the revised consent agenda (May 28, 2019) to include the April 23, 2019 meeting minutes with corrections. Director Rhoades seconded. The motion was voted and carried.

3. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Legal Counsel Jim Link reported SMPA's scholarship program is generating positive feedback from membership in Ouray/Ridgway areas.
- Manager Brad Zaporski summarized a situation regarding a Rico member. The member has seasonal service and when our crew arrived to reconnect the power at the member's cabin for the summer, they identified multiple safety issues; ultimately it was determined they would not be able to reconnect until the member could provide a state inspection certificate. The Member wrote a letter stating his unhappiness with the decision. Manager Zaporski stressed that SMPA made the right decision by prioritizing safety and code compliance. Additionally, Manager Zaporski mentioned that while we are discussing this specific example it is important that understand this isn't an exclusive situation, this is a decision our team must make periodically.
- Manager Brad Zaporski informed the Board that a member in Ouray contacted Debbie Cokes via email as well as SMPA directly with a letter from her attorney to report dissatisfaction with how services were connected and that tire tracks were left on the property. SMPA has worked with the member to resolve the situation including correcting the tire marks and replanting grass.
- Manager Zaporski communicated that he has received positive feedback regarding the quickness which power was restored to the Telluride area during Mountain Film Festival.
- Manager Oliver reported that Eureka members have expressed gratitude for power restoration.

4. STRATEGIC PLANNING

Power Supply Initiative

On May 17, 2019 a strategic planning session was held to analyze and redefine SMPA's power supply objective. Manager Mertz memorialized the strategic planning session in a presentation that summarized discussion topics, work process as well as the outcome. Highlighted discussion topics included a review of recent by-law changes at Tri-State, new legislative and regulatory changes that affect the electric utility industry, assessment of actions that our neighboring distribution cooperatives have taken and the new Tri-State Contract Committee. As a result of the strategic planning session the Board has evolved the power supply objective (to be further reviewed in the CEO report). In alignment with the new objective, staff has been tasked to gather more information to present to the Board regarding SMPA's options for increasing local renewables, transmission options, and opportunities to expand energy efficiency initiatives.

Professional development of workforce and Board of Directors

Manager Zaporski reported the SMPA has contracted Jack Yeager of Icon for a week of intensive training for supervisor level staff. Dr. Yeager has a PH. D. in organizational communication with emphasis in organization analysis and communication management strategy.

5. CEO REPORT

C.E.O. Items

Legislative Conference

Manager Zaporski reported that he and Director Felicelli attended the Legislative Conference in Washington D.C. National Rural Electric Cooperative Association (NRECA) educated attendees on four targeted topics to be addressed at this Legislative Conference. The first topic was a request to reclassify the cooperative pension plan designation from a single employer plan to multi-employer plan which is considered lower risk and could lower the pension benefit insurance by millions of dollars. The second topic requested an update to a tax code that currently makes the cooperative industry to choose between nonprofit status or the ability to receive disaster relief funds. Third topic was to communicate that the proposal to privatize the Power Market Authority (PMA) is not something that is in the best interest of our membership as it would result in a rate increase for power. The fourth key talking point was to remind our legislators to remember Rural America when they are formulating their trillion-dollar infrastructure plan.

Annual Meeting

Communications Executive Alex Shelly updated the Board on details and agenda of the upcoming Annual Meeting that will take place on June 6, 2019 at our Ridgway location. "Through the Lens" is the theme of this year's meeting. Mr. Shelly highlighted that the concept of the theme is a result of looking back on SMPA's history and observing that through all 80 years we have approach tough decisions and transitions with the same forward-looking approach as we do today. He noted that our keynote speaker is Tri-State G & T's new CEO, Duane Highley and that we are expecting a higher than normal attendance.

Strategic Planning Session

Following the review of the strategic planning session, the Board collaborated on finalizing the language for updating the strategic objective which resulted in the following verbiage:

In alignment with SMPA's mission to demonstrate corporate responsibility and community service while providing our members with safe, reliable, cost effective and environmentally responsible electrical service, we shall further explore all power supply options.

SMPA shall develop an all-encompassing program to expand energy efficiency and local renewables.

