

1. CALL TO ORDER

President Felicelli called the meeting of the San Miguel Power Association (SMPA) Board of Directors to order at 9:32 AM. All Directors were present.

2. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the revised consent agenda (October 31, 2019) to include the September 25, 2019 meeting minutes. Director Alexander seconded. The motion was voted and carried.

3. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Cooney informed the Board that member and San Juan County Commissioner, Pete McKay, had written a letter to the local newspaper regarding Tri-State. In his letter, Mr. McKay noted that times are changing quickly in the energy world and that Tri-State needs to change as well, evolving to offer more opportunities for clean, local, affordable energy.
- Director Sibold advised the Board that he had a conversation with a member regarding the idea of a merge of SMPA and DMEA (Delta-Montrose Electric Association). Director Felicelli and Manager Zavorski noted that several years ago, SMPA and DMEA had explored the possibility of a merger. After reviewing the cost of service for our mountainous area, DMEA determined a merger was not a matter they were interested in pursuing further.
- Director Cooney communicated that he had received requests to explore options to have the Board meeting minutes available to the membership sooner. The topic was discussed, noting that meeting minutes require review and approval of the Board prior to being posted; with monthly meetings, it is challenging to expedite the process further.
- Director Felicelli stated that he continues to receive positive comments regarding the Totally Green program, noting how straightforward and easy to understand it is.
- Director Felicelli recounted a member report regarding the exceptional customer service he had received from Member Service Representative, Becky Riley, noting that she was pleasant to work with and very helpful.
- Member, Joan May, echoed the desire to have the meeting minutes posted earlier if possible. Additionally, Ms. May informed the Board that she is working with the Sierra Club on their 'Beyond Coal' campaign and mentioned that they are following Tri-State actions; highlighting Duane Highley's attendance at the Colorado Rural Electric Association (CREA) Energy Innovations Summit conference and his statement that 'Tri-State's goal is to be at 80% renewables by 2030'. Director Felicelli commented that he was also at the conference, and Mr. Highley communicated that Tri-State is targeting a 50% renewable portfolio by 2023, noting that goal is higher than Excel Energy's proposal for the same time frame. Director Felicelli expressed that he is encouraged by Duane Highley's vision, leadership and the commitment of the staff to take Tri-State a new direction, focusing on moving quickly to increase renewable energy.
- Director Cokes commented on the high attendance at the Ridgway Clean Energy Committee, noting that SMPA is working hard to be proactive in engaging community members. Director Cokes highlighted that the beginning of the Totally Green program came from ideas generated by members of the Clean Energy Committee.
- Manager Zavorski read a letter from a traveler that expressed sincere gratitude for helpful SMPA staff members who stopped to help him and his family when they were broke down on

- the side of the road. These team members went above and beyond, including calling to dispatch to call into the Jeep rental place to send additional help. Manager Zaporski praised our team members, noting that they truly understand the cooperative way and how important it is to help the members of our communities.
- Manager Oliver reported that he had received multiple phone calls from members that praised how friendly team members are on the call outs, even in the middle of the night.
 - Manager Riley updated the Board on the October 25th power outage in Mountain Village/Telluride area. Manager Riley informed the Board that there is a large construction project that is taking place on the transmission portion of our system. A tremendous amount of work that has taken place over the summer and into the fall. The result will be a fully function 115-volt line into the Telluride / Mountain Village area. It has been operating at 69-volts. The outage that took place on Friday was a result of defective BUS differential, it has been replaced and it is back in service. A BUS

Introduction Julien Brooks, Youth Tour Participant

Communications Executive, Alex Shelly introduced Julien Brooks. Mr. Brooks is a Telluride High School student and is interested in participating in SMPA's Youth Tour program. Mr. Shelly noted that this year's participants are tasked to answer the question, "Explain the role of the board of directors at a rural electric cooperative and why the Board is important." The student must answer the question in either an 'Infographic' format or a short 3-minute video. Julien has chosen the video format and is requesting Board members to meet with him during the lunch break to answer a few questions that he will use to help with his project.

