

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
February 25, 2025 (Nucla and Zoom Virtual Meeting)

1. MEETING PROTOCOLS

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 at the SMPA's Nucla Office location and via Zoom Video/Teleconference. Director Felicelli, Director Alexander, Director Loczy, Director Szwarc, Director Rhoades and Director Cooney attended the meeting in person at SMPA's Nucla Office, with Director Brown attending the meeting virtually via the Zoom Meeting Platform.

3. APPROVAL OF CONSENT AGENDA

Director Alexander motioned to approve the consent agenda (February 25, 2025), including meeting minutes for January 28, 2025, and ratifications to approve an allocation of up to \$7,000 in Basin Matching Funds with the remaining \$8,000 designated for Director Donation Matches and Community Focus Donation Matches.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Cooney reported member inquiries about the large-scale solar project, particularly concerns over the federal funding freeze and the project's future. He noted that the outcome remains uncertain and suggested that members consider contacting their congressional representatives to express support.
- Director Loczy reported receiving member feedback following staff's presentation on the solar project. He noted that emphasizing the project's local development, private property location, and appropriate zoning has helped build community support.
- Director Felicelli shared a lighthearted exchange with a member who questioned why his name appeared on their power bill. He took the opportunity to explain the cooperative structure and the role of the Board of Directors.
- Director Szwarc reported receiving mixed feedback from members, including net-metered customers, regarding the upcoming Time-of-Use (TOU) rate. Some expressed mild concern about how the change might affect their rates, while others supported the transition, noting that retail rates should better reflect the actual cost of electricity used.
- Director Brown spoke with members who had questions about upcoming board seat elections. He used the opportunity to review board policy and clarify the distinction between account holders and district residency.
- Director Cooney reported a member inquiry about creating a neighborhood microgrid in Telluride. He noted the idea hasn't been explored but may warrant future discussion.
- A Trout Lake resident and representative of the local owners association, participating virtually, reiterated a request for underground lines along South Trout Lake Road, citing recent incidents involving downed lines and potential fire risk. Staff will follow up with the member regarding the undergrounding request process.

Sharing Success Grant Presentations

Key Accounts Executive Paul Hora introduced the 2024 Sharing Success Grant awards, noting over 20 applications totaling more than \$200,000 in requests. With only \$21,000 available, he emphasized the

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challenge of selecting from many deserving initiatives. He noted that the program is made possible through funding from CoBank and SMPA.

The first award of \$5,000 was presented to the Ouray Ice Park (OIP). OIP Executive Director Peter O'Neill shared that the funds supported the UIAA Youth World Championships, held in February. The event drew 32 athletes from the U.S. and Europe, boosted youth engagement in the sport and brought international visibility to the park through live streaming. He expressed appreciation for SMPA's support in making the youth competition possible. Board members expressed their support and acknowledged the Ice Park's role as a vital part of the regional winter economy and community.

Mr. Hora presented a \$6,000 grant to the West End Economic Development Corporation (WEEDC) in support of its pass-through Facade Improvement Grant Program. WEEDC Executive Director Makayla Gordon shared that the funding will allow the program to expand beyond minor upgrades to include larger infrastructure needs like HVAC systems and roofs. She thanked SMPA for supporting the long-term viability of West End businesses.

The Rico Trails Alliance received a \$10,000 Sharing Success Grant to support trail planning, outreach, and its flagship project, a pedestrian bridge over the Dolores River. Representatives shared that the funds will help implement their strategic plan and expand volunteer efforts.

5. STRATEGIC PLANNING

Safety – To promote our safety culture through training and reinforcement while instilling ownership and accountability within every employee. – Darcy Weimer and the Safety Committee

Safety & Regulatory Coordinator Darcy Weimer provided an update on the safety strategic objective, noting that she used the strategic objective topic as the focus of the comprehensive safety project presentation required to earn her Certified Loss Control Professional (CLCP) designation. The two-and-a-half-year program included coursework, testing, and completion of an approved safety project. Mrs. Weimer emphasized that safety culture goes beyond compliance—it's about shared responsibility, open communication, accountability, and continuous improvement. She highlighted ongoing efforts such as near-miss reporting, employee engagement, training, and incentive programs. She closed by reaffirming SMPA's commitment to keeping safety at the core of everything the organization does.

