

1. CALL TO ORDER

President Felicelli called the meeting of the San Miguel Power Association (SMPA) Board of Directors to order at 9:33 AM. All Directors were present.

2. APPROVAL OF CONSENT AGENDA

Director Alexander motioned to approve the revised consent agenda (July 23rd, 2019) to include the June 25th, 2019 meeting minutes. Director Garvey seconded. The motion was voted and carried.

3. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Rhoades informed the Board that a business owner in Silverton had asked why his business didn't get a chance to bid on materials for the Silverton project. The Board discussed updating the RFP process to include priority points for bids that include locally sourced materials.
- A member asked why a SMPA Director serving on the Tri-state Board could vote in favor of Tri-State moving to Federal Energy Regulatory Commission (FERC) regulation when SMPA's request was to slow down the process. Director Felicelli communicated that while the Director is in service on the Tri-State Board, the Director's primary responsibility is to Tri-State and the individual co-op becomes secondary. It is the Director's fiduciary responsibility to vote in the manner they think is best for Tri-State.

4. STRATEGIC PLANNING

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

In Manager Mertz's absence, Staff Accountant Kelly Truelock presented central accounting concepts including an overview of cost profile types, cash basis vs. accrual basis accounting, capital expenses, and operating expenses. Senior Mechanic Dustin Smuin provided examples of capitalized projects that have occurred in the fleet department including fabricating custom racks and a puller for our field vehicles. The Director's and the Management team toured the mechanic shop to view completed projects as well as see other projects that are in progress.

Professional development of workforce and Board of Directors

Manager Zaporski reported the SMPA has scheduled a training session for the supervisor and management teams to review best practices regarding employee performance and documentation. An attorney from the Employer's Council will be facilitating the training. Additionally, 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 an emphasis in organization analysis and communication management strategy.

Manager Zaporski encouraged the Directors to identify training opportunities that they are interested in attending. He noted that CREA, CoBank, and CFC offer training that includes great content, and they are excellent networking opportunities.

5. CEO REPORT

C.E.O. Items

Letter from Colorado State Legislature to Tri-State

Manager Zaporski reviewed the letter that the Colorado State Legislature to Tri-State. He informed the Board that SMPA is closely monitoring communication and legislative discussions.

Contract Committee Update

Manager Zaporski, Manager Mertz, Manager Riley, and Director Cokes attended the Tri-State Contract Committee meeting in Denver. The guiding principles of the Contract Committee include; identifying a way to increase flexibility for the distribution co-ops that want it while ensuring that proposed changes do not negatively affect the cooperatives that do not want changes, with a focus on keeping Tri-State whole and healthy.

High-level straw man proposals were presented and included suggestions such as an immediate increase in the 5%, separate generation and transmissions contracts, and partial requirement contracts. A sub-contract committee was formed and tasked with defining a new contract structure to present to the Contract Committee. SMPA was asked to join and will participate in the sub-contract committee.

Regional Transmission Organization (RTO), Independent System Operator (ISO) and Energy Imbalance Market (EIM) Discussion.

Manager Zaporski provided an update regarding RTO's, ISO's and EIM. Currently, this area of the country is the only section that is not operating within an organized market. Creating a Mountain West Power Market was proposed; however, after five years of working on the project was abandoned. Recently, the Southwest Power Pool (SPP) is proposing an Energy Imbalance Market (EIM) for this area of the country. Establishing an EIM in this area of the country is likely the first step towards launching an RTO for this region of the country. The proposal is being thoroughly reviewed and appears that it would be a benefit to Tri-State and could result in lower rates in our Wholesale Electric Service Contract (WESC).

Introduction of Employee Guests

Manager Zaporski introduced the staff members that were in attendance: Danielle Rodriguez, Human Resources and Admin. Coordinator; Joshua Hainey, Senior Staff Accountant; Kelly Truelock, Staff Accountant; and Dustin Smuin, Senior Mechanic.

Corporate Donations

No donations were requested.

Director Felicelli reported that he attended the Ahhaa School for the Arts Action that SMPA helped sponsor. He highlighted the benefit our donation was to the organization and how they used it to help generate even more money in the auction.

Board Donations

Director Rhoades donated \$200.00 to Silverton's Hardrockers Holiday.

Finance Update

Staff Accountant Truelock reviewed the financial reporting noting that we are trending very close to budget, and the accounting team continues to closely monitor cash position. She also stated that the accounting team has been reviewing and discussing our internal controls on an on-going basis.

Manager Zaporski informed the Board that staff is beginning to work on the 2020 budget with a goal to present a draft budget at the October 22nd Board Meeting. He informed the board that we are not anticipating a wholesale rate increase.

Coop Director Finance Training

No further updates other than the finance report and the strategic initiative update provided by Staff Accountant Truelock.