Corporate Donation Presentations

San Juan Development Association (SJDA)- Melanie Russek

Melanie Russek informed the Board that SJDA is a non-profit based in Silverton, promoting economic development through collaboration with local government, businesses, and non-profits to provide resources, support, training, and education. Ms. Russek highlighted the past, current, and future projects that SJDA is involved with, including; disaster response, developing and diversifying winter recreation, participating in the Local Emergency Planning Committee (LEPC), Trails Development Committee, supporting and developing local events, economic resiliency planning among others.

4. CEO REPORT

CEO. Items

2020 Budget Presentation

CFO, Bill Mertz, along with department managers, presented the 2020 proposed budget. The Board of Directors discussed the budget; they reviewed three different financial ratio strategies for 2020 and considered the impact each would have.

Following discussion, Director Alexander motioned to approve the 2020 Budget as presented with financial ration 3 option. Director Cooney seconded. The motion was voted and carried.

Region 10 / Ouray County Temporary IRU

Manager Zaporski informed the Board that SMPA has been in discussion with representatives from Region 10 and Ouray County regarding their project to bring improved Broadband service to the area. He highlighted the

project phases, noting that Phase 1 of the fiber project goes from Montrose and will run on County Roads to Ridgway. Phase 2 will continue from Ridgway into Ouray. Region 10 and Ouray County are asking for a temporary fiber use agreement. Temporary use of SMPA fiber would allow them to provide the service while they are still working on Phase 2 of the project. Once Phase 2 is complete, they will switch over to their completed project fiber and no longer need to utilize SMPA's fiber. Manager Zaporksi noted that the topic will be discussed further in executive session.

Electronic Voting for Cooperative Board Elections

Manager Zaporksi communicated that electronic voting for cooperative Board elections has been a popular topic in the cooperative world. He highlighted a few of the pros, including increased participation in cooperative board elections, a way to reach younger members and cons, including security concerns, more exposure to special interest groups. Currently, electronic voting is not allowed per state law. Director Cokes informed the Board that CREA is supporting the topic and plans to take it to Colorado State Legislature to strive to get electronic voting for cooperative elections approved.

Contract Committee Update

Manager Zaporksi provided a status update on SMPA's power supply strategy and the closely related Tri-State Contract Committee. He informed the Board that through Tri-State's Contract Committee meetings, a Class B-Partial Generation Requirement Membership is being developed and considered. This new membership class would result in a cooperative's ability to consider developing renewable projects in their service territory and petition Tri-State during an 'open season' period for approval within the Class B membership parameters to build it. Additionally, Manager Zaporksi reported that Contract Committee is formulating a methodology for a 'make whole' calculation for the members that request to leave the cooperative. The make whole number needs to ensure that a member leaving does not affect the rates of the members that stay, therefore keeping Tri-State financially whole. Concurrent with contract committee happenings, the staff at SMPA are working on a power supply study that includes considering how a partial requirement contract with Tri-State would work for our coop as well as exploring what it could look like if SMPA chooses to leave Tri-State completely. Staff at SMPA are analyzing data, evaluating load durations, and reviewing ancillary services to help define our priorities as SMPA advances in the power supply process.

Introduction of Employee Guests

Manager Zaporksi introduced KJ Johnson, Area Serviceman. Mr. Johnson communicated to the Board that he has been an employee since 2004; he loves being in the outdoors and playing with his kids. Other staff members that were in attendance: Danielle Rodriguez, Human Resources and Admin. Coordinator; Alex Shelly, Communications Executive; Jeremy Fox, Service Planner Supervisor; and Mike Therriault, Engineering Supervisor.

Corporate Donations

Nucla High School Knowledge Bowl

Director Rhoades motioned to donate \$110 to the Nucla High School Knowledge Bowl. Director Cooney seconded. The motion was voted and carried.

SMPA has exhausted the available funds for corporate donations for 2019. No more funds will be given out for the remainder of the calendar year. Director Garvey requested that current requestors be informed that we are out of funds for 2019 and that the website is updated to reflect the donation fund status for 2019.