People and Culture – To strengthen our positive work culture and environment to best support, encourage, and develop employees to maximize performance and efficiency while retaining and attracting top talent. – Danielle Rodriguez and MartyJo Davis

Human Resources Manager Danielle Rodriguez provided a high-level update on SMPA's People and Culture initiative, aimed at fostering a positive work environment that supports employee growth, performance, and retention. She highlighted the strong connection between workplace and safety culture and the Board's continued commitment to both. Manager Rodriguez outlined four key focus areas: policies and benefits, training and development, succession planning, and wellness. She reviewed 2024 accomplishments and shared upcoming goals for 2025 that are aligned with strengthening employee engagement, development, and overall workplace culture.

6. CEO ITEMS

Contract Committee Update

Manager Zaporski provided an update on discussions regarding SMPA's Wholesale Electric Service Contract (WESC) with Tri-State. Although the urgency was initially tied to the now-delayed New ERA grant, Tri-State staff is maintaining the accelerated timeline, now citing the need to improve its credit rating. A new draft contract is not yet available, but a proposal is expected by next month. Manager Zaporski noted proposed changes to Board Policy 115, including an increase in the self-generation cap from 5% to 20% and a committee-supported revision to exclude annual excess net metering from that calculation. Tri-State has outlined three potential options: retain the current contract, adopt new contract language with the existing 2050 termination date, or adopt new language with an extension to 2075. It remains unclear whether all three options will be offered. Tri-State's Board is expected to vote in April, with member cooperatives making decisions in May. A special SMPA Board meeting may be needed if additional time is required for review and discussion.

New ERA Grant Funding Update

Manager Zaporski provided an update on the status of SMPA's awarded New ERA grant, which is currently on hold due to a funding freeze initiated by the administration. He shared that he has been in regular contact with our state representatives to gain insight and advocate for continued support. Manager Zaporski explained that the remaining Inflation Reduction Act (IRA) funds—including SMPA's awarded grant—are expected to be reevaluated through a budget reconciliation process. Budget reconciliation is a special legislative procedure commonly used by both parties to advance high-priority fiscal measures and align federal spending with the goals of the current administration. It begins with a congressional budget resolution that directs specific committees to adjust spending, revenue, or the debt limit. In this case, remaining IRA funds may be reevaluated or reallocated through this process. While a 90-day timeline has been suggested, the actual duration remains uncertain. He noted that Tri-State is actively lobbying in Washington, D.C., to support the release of these funds. All Colorado electric cooperatives, including SMPA, are signing a joint letter—coordinated through CREA—urging the congressional delegation to protect the funding. The letter emphasizes how projects like SMPA's align closely with the administration's goals for resiliency and reliability. Manager Zaporski confirmed that SMPA continues to plan as though the funding will be reinstated. However, he acknowledged that delays could create complications for procurement timelines, engineering, and other requirements tied to both the grant and the Bring Your Own Resources (BYOR) program. SMPA is currently awaiting confirmation of a 90-day extension filed by Tri-State on behalf of all BYOR participants.

Introduction of Employee Guests

Manager Zaporski introduced Keila Carver, SMPA's new Member Service Representative in Nucla, and welcomed her to the team. Ms. Carver shared a bit about herself, noting that she moved to the area in 2018 and enjoys raising two daughters with her husband, whose family is part of the local ranching community. She expressed her love for the outdoors and appreciation for the opportunity to be part of the SMPA team.

Joshua Hainey, Senior Staff Accountant; Megan Rutherford, Energy Service Technician; Phil Zimmer, Energy Services Manager; Mike Therriault, Engineering Supervisor; Greg James, Facility Maintenance Technician; and

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Alex Shelley, Communications Executive, attended the meeting, either in person or virtually via the Zoom webinar platform.

