

1. MEETING PROTOCOL

Executive Assistant MartyJo Davis presented an overview of meeting protocols and provided instructions on utilizing features of the Zoom Virtual Meeting platform that allow members to participate virtually.

2. CALL TO ORDER

President Felicelli called the San Miguel Power Association (SMPA) Board of Directors regular meeting to order at 9:02 AM. The meeting was held in person at the Nucla office location and via Zoom Video/Teleconference. Director Cooney attended via Zoom Video/Teleconference, with Director Felicelli, Director Brown, Director Rhoades, Director Cokes, Director Alexander and Director Garvey attending in person at the Nucla office.

3. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the revised consent agenda (May 23, 2023), including April 25, 2023, meeting minutes. Director Alexander seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Garvey reported she had been contacted by the Small Miner's Association expressing concern about line retirements, requesting that a staff member attend a Small Miner's Association meeting to help brainstorm ideas/solutions.
- Director Rhoades advised that a member had contacted him regarding the inspection policy. The member communicated that while the member was willing to get the building inspected, he has been waiting over three weeks for a state inspector to show up for an inspection, which is very frustrating.
- Director Cokes was contacted by a member expressing interest in partnering with SMPA to apply for IRA funds for geothermal on her property.
- Manager Freeman received an email comment praising SMPA's prompt response and repairs during outage situations.
- Manager Zaporski reported receiving several negative comments regarding the proposed Wright Mesa Solar project. Manager Zaporski advised that SMPA has no involvement with the project.

5. STRATEGIC PLANNING

Fully Optimize All Technology – Doug Tea

Manager Tea advised that technology's overall goal is to strategically put SMPA in the best position to be successful with technology while protecting electronic assets and communicating the plan and progress. Manager Tea provided an overview of the Information Technology Emergency Response Plan (IT ERP) document/procedures, a review of implemented cybersecurity initiatives and software projects; including a progress update on staff efforts to develop a Time of Use (TOU) rate. Manager Tea explained that with a TOU rate, members would pay different energy rates depending on the time of day the energy is used instead of being billed a flat rate. TOU rates will help incentivize consumers to use power during off-peak hours, which will help shape usage and load. Manager Tea discussed the project's scope, noting challenges the team has faced, tasks that have been completed, and the next steps. Manager Tea advised that communication is of the utmost importance. Initially, the TOU will appear on bills with a zero-rate adjustment to allow members to get familiar with and understand how the time that energy is used can impact a bill.

Further Develop Crisis Management Plan in order to best respond to external threats or Crisis. – Mike Therriault. Manager Fox provided the update in Mr. Therriault's absence. Manager Fox explained how the ERP has evolved. ERP originally meant Emergency Restoration Plan and was specific to electrical systems; now ERP stands for Emergency Response Plan and encompasses a response plan for crisis management, including provisions for natural disasters and IT-related situations. Manager Fox discussed the four initiatives identified to further develop the Crisis Management Plan (CMP), including the updates and expansions of SMPA's ERP, staff education, blue-sky exercises and a focus on mitigating supply chain disruptions. Mr. Fox provided a high-level overview of the measures that have been completed and reviewed the next steps, including upcoming blue-sky exercises, continued focus on mitigating supply chain disruptions, staff education, and staff involvement with local county emergency management meetings.

6. C.E.O. REPORT

C.E.O. Items

Power Supply Update

Manager Zaporski advised that a new iteration of a Partial Requirements Contract (PRC) is being worked on. The original PRC proposal was opposed at the Federal Energy Regulatory Commission (FERC); therefore, a new methodology for a Buy Down Payment (BDP) is in development. However, nothing can settle until FERC makes a decision.

Rate Discussion

Manager Zaporski stated that several cooperatives are proposing to move to a time-based rate structure and break out delivery and energy charges. However, Colorado Solar and Storage Association (COSSA) is opposing the proposed rate structures, claiming they believe the new rate structures do not align with Colorado State Net Metering Regulations. Staff will continue to monitor the situation.

