

1. CALL TO ORDER

President Felicelli called the San Miguel Power Association (SMPA) Board of Directors' regular meeting to order at 9:01 AM. The meeting was held in person at the Nucla office location and via Zoom Video/Teleconference. All directors attended the meeting in person at the Nucla office location.

2. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the revised consent agenda (May 19, 2022) and the April 26, 2022 meeting minutes. Director Cokes seconded. The motion was voted and carried.

3. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Cokes reported that she had received questions regarding the need for home generators.
- Director Rhoades stated that the Silverton Fire Department had contacted him to express gratitude for the employee/Board group's donation to the Fire Department.
- Manager Zaporski reported receiving feedback regarding the cost of line extensions. Manager Zaporski communicated that SMPA does not charge a markup on the supplies and that the cost increase is directly related to supply chain challenges, noting that suppliers are not currently providing prices until items ship.

4. BOARD TOPICS

N/A

5. STRATEGIC PLANNING UPDATE

Fully Optimize All Technology- Doug Tea

Manager Tea provided a brief overview of each strategic initiative developed to fully optimize technology, including a concentration on cybersecurity, developing a documented Information Technology Emergency Response Plan (ITERP), implementing budgeted software projects, and optimizing and leveraging current technologies. Manager Tea's presentation highlighted information discussed at CREA's IT Conference, including key takeaways on how to respond to a cyber security incident on a multi-faceted level, including consideration of a cooperative's perspective and insurance provider's viewpoint. Mr. Tea noted that responding to cybersecurity will be an ongoing activity to stay current as it evolves.

Further Develop Crisis Management Plan (CMP) in order to best respond to external threats or crisis.- Mike Therriault.

Engineering Supervisor Mike Therriault reviewed the four initiatives identified to further develop the Crisis Management Plan (CMP), including an update and expansion to SMPA's existing Emergency Restoration Plan (ERP), staff education, blue sky exercises and a focus on mitigating supply chain disruptions. Mr. Therriault provided a high-level overview of the measures that have been completed and reviewed the next steps, including continuing staff training, scheduling blue sky exercises and rolling out a single comprehensive document that includes all procedures and emergency response protocols in one electronic ERP document that is searchable and available to staff at all times. Mr. Therriault also introduced a CMP communication wallet card to assist the Board and staff with scripted responses to ensure a unified response in a crisis situation.

6. CEO REPORT

CEO. Items

Power Supply Update

Manager Zaporski communicated that United Power and Northwest Rural Public Power District have submitted their non-conditional intent to leave Tri-State. This filing starts a two-year clock for the exit to allow Tri-State to develop its resource plan adequately. SMPA has filed for a Buy Down Payment (BDP) settlement with the Federal Energy Regulatory Commission (FERC). One organization has contested the filing; however, that does not mean it will not be approved because it will be the Judge's decision.

Legislative Update

Manager Zaporski reported that it appears that Colorado microgrid legislation is moving forward and, if approved, will make \$3.5 million in grant funds available to Colorado distribution cooperatives to support microgrid projects.

COVID-19 Discussion

Manager Zaporski stated that while case numbers are low, COVID19 is still occurring throughout SMPA's service territory. SMPA continues to be vigilant in promoting the importance of general hygiene and sanitization. Staff is prepared and poised to implement increased safety measures if necessary, including masking and working in cohorts.

Introduction of Employee Guests

Phil Zimmer, Energy Services Executive; Terry Schuyler, Key Accounts Executive; Kelly Truelock, Staff Accountant; Joshua Hainey, Senior Staff Accountant; Alex Shelly, Communications Executive; Danielle Rodriguez, Human Resource and Administration Coordinator and Mike Therriault, Engineering Supervisor, were also in attendance at the meeting virtually or in-person.

Manager Zaporski introduced Heath Thaute, the new Telluride-based Journey Line Technician. Mr. Thaute informed the Board that he came to SMPA after six years with DMEA and is excited to join the SMPA team.

Manager Zaporski congratulated Mr. Chris Falk on completing the four-year lineman apprenticeship program to become a Journey Lineman. Manager Zaporski informed the Board that Mr. Falk originally joined the SMPA team as a mechanic and then expressed his interest in becoming a lineman. Director Felicelli and Manager Zaporski presented Mr. Falk with a Journey Lineman certificate, jacket, and belt buckle. Mr. Falk thanked SMPA and the management team for the opportunity and expressed gratitude for working for such a great organization.

Community Focus Donations

- The next donation review is scheduled for July 2022.

Board Donations

- Director Cooney donated \$100 to Hoof & Paw Animal Rescue.
- Director Cooney donated \$100 to Second Chance Humane Society.

Finance Update

Financial Review

Manager Zaporski reported that due to the compressed schedule, the finance reports are preliminary. The preliminary reports show that net margins are above budget for the month of April. Manager Zaporski informed the Board that the staff has submitted for the \$1.643 million in remaining loan funds from the Rural Utility

Service (RUS). He explained the funding process through RUS is different than a traditional loan. Manager Zaporski advised that the RUS process includes the cooperative developing a Construction Work Plan (CWP) that is submitted to RUS for approval. Once the CWP is approved, the cooperative moves forward with the project, including paying for the project. Once the project is completed, it is inspected, and the cooperative files for the preapproved loan funds. Manager Zaporski explained the benefit of utilizing RUS funds is low-interest rates. The disadvantage of the program is the lengthy process for the funds and impacts on cash flow that sometimes can lead to the need for bridge financing.