Board Donations

N/A

Finance Update

Coop Director Finance Training

Manager Mertz reviewed the financial reports noting that we drew down on our RUS loan to replenish cash reserves and to meet various cash requirements for operations and construction work. Manager Mertz also reported that the accounting team is beginning preparation for the year-end audit. He highlighted that revenues are slightly lower than budgeted; however, we are still within 99.4% of our targeted amount.

Form 990 Review

Manager Mertz reviewed the “Return of Organization Exempt From Income Tax,” yearly IRS Form 990 Questionnaire.

Marketing & Member Services

Sharing Success Grant

Director Garvey reported that the Sharing Success Committee reviewed 14 applications and the committee recommendations are below:

Telluride Mountain Club	\$4,000
Unaweeep-Tabeguache Interpretive Visitor Center	\$1,500
Ouray Ice Park	\$4,000
The Ridgway Chautauqua Society	\$1,500
San Juan Development Association	\$4,000

Following discussion, Director Rhoades motioned to approve the committee recommendations for the 2019 Sharing Success Grants as outlined above. Director Cokes seconded. The motion was voted and carried.

Manager Freeman reviewed the Member Service report; he highlighted the new 39 kW Net Metered PV system that Society Conoco in Telluride is installing. He reviewed the Board policy that shows that any commercial net metered system that is 25 kW or greater requires the approval of the Board. He is asking that the Board approve Society Conoco be approved for the 39 kW net Metered PV system.

Director Cokes motioned to override the 25 kW commercial limitation to allow the Society Conoco in Telluride construction of a 39 kW PV system. Director Sibold seconded. Following discussion, the motion was voted and carried. This motion will be re-ratified in November due to it not meeting the 10-day noticing period.

Manager Freeman educated the Board SMPA’s Renewable Energy Credits (REC) process. He informed the Board that one REC signifies that 1MWh of electricity was generated from a renewable resource. The energy used by our membership is offset by purchasing RECs. He stated that some of the RECs used in SMPA’s Totally Green/Green Blocks program come from local projects for which SMPA owns the RECs. Examples include net metering RECs, RECs from Pandora Hydro, IQ solar, and soon Last Dollar Solar and Coal Creek Hydro. These RECs, when sold in this program, are used solely for that purpose, and they are not counted towards compliance or any other program.

Manager Freeman communicated to the Board that a homeowner in Mt. Village is unhappy with the demand rate his home is on. During the construction of the home, a demand over 40 was set, and the account was placed on the demand rate. Now that the homeowner is living in the house, he would like the rate to be adjusted. However, following the rate tariff, a rate change cannot be made until the account has 12 consecutive months below 40 kW. The member requested Manager Freeman appeal to the Board on his behalf to make an exception to rate tariff rules. Legal Counsel informed that the rate tariffs are legal documents and advised against making exceptions. Following discussion, the Board determined that they would not make an exception to the rate tariff.

PV Rebate Funding Request

Manager Freeman requested that the Board approve moving \$5,000 from the Green Fund to boost the PV rebate funding. He noted that with the new Totally Green enrollments, the Green Fund is already increasing \$1,600 month.

Director Cokes motioned to approve \$5,000 from the Green Fund to support the solar rebate funding. Director Rhoades seconded. Following discussion, the motion was voted and carried.

Coal Creek Hydro Update & Approval

Manager Freeman stated that this topic is contractual and will be discussed in executive session.

Information Technology

Manager Tea reviewed his report, noting that the presentation at the NISC Users Conference regarding SMPA's implementation of the Outage Management System (OMS) was well received and was the perfect example of the cooperative spirit of knowledge sharing. As a result of the presentation, White River Electric traveled to SMPA's Ridgway office to review in detail the OMS implementation process. That meeting also went well with lots of great discussions.

Administration & Human Resources

Danielle Rodriguez, HR & Admin. Coordinator, did not have anything to add to her report.

The Board reviewed Policy 109, Delegating of Certain Duties of the Secretary & Treasurer and Policy 110, External Communications.

Following discussion, Director Alexander moved that policy 109 and policy 110 be approved without any changes. Director Sibold seconded. The motion was voted and carried.