Voodoo Franchise Fee Discussion

Legal Counsel Jim Link explained franchise agreements. Mr. Link advised that when a consumer/member applies for power to their house or business, SMPA requires the consumer/member to obtain all the easements necessary to connect power to their property line. In town limits, this process gets complicated due to overlapping easements or other challenges; therefore, a franchise agreement is negotiated with the town. The agreement is a blanket easement that allows SMPA to install utilities on town property, such as streets and/or alleyways. In exchange for the blanket easement, the Town collects a franchise fee from SMPA, which SMPA bills to the residents of that Town. Mr. Link further advised that the franchise agreement is a legal contract that SMPA has with the Town. The Town also adopts it by ordinance, making it a binding agreement. The agreement includes specific provisions about how SMPA must install service equipment. Another component of a franchise agreement defines how a town's request to relocate an existing line is handled. SMPA will assist with the line relocation; however, it will be at the Town's expense as SMPA does not believe it is fair to ratepayers, particularly those living far away from the construction project, to pay the cost of a town's line location request. In the agreement, the Town can request that SMPA add the fee to the member's bill as an additional franchise fee. Manager Zaporski advised that this recently occurred in the Town of Telluride when the Town requested a line be relocated as part of the Voodoo Housing project and why members in the Town of Telluride see an additional line item on their bill. Once the cost of the line relocation is paid, the additional line item will be removed from the member's bills.

Introduction of Employee Guests

Mark Prezbindowski, IT Specialist; Joshua Hainey, Senior Accountant; Kelly Truelock, Senior Accountant; Terry

Schuyler, Key Accounts Executive; Alex Shelley, Communications Executive; Darcy Weimer, Safety & Regulatory Compliance Coordinator; Megan Rutherford, Member Services Representative; Rebecca Lang, Member Services Representative; Keli Busch, Member Services Representative; and Phil Zimmer, Member & Energy Services Supervisor, were also in attendance at the meeting, virtually or in-person.

Community Focus Donations

The next donation review is scheduled for July 2023.

Board Donations

- Director Cokes donated \$350 to Ouray County Support and Advocacy Group.

Finance Update

Banking Update

Manager Lehigh reviewed SMPA bank accounts, noting that SMPA has chosen specific banks based on several factors, including but not limited to, proximity to offices and community presence.

Monthly Financial Review

Manager Lehigh reviewed the April financial report, highlighting that year-to-date revenues continue to outpace budget and prior-year figures as the prolonged cold weather positively impacts revenue. April revenues were more than budget by 14.9%, purchased power was 11.26% above budget, and April residential kWh sales increased from 2022 by 16.99%.

RUS Loan Application

Manager Lehigh advised the Board that the Rural Utility Services (RUS) loan is based on the 2023-2026 Construction Work Plan (CWP), which includes several projects, with the bulk of the expense related to the Red Mountain Electrical Reliability and Broadband project. Requesting loan funding for the CWP in total does not mean the amount will be fully drawn; ongoing material availability and other factors will dictate what is accomplished; however, requesting full loan funds for the project creates flexibility for General Funds. Manager Lehigh communicated that RUS loan reviewers consider debt limit to be based on the original loan value of all outstanding debt, including lines of credit, not current outstanding amounts. Therefore, the staff is requesting the Board approve a debt limit increase from \$80 million to \$115 million to position the cooperative to be able to apply for funding for the CWP in full, even though it may not be completed in full, nor funds drawn down in full. Mr. Lehigh noted the current RUS loan interest rate is significantly lower than competitor rates. Director Brown motioned to approve increasing SMPA's debt limit from \$80 million to \$115 million. Director Cokes seconded. Following discussion, the motion was voted and carried. This motion will be re-ratified at the June Board of Directors meeting as it did not meet the 10-day notice period.

Marketing & Member Services

Manager Freeman reviewed his report, highlighting the staff's work with Silverton stakeholders to apply for grants to help with critical infrastructure updates, including resiliency and microgrid options for the area.

Information Technology

Manager Tea did not have anything to add to his report.

Administration & Human Resources

Manager Rodriguez reviewed the Administration & Human Resources report, highlighting that SMPA hosted the CREA Human Resources conference; the conference had 19 attendees from throughout the state.

The Board reviewed Policy 106, Compensation and Expenses of Board Members. Proposed updates to the policy included updating the meeting fee and president fee from \$150 to \$200 to be effective for the 2024 budget. Director Rhoades motioned to adopt Policy 106 with updates. Director Cokes seconded. Following discussion, the motion was voted on and carried.