Employee Recognition Award Presentation

Executive Assistant MartyJo Davis presented two Employee Recognition Awards under the category of *On-the-Job Excellence*, honoring Mark Castle and Mark Prezbindowski for their outstanding work on the Fujitsu fiber network upgrade. She explained that the recognition program allows employees to nominate peers, making the acknowledgment especially meaningful. The project was praised for its efficiency, technical precision, and seamless collaboration. Ms. Davis highlighted the team's ability to simplify complex systems and commended their "technical wizardry." Both recipients expressed appreciation for the recognition and credited the broader team effort behind the project's success.

Community Focus Donations

Executive Assistant MartyJo Davis informed the Board that the Community Focus Donation Program has \$1,522 in unspent funds from 2024. Board Policy 150, *Community Focus*, Section II, A, #4, which states that "any unused funds from a previous quarter will roll over to the next." However, since this is the end of the fiscal year, a rollover requires Board approval. Following discussion, Director Cooney motioned to roll the \$1,522 of unspent 2024 Community Focus funds into the 2025 Community Focus program. Director Rhoades seconded. The motion was voted on and carried.

The next donation review is scheduled for April 2025.

Board Donations

Director Cooney donated \$100 to the San Miguel Search & Rescue.
Director Cooney donated \$100 to the San Juan County Search & Rescue.
Director Cooney donated \$100 to Ouray Mountain Rescue Team.

Finance

Annual Director Expense Summary for 2025

Manager Lehigh presented the 2024 Annual Director Expense Summary, as required each February. The report detailed expenses by category, including monthly meetings, travel, insurance, board district donations, and allocated expenses such as the annual meeting and director elections. Following review and discussion, Director Loczy motioned to approve the 2024 Director Expense Summary, seconded by Director Alexander. The motion was voted and carried. Manager Lehigh and Manager Zaporski both acknowledged the Board's conservative approach to spending and expressed appreciation for their continued fiscal responsibility on behalf of SMPA's members.

2024 Year in Review

Manager Lehigh provided an overview of SMPA's unaudited 2024 financials, noting confidence in the year-end figures, which have been submitted to auditors. SMPA added 297 new services, bringing the total to 15,449, and continued to invest heavily in infrastructure, primarily for the Red Mountain rebuild and system upgrades. While kWh sales declined slightly due to a warmer spring, overall financial performance remained strong. SMPA remained under budget in expenses and met key financial ratios; modified equity decreased slightly as anticipated, reflecting strategic investments to address deferred maintenance. Manager Zaporski emphasized

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that this short-term equity dip is intentional and supports long-term reliability improvements, with plans to rebuild equity once major projects are complete.

Financial Review

Manager Lehigh reported that January's financials showed lower revenues due to warm weather early in the billing cycle, while expenses were unusually high following a record peak demand later in the month. The timing difference between billing and power costs caused a temporary margin shortfall, but this is expected to balance out in February. Preliminary indicators for February are positive.

Amendment to RUS Deferred Revenue Plan (Resolution 2025-01)

Manager Lehigh presented Resolution 2025-01, proposing to revise the previously approved revenue deferral schedule to reflect actual usage in 2024 and increased legal expenses anticipated in 2025 due to ongoing FERC proceedings. The total deferred revenue amount remains unchanged at \$2.25 million, but the allocation is rebalanced across 2024–2027 to better support SMPA's legal efforts defending member interests. Following discussion, Director Loczy motioned to approve Resolution 2025-01 as presented. Director Alexander seconded. The motion was voted and carried.