Engineering

Manager Riley provided a summary review of the 2019 outage summaries. He noted that Tri-State has been doing a tremendous amount of work to improve Sunshine station that serves the load to the Telluride/Mountain Village area, however, in the process, there have been some human errors that have resulted in outages. He informed the Board that Manager Zaporski, Manager Oliver, and himself recently had a meeting with Tri-State regarding the outages, and Tri-State managers stated they are working to eliminate these issues through training and procedure updates.

Manager Riley reviewed the details of SMPA's Access to Service Agreement, highlighting that if SMPA is unable to access SMPA equipment located on member premises safely and easily, the policy states that we can put the member on notice that we no longer have access to the meter. At that point, the member has 30 days to develop a plan to resolve the situation in a manner acceptable to SMPA. If the member fails to remedy the situation in a manner acceptable to SMPA, electric service to that location will be disconnected until such time the situation is resolved to SMPA's satisfaction. Manager Riley informed the Board that if the member decides that they do not want SMPA on their property, it is acceptable for the meter to be moved to a different location on the property; however, that would be at the member's expense.

Operations

Area line Technician, KJ Johnson, reviewed the details of NRECA's project to get power to the remote village of Sillab, Guatemala. The project parameters included 6 ½ miles, utilized 40 poles and the connection of 37 homes, one elementary school, and four churches; he noted that this is just one village, and it is the last phase of the project. He noted that the area was beautiful and mountainous, the villagers were very helpful and like family. In closing, Mr. Johnson thanked SMPA and the Board for the opportunity stating that it was life changing and humbling.

Safety and Regulatory Compliance

Paul Enstrom, Safety and Regulatory Compliance Coordinator, reviewed his report and praised the efforts of the safety committee and their work on updating the safety manual and start a new emergency planning procedure. Mr. Enstrom also informed the Board that SMPA will be hosting the CREA safety coordinator meeting in Ridgway in November.

5. ATTORNEY'S REPORT

Director Sibold made a motion at 2:46 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 2:46 PM and came out at 3:21 PM. While in executive session, no decisions were made, nor votes taken.

Following executive session, Director Cokes motioned to allow the General Manager to execute a Power Purchase Agreement (PPA) with Coal Creek Hydro. Director Alexander seconded. The motion was voted and carried.

6. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes

Director Cokes reported that CREA fees are increasing by 5% in 2020. Director Cokes also reported that CREA selected legislative issues to focus on in 2020, including; Regional Transmission Organization (RTO), limited liability for wildfires, an amendment to electronic voting, funding for solar on schools, and beneficial electrification for schools.

Western United- Dave Alexander

Director Alexander reported that Western United is above budget and considering adding more routes and building a bigger warehouse in St. George, UT.

Eco-Action- Jack Sibold

N/A

Tri-State- Jack Sibold

Director Sibold informed the Board that Empire Electric has a new solar project approved that will bring them to 20% of their 5% cut-off. Director Sibold noted that the Montrose-Nucla transmission line upgrade is being required to use steel structures instead of wood for sage grouse; steel bird spikes are required to prevent predators from attacking sage grouse. He noted that the Nucla water rights are going to stay with Tri-State for now since they may be needed for the decommissioning. Director Sibold reported that the Federal Energy Regulatory Commission (FERC) filing has been extended to November 4th, noting that there is a 24-day period for FERC to accept the Tri-State tariffs. Director Sibold reported that Basin Electric filed tariffs on September 9th, 2019, to become FERC regulated as well. Director Sibold also reported that it requires around 7.5 acres of land to generate 1 MWh of solar.

7. BOARD TRAVEL

Director Alexander will be traveling to Nashville, TN, December 13th-17th, for NRECA's Winter School for directors.

8. MISCELLANEOUS

N/A

9. BOARD CALENDAR REVIEW

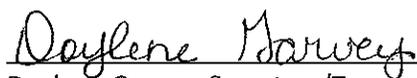
N/A

10. NEXT MEETING

The next Board of Directors Meeting will be Wednesday, December 18, 2019, in Ridgway.
The January meeting will take place on Tuesday, January 21, 2020, in Nucla.

11. ADJOURN

Director Garvey motioned to adjourn the meeting at 4:12 PM. Director Rhoades seconded. The motion was voted and carried.



Doyleene Garvey, Secretary/Treasurer