Director Justis voted to approve the modified strategic objective pursuant to our strategic planning session and Director Garvey seconded. The motion was voted and carried.

Manager Zaporski introduced Board Resolution 2019-03. He informed the Board that the purpose of Board Resolution 2019-03 is to identify that Resolution 2018-02 has been fundamentally fulfilled and has resulted in the modified strategic objective. While the language has not been finalized for the resolution, he would like to communicate the new objective to our membership at the upcoming annual meeting and therefore requested the Board approve the resolution in concept, subject to a final ratification at the next Board of Directors meeting. Director Alexander motioned to approve the resolution in concept at this date and have the final draft sent to the Board before it is re-ratified. Director Rhoades seconded. The motion was voted and carried.

Introduction of Employee Guests

Manager Zaporski introduced Kelli Busch, our new Member Service Representative in the Nucla office. Kelli gave a brief introduction citing that she is lifelong Redvale resident with extensive guest service experience and she is extremely excited to be part of the SMPA team. Also, in attendance was Alex Shelly, Communications Executive; Paul Enstrom, Safety and Regulatory Compliance Coordinator; Jeremy Fox, Service Planner Supervisor and Danielle Rodriguez, Human Resources and Admin. Coordinator.

Corporate Donations

San Miguel Basin Fair Livestock Sale

Director Garvey motioned to donate \$2,500 to the San Miguel Basin Fair Jr. Livestock Sale; requesting Basin to match SMPA's donation. Director Rhoades seconded. The motion was voted and passed.

San Juan Board of Cooperative Education Services (BOCES)

Director Rhoades motioned to support the San Juan Board of Cooperative Education Services in their mission to assist students in the learning and exploration in math, science, engineering and technologies by donating \$500 to the organization and requesting a \$500 Basin donation match. Director Justis seconded. The motion was voted and carried.

Telluride Arts

Director Justis made a motion to donate \$2,500 to Telluride Arts for establishing permanent electrical services at the Telluride Transfer Warehouse; requesting Basin to match SMPA's donation (match request to include Director Felicelli's \$100 donation and Director Justis donation of \$100, for a total of \$2,700 match request). Furthermore, that the \$1,025 SMPA expense be provided 'in-kind' to the organization. Director Cokes seconded. The motion was voted and approved.

Norwood 5th Grade Recycling Committee

Once reviewed it was determined it was appropriate that the Norwood 5th Grade Recycling Committee request be further reviewed and/or granted at the staff level per Donation Policy 9.01, noting it is less than \$500.00.

Ouray Summer Club Basketball

Upon discussion it was determined it was suitable that this request be reviewed and/or granted at the staff level per Donation policy 9.01, noting it is less than \$500.00.

Board Donations

Director Felicelli donated \$100.00 to Telluride Arts.

Director Justis donated \$100.00 to Telluride Arts.

Director Rhoades donated \$100.00 to Ouray Basketball.

Finance Update

Manager Mertz reviewed the current financial report with the Board. Overall cash position remains steady; it is healthy and consistent with SMPA's strategies for liquidity, revenue deferral, capital expenditures and overall operational needs. Manager Mertz also reported that audit of the 2018 is in the final stages and anticipates that it will be finalized soon.

Coop Director Finance Training

Manager Mertz provided an overview of general accounting terms, including a quick review of debits, credits, assets, income statement and balance sheet definitions.

Marketing & Member Services

Manager Freeman reviewed the member services report highlighting the savings generated by our agreement to purchase power from Pandora Hydro. Additionally, he explained the Capital Credit Retirement process (also known as Member Dividends) and provided a status update on unclaimed checks. He informed the Board that SMPA continues to work on the Last Dollar Solar Project.

Information Technology

Manager Tea reported that the barcoding project is fully implemented at all three warehouses. Manager Tea reviewed features on the Call to Order app and highlighted some user tips for the Board.

Administration & Human Resources

Danielle Rodriguez, HR & Admin. Coordinator, reviewed the Administration and Human Resources report, noting that the Telluride Area Serviceman, Tom McLeod submitted his retirement notice with a last day of May 30, 2019. The job was posted internally; KJ Johnson interviewed, was offered and accepted the position.