Marketing & Member Services

Manager Freeman provided an update on marketing and member services initiatives. He shared year-over-year rebate comparison data, noting consistent growth in electric vehicle charger rebates and spikes in other categories driven by large multi-unit projects. Freeman also discussed the transition of four legacy time-of-use accounts into the new TOU rate structure launching in May. One commercial account may serve as a pilot for a new time-based rate for three-phase demand accounts using thermal storage. Additionally, staff is developing member case studies to illustrate cost-saving opportunities through beneficial electrification and time-based rates. Manager Freeman noted that SMPA is partnering with a local solar installer to help members analyze rate impacts and TOU benefits, especially for solar and storage systems.

Information Technology

Mark Prezbindowski provided an update on Information Technology. Routine support and maintenance efforts continue, including setting up workstations for new employees and role transitions. Work is underway to enhance network redundancy, particularly in Nucla, and improve connectivity for Silverton's substation. These upgrades support reliability and readiness for the upcoming Time-of-Use (TOU) transition in May 2025. The GIS team is refining mapping accuracy with recent training to optimize staking processes. No cybersecurity incidents were reported, though phishing simulations resulted in four clicks, reinforcing the importance of email vigilance. Employees are encouraged to report any suspicious emails for verification.

Administration & Human Resources

Manager Rodriguez reported that an apprentice line technician has accepted the position in Telluride, with a start date pending. A staffing change in Ridgeway's MSR role led to an offer being extended to another strong candidate. A new journeyman lineworker will be joining the Telluride crew and will commute from Montrose temporarily while securing housing in Norwood. Recruitment and onboarding efforts remain active and productive.

The Board reviewed Policy 303 – Net Metering. The Board discussed proposed updates to clarify the treatment of kWh banks under time-of-use (TOU) rates, which will become effective in May. Under the new structure, TOU

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net metering accounts will track peak and off-peak generation separately, ensuring that banked energy is applied according to when it was generated. The Board also discussed the unique option SMPA provides for members to select either April 1 or November 1 as their annual true-up date—an accommodation not commonly offered by other cooperatives. Director Rhoades motioned to approve the revised Policy 303. Director Loczy seconded. Following discussion, the motion was voted on and carried.

The Board reviewed Policy 200, Issuance of Payments. No updates proposed. Director Alexander motioned to readopt Policy 200, Issuance of Payments, as presented. Director Rhoades seconded. The motion was voted and carried.

The Board reviewed Policy 311 – Scholarships. The Board discussed proposed updates that clarify eligibility for homeschooled students whose curriculum may originate outside SMPA's service territory, provided the student resides within the territory and is part of an SMPA member household. The Board also discussed whether scholarships should be restricted to institutions within the U.S. and agreed to allow use at accredited institutions both within and outside the United States. The Board further discussed whether to expand eligibility to GED recipients but decided not to pursue that change at this time. Director Rhoades motioned to approve the revised Policy 311 permitting the use of scholarship funds internationally. Director Szwarc seconded. Following discussion, the motion was voted and carried.

Manager Fox reviewed his report, noting that the Red Mountain project bid timeline was delayed slightly to allow contractors to incorporate permit-related details; bids will now be reviewed next month. A new chart tracking growth activity over the past seven years was shared, showing 2024 as a strong year with 297 meter sets and significant activity in the Telluride and Ridgeway areas. Substation relay upgrades are scheduled to begin mid-March to improve coordination, data collection, and system scalability. No service interruptions are expected. Lastly, the Ridgeway office security upgrade project has been awarded to a local contractor, with work set to begin after the annual meeting to avoid disruption.

7. BOARD TOPICS

N/A

8. ASSOCIATED MEETING REPORTS

Eco-Action- Toby Brown

Director Brown informed the Board that a new Regional Climate Action Director has been hired and is currently onboarding. The new director brings strong experience in climate and environmental advocacy and has deep local roots. Amid growing uncertainty around federal funding, the organization is proactively engaging the community through events like "Coffee and Climate" discussions to gather input and explore adaptive strategies.

West End Vision

Director Loczy advised that the organization is still finalizing foundational language and structure, with another meeting scheduled soon. No major developments were reported at this time.