The Board reviewed Policy 110, External Communication. No updates proposed. Director Alexander motioned to approve Policy 110 as presented. Director Rhoades seconded. Following discussion, the motion was voted on and carried.

Engineering | Operations | Safety and Regulatory Compliance

Manager Fox reviewed his report, highlighting his recent attendance at the Colorado Wildfire Summit, noting it was a very informative conference with engaging roundtable discussions and interesting AI Technology presentations.

7. BOARD TOPICS

Cybersecurity

Director Felicelli communicated that several staff and Board members attended the NRECA Cybersecurity: The Board's Oversight Role course at DMEA. The discussion topics included how prepared your systems are, communications and response strategy. Additional information will be discussed in the executive session as the content is sensitive.

Strategic Planning Session / Objectives Discussion

The Board discussed the upcoming strategic planning session scheduled for July 11-12, 2023, at Elk Mountain Resort. It was noted that the meeting facilitator will be contacting individual Board members soon to begin the preliminary conversation regarding potential objective topics.

8. ASSOCIATED MEETING REPORTS

EcoAction Partners – Toby Brown

N/A

CREA – Debbie Cokes

Director Cokes communicated that CREA's meeting was virtual, and several topics were discussed, including proposed senate bill that adds additional uses of sick leave.

Legislative Review

Director Cokes advised that she had shared CREA's Under the Gold Dome legislative newsletter with the Board via email.

Western United (WU) – Dave Alexander

Director Alexander reported that WU continues to do well. WU is focusing on expanding the yard to better accommodate additional inventory in its efforts to help mitigate supply chain challenges.

Tri-State (TS) – Kevin Cooney

Director Cooney advised that Tri-State is holding a special budget session meeting in May, noting the budget session is traditionally held in the fall; however, Tri-State needs the budget numbers as they will serve as the basis for the rate filing at FERC. Director Cooney advised that additional Tri-State information was shared via email and in the Call to Order meeting app.

ATTORNEY'S REPORT

Director Rhoades made a motion at 10:48 AM to enter into executive session for personnel and contractual issues. Director Garvey seconded. The motion was voted and carried. The Board entered into executive session at 10:48 AM and came out at 11:58 AM. While in executive session, no decisions were made, nor votes taken.

Following executive session, Director Garvey motioned for legal counsel to amend the employment agreement for the CEO/General Manager. Director Brown seconded. Following discussion, the motion was voted and carried. This motion will be re-ratified at the June Board of Directors meeting as it did not meet the 10-day notice period.

Director Rhoades made a motion at 2:13 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 2:13 PM and came out at 2:51 PM. While in executive session, no decisions were made, nor votes taken.

9. BOARD CALENDAR / TRAVEL

The Board reviewed upcoming meetings and training opportunities, including NRECA's Summer School for Directors scheduled for July 21-25, 2023, in Santa Fe, NM. Director Cooney expressed interest in attending.

10. MISCELLANEOUS

Director Gold Presentations

Manager Zaporski congratulated Director Cokes and Director Alexander on receiving Director Gold Certification. The gold certification is the highest level of certification through the National Rural Electric Cooperative Association's (NRECA) Director Certification Programs. NRECA's Director Certificate Programs (offered in three levels, from fundamental to advanced) are designed to help electric cooperative directors, at every stage of their service, understand their roles and responsibilities, stay up to date on the key issues and trends in the industry and prepare them to meet the challenges facing electric cooperatives now and in the future.

11. NEXT MEETING

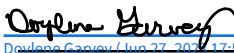
The Annual Meeting will occur on Thursday, June 8, 2023, in Ridgway and Via Zoom.

The June 2023 Board of Directors meeting will occur on Tuesday, June 27, 2023, in Ridgway and Via Zoom.

The July 2023 Board of Directors meeting will occur on Tuesday, July 25, 2023, in Nucla and Via Zoom.

12. ADJOURN

At 2:55 PM, Director Rhoades motioned to adjourn the meeting. Director Garvey seconded. The motion was voted and carried.


Doylene Garvey (Jun 27, 2023 17:53 MDT)

Doylene Garvey, Secretary/Treasurer