Marketing & Member Services

Manager Freeman reviewed the member services report highlighting the I.Q. program, noting that 65-70 members are currently participating in the program with room to add 50 participants into the program. Manager Freeman informed the Board that the Member Service team has been researching the budgeted 2019 purchase of an Electric Vehicle (EV). The research process has included taking into consideration multiple factors including the distance capabilities of the vehicle and all-wheel drive options that would be most appropriate for SMPA's usage and service territory.

Manager Freeman informed the Board that Telluride Sports has migrated from the Green Blocks program to the new Totally Green program. The new Totally Green program is simple; sign-up and one cent per kilowatt-hour used will be added to your bill, the money will be used towards green projects in the community, therefore, lowering your carbon footprint.

Manager Freeman presented on the MIP Manager Internship Program. He communicated that the program is six weeks long, comprised of three, two-week sessions. Manager Freeman stated that course content is a laser focus on everything related to co-ops. He highlighted discussions regarding equity management, depreciation schedules, capital credits, operations, and leadership trainings.

Information Technology

Manager Tea reviewed the report with nothing more to add.

Administration & Human Resources

Danielle Rodriguez, HR & Admin. Coordinator, reviewed the Administration and Human Resources report, noting that one of the open Journey Line Technician positions has been filled; the candidate will start on August 12th, 2019. She reported that the second position has been offered and the candidates' response is pending on finding housing options.

Policy 9.01, Donations was reviewed. After discussion, it was determined that a donation policy review committee would be formed to review the policy and suggest policy revisions to the Board at a later date.

Policy 5.03, Board of Directors - General Manager Relationship with updates was reviewed. Following the discussion, Director Alexander moved that policy 5.03 be approved with changes. Director Cokes seconded. The motion was voted and carried.

Engineering

Manager Riley reported the Red Mountain Project application has been submitted to the United States Forest Service (USFS) and SMPA is still planning on a 2021 construction schedule for the project. Manager Riley informed the board that we are anticipating an aggressive construction schedule, targeting to complete the project in one season.

Operations

Manager Zaporski informed the Board that Manager Oliver & Safety/Regulatory Compliance Coordinator, Paul Enstrom are at the CREA Loss Control Meeting in Denver. In their absence, Manager Zaporski noted that Journey Line Technician, Dan Hubert retired after 22 years with SMPA. He also discussed the media releases regarding the Beaver Fire settlement. Manager Riley noted that following the Beaver Fire settlement, the BLM has contacted SMPA to reopen the permit renewal process.

Safety and Regulatory Compliance

Manager Zaporski reported one injury that resulted in a modified work schedule. He also reported that the team appreciates the new SiteDocs application, enjoying the paperless process and streamlined reporting options.

6. ATTORNEY'S REPORT

Director Sibold made a motion at 1:31 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 1:31 PM and came out at 3:15 PM. While in executive session, no decisions were made, nor votes taken.

Following the executive session, Ouray County District 2 Commissioner, Ben Tisdale and Region 10 representative Michelle Haynes presented to the Board their plan to get fiber from Montrose, through Ridgway, and throughout Ouray. They explained the grant funding they have applied for to help make it possible, as well as provided a general timeline on the project. They wanted to present to the Board to introduce them to the project and the logistics associated with it. Commissioner Tisdale informed the Board that they will likely be asking for a one to two-year temporary fiber use agreement in order to allow Region 10 to function while they work through the construction portion of the project.

7. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes

Director Cokes reported that they had a conference call meeting on June 28th. She reported that the CREA August Meeting will be a combination Board/Manager meeting.

Western United- Dave Alexander

N/A

Eco-Action- Jack Sibold

N/A

Tri-State- Jack Sibold

Director Sibold reported that Tri-State is filing with FERC today, the filing initiates a 60-day review period before the process is finalized. Director Sibold will be sending a document provided by Tri-State regarding frequently asked questions in reference to the transition to the FERC regulation.

8. BOARD TRAVEL

Manager Zaporski will be traveling to Guatemala September 6 – 13th, 2019 as the Colorado Manager Representative to represent CREA at the lighting of the Guatemala project.

9. MISCELLANEOUS

N/A

10. BOARD CALENDAR REVIEW

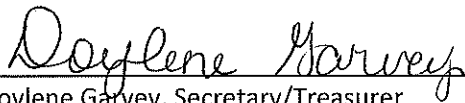
N/A

11. NEXT MEETING

The next Board of Directors Meeting will be August 27, 2019, in Ridgway.

12. ADJOURN

Director Rhoades motioned to adjourn the meeting at 4:02 PM. Director Cooney seconded. The motion was voted on and carried.



Doyleene Garvey, Secretary/Treasurer