CREA- Val Szwarc

Director Szwarc provided an overview of topics discussed at recent CREA meetings, highlighting that a proposed wildfire liability bill is unlikely to move forward this year, with CREA emphasizing its intent to limit co-op liability rather than reduce insurance costs. CREA is monitoring legislation, including concerns around incentives for

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water-intensive data centers. Additionally, CREA is exploring relocation options but has found that the available properties exceed the value of its current building. SMPA supports relocation for safety reasons but does not support special assessments to fund it.

Western United (WU)- Dave Alexander

Director Szwarc attended the recent Western United meeting. The meeting was largely a state-of-the-business update. FY24 sales are down 15% in Colorado, but overall sales have increased due to expansion into neighboring states and added service offerings such as drone operations. Potential 2025 tariffs may impact various product lines, particularly transformers, which continue to face global supply chain challenges.

Tri-State- Kevin Cooney

Director Cooney provided an update on key discussions from Tri-State's recent strategic planning meeting. Topics included Tri-State's growing environmental remediation and asset retirement obligations. These liabilities are being incorporated into wholesale electric rates and will continue to grow with regulatory changes and site closures. The Tri-State Board also reviewed Tri-State's use of deferred revenue—mainly from contract termination payments—to stabilize rates. A philosophical debate continues over whether to use these funds to keep rates low in the short term or to strengthen the balance sheet for long-term financial health. A vote is expected next month. Additionally, Tri-State is developing a "High Impact Load Tariff" to address the needs of large energy users, such as data centers. These customers would pay for required infrastructure upfront and commit to long-term contracts—protecting other co-op members from the financial burden.

9. ATTORNEY'S REPORT

Director Alexander made a motion at 2:26 PM to enter into an executive session for personnel and contractual issues. Director Loczy seconded. The motion was voted and carried. The Board entered into executive session at 2:26 PM and came out at 3:44 PM. While in executive session, no decisions were made, nor votes taken.

10. BOARD CALENDAR/TRAVEL

The Board reviewed upcoming meetings and training opportunities, including the Tri-State Annual Meeting scheduled for April 1-2, 2025, in Broomfield, CO., NRECA's Summer School for Directors scheduled for July 11-15, 2025, in Colorado Springs, CO and CREA Summer Schoof for Directors scheduled for August 1-3, 2025, in Vail, CO.

11. MISCELLANEOUS

Director Certification Presentations

Director Felicelli stated that NRECA's Director Certificate Programs, offered at three levels from fundamental to advanced, are designed to equip electric cooperative directors with the knowledge and skills needed to fulfill their roles, stay informed on industry trends, and navigate current and future challenges. He congratulated Director Loczy on earning the Credentialed Cooperative Director (CCD) certificate and Director Alexander on renewing his Director Gold Certification. He emphasized that participation in these programs strengthens directors' ability to serve the cooperative and its members effectively.

Tri-State Annual Meeting Voting Delegate and Alternate Delegate

Director Felicelli motioned that Director Cooney serve as the Tri-State Voting Delegate. Director Rhoades seconded. The motion was voted and carried.

Director Felicelli motioned to appoint Manager Zaporski as the alternate Tri-State Voting Delegate. Director Brown seconded. The motion was voted and carried.

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Off-site Board Meetings

The Board reviewed the upcoming schedule and possible off-premises meeting locations. Following discussion, the Board decided to host the July Board of Directors Meeting in Mountain Village and the September Board of Directors meeting in Silverton.

12. NEXT MEETING

The March 2025 regular Board of Directors meeting will occur on Tuesday, March 25, 2025, in Ridgway and via Zoom virtual meeting.

The April 2025 regular Board of Directors meeting will occur on Tuesday, April 22, 2025, in Nucla and via Zoom virtual meeting.

14. ADJOURN

At 3:54 PM, Director Loczy motioned to adjourn the meeting. Director Rhoades seconded. The motion was voted and carried.

Signed by:

Toby Brown

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Toby Brown, Secretary/Treasurer