Engineering

Manager Riley reported to the Board that SMPA is planning on a 2021 construction schedule for the Red Mountain Project. The date takes into consideration the time needed get through the permitting process. Manager Riley also reported that the agreement defining Tri-State's level of financial participation in the Red Mountain Project has been finalized.

Operations

Manager Oliver provided an update on service repairs following the avalanche repairs; Revenue has been fully restored and the section from Revenue to Ruby Trust will be reenergized by July 4, 2019. The sections past Ruby Trust will be retired and removed since they have not been used in years. Manager Oliver reported that we have put catenary on the line to Eureka to increase aerial visibility.

Manager Oliver reviewed the process that SMPA has developed to address unsafe meters. SMPA is prohibited from knowingly reconnecting unsafe meters. When SMPA identifies an unsafe meter; we will provide the member/homeowner a letter stating that the homeowner has 45 days to provide SMPA with a plan to fix the problem; if the homeowner does not respond to us within 45 days with a solution to resolve the issue, the State Electrical Inspector will be notified who will then likely red tag and disconnect the meter. Once the homeowner can provide SMPA with a certificate from the State Electrical Inspector, we will reconnect the power. It is important that we are consistent in our message, standard and process regarding unsafe meters.

Safety and Regulatory Compliance

Safety and Regulatory Compliance Coordinator Enstrom noted that there were not any reportable accidents. He reported that a new mobile program called "SiteDocs" will be implemented to give employees mobile access to all forms and documents used in the field. The result will be a paperless process with enhanced tracking and faster processing.

Paul Enstrom informed the Board that the Beaver Fire mediation has been settled.

6. ATTORNEY'S REPORT

Legal Counsel Jim Link reviewed Senate Bill 107 regarding broadband infrastructure installation.

Director Rhoades made a motion at 2:35 PM to enter into executive session for personnel and contractual issues. Director Cokes seconded. The motion was voted on and carried. The Board entered into executive session at 2:35 PM and came out at 3:05 PM. While in executive session no decisions were made, nor votes taken.

7. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes

Director Cokes informed the Board that the most recent CREA meeting took place in Pueblo, CO. The first day of the meeting was spent touring a dispensary. The subsequent day's meeting was hosted at the San Isabel Electric offices. San Isabel Electric CEO, Reg Rudolf spoke, highlighting his belief that the future success of cooperatives is in providing what people want such as jobs. Following Mr. Rudolf presentation, a representative from Action 22 spoke. Action 22 is a group that represents Southeast Colorado as advocate for legal and economic issues. The representative, Sarah Blackhurst, communicated the message that co-ops are underestimated and proposed working together to produce a series of short videos to help promote cooperatives messaging, specifically targeting state legislators.

Western United- Dave Alexander

Reported that he the new barcoding in our warehouse is integrated with Western United systems.

Eco Action- Jack Sibold

N/A

Tri-State- Jack Sibold

Director Sibold recounted items that Tri-State's new CEO, Duane Highley discussed at the meeting. Mr. Highly commented that the Tri-State staff is the best he has ever worked with. Mr. Highley noted that it was a difficult legislative session as well as addressed PUC control over Resource Planning. Mr. Highley has met with many cooperatives as well as the Sierra Club, and Guzman. Mr. Highly identified the importance of establishing a responsible resource plan. Director Sibold also reviewed slides from Tri-State Board Meeting.

8. BOARD TRAVEL

Manager Zaporski will be on vacation the week of June 17th.

Manager Zaporski reported that he has been asked by CREA to be the Colorado Manager Representative to represent CREA at the lighting of the Guatemala project. Travel dates would be September 7 – 12, 2019 and it will be fully paid by CREA. The Board is supportive of Manager Zaporski traveling to Guatemala on behalf of CREA.

9. MISCELLANEOUS

Director Justis moved that Director Cokes be appointed as the CREA delegate. Director Rhoades seconded. The motion was voted and carried.

10. BOARD CALENDAR REVIEW

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
May 28, 2019 (Nucla)

N/A

11. NEXT MEETING

The next Board of Directors Meeting will be June 25, 2019 in Ridgway.

12. ADJOURN

Director Justis motioned to adjourn the meeting at 3:28 PM. Director Rhoades seconded. The motion was voted on and carried.



Dave Alexander, Secretary/Treasurer