Marketing & Member Services

New Website Features & Format Tour- Alex Shelly, Communications Executive

Communications Executive Alex Shelly provided an overview of the new website highlighting the ease of navigation as well as the modern and clean design of the new website.

Annual Meeting Preview – Alex Shelly, Communications Executive

Communications Executive Alex Shelly reviewed the Annual Meeting Program and explained how the meeting will work with Zoom.

2022 Net Meter Annual True-up

Manager Freeman reported that the spring annual meeting true-up was completed on the April bill cycle for most of the net-meter account members, noting two net-meter customers will go through the true-up process in November as they selected the fall true-up date. Members with a credit of \$300 or more were mailed a check, and those with less received a credit on their bill.

Information Technology

Manager Tea reviewed his report, noting that electronic voting is live, and we have already received several votes.

Administration & Human Resources

Human Resources and Administration Coordinator Danielle Rodriguez reviewed her report, noting that after 18 years of service, Ridgway Member Service Representative (MSR) Penny Gabardi has submitted her retirement date, and the new MSR will start on May 23rd. Ms. Rodriguez reported that the Housing Committee will consist of seven members, and the kick-off meeting has been scheduled. The objective of the Housing Committee will be to discuss ideas and recommend possible solutions to address the housing challenges.

The Board reviewed Policy 304, Members at Board of Director Meetings. The policy included an update specifically noting the member, or consumer comments agenda item is not intended to be a question-and-answer session but a time for members to bring forth comments and/or statements to the Board of Directors. Director Brown motioned to adopt Policy 304 as presented. Director Alexander seconded. The motion was voted and carried.

The Board reviewed Policy 150, Community Focus. Director Alexander motioned to adopt Policy 150 as presented. Director Rhoades seconded. Following discussion, the motion was voted on and carried.

Director Rhoades motioned to reinstate the 401K and RS plan as presented. Director Garvey seconded. The motion was voted and carried.

Engineering | Operations | Safety and Regulatory Compliance

Manager Fox reviewed his report, highlighting that staff continues to meet weekly to discuss supply chain issues, including increased lead times and inflation impacts. Manager Zaporski noted that the current line extension policy follows a growth pays its way model that ensures the members building new projects are being billed for their needs at the current price. This method insulates the membership from rate increases related to new building costs. Additionally, the staff is currently reviewing capital budget items that have increased substantially in cost and/or have delayed delivery resulting in potential budget implications.

Manager Fox informed the Board that the road closures are complete for the Red Mountain Vegetation work, noting that there are still a few remaining locations that will be addressed, but these sections will not require road closures.

7. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes

Director Cokes advised the Board that the CREA is hosting a meeting in Durango on August 3, 2022 and invited all Directors to attend. Manager Zaporski added that CORE Electric Cooperative is withdrawing from CREA, which could result in a dues increase for the remaining members of CREA, including SMPA.

Western United- Dave Alexander

Director Alexander reported that Western United continues to do well, focusing on maintaining and increasing inventory as a method to help ease supply chain and lead time issues. Western United is also prioritizing cooperative orders.

Eco-Action- Kevin Cooney

Director Cooney reported that staff is currently working on proposing revisions and updates to Eco-Action's Green Business Program.

Tri-State- Kevin Cooney

Director Cooney reported there have been several hearings and testimonies at FERC regarding the Contract Termination Payment (CTP) case; however, it will likely be months before a final decision is made. Director Cooney advised that the next rate committee meeting is scheduled to review what system load shape looks like to help determine the cost of service to truly serve the membership while taking into consideration that Tri-State will own less of the generation aspect of the business and will be purchasing more renewables from 3rd party providers in the future.

8. ATTORNEY'S REPORT

Director Rhoades made a motion at 12:39 PM to enter into executive session for personnel and contractual issues. Director Alexander seconded. The motion was voted and carried. The Board entered into executive session at 12:39 PM and came out at 1:19 PM. While in executive session, no decisions were made, nor votes taken.

Director Garvey motioned to amend the CEO/General Manager contract as discussed with the attorney. Director Alexander seconded. The motion was voted and carried.

9. BOARD TRAVEL

The Board reviewed upcoming meetings and training opportunities. Director Felicelli informed the Board he will be attending the National Rural Electric Cooperative Association (NRECA) Gettysburg Leadership Experience for Co-op Leaders in October.

10. MISCELLANEOUS

Away Board Meeting Discussion

Historically SMPA has held two Board Meetings a year at away locations; this practice was stopped during the pandemic. The Board discussed if the timing was right to bring back away Board meetings, and it was determined to move forward with away Board Meetings in 2022.

11. BOARD CALENDAR REVIEW

N/A

12. NEXT MEETING

SMPA's Annual Meeting will take place on Thursday, June 9, 2022. The Board will be in-person at the Nucla office with the event being Virtual for attendees.

The June 2022 regular Board of Directors meeting will occur on Tuesday, June 28, 2022, in Ridgway and Via Zoom.

The July 2022 meeting will occur on Tuesday, July 26, 2022, in Nucla and Via Zoom.

13. ADJOURN

At 1:28 PM, Director Rhoades motioned to adjourn the meeting with respect to all Agenda Items except item 6.a.i Power Supply Update. Discussion on Item 6.a.i and possible Executive Session regarding that topic is suspended so that if the CEO deems it necessary to update the Board regarding this topic, the Board can resume discussion without the need to call a Special Meeting. Director Alexander seconded. The motion was voted and carried.

Doylene Garvey

Doylene Garvey (Jun 29, 2022 13:36 MDT)

Doylene Garvey, Secretary/Treasurer