

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 9:03 AM. The meeting was held at the SMPA's Ridgway Office location and via Zoom Video/Teleconference. All Directors attended the meeting in person at SMPA's Ridgway Office.

3. APPROVAL OF CONSENT AGENDA

Director Alexander motioned to approve the consent agenda for May 27, 2025, including the adjournment of April 22, 2025, Agenda Item 6.a.ii (Wholesale Electric Service Contract Extension), approval of the April 22, 2025, meeting minutes, and the ratification of the General Manager/CEO contract as discussed in executive session. Director Rhoades seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Brown shared that several members have recently questioned the inclusion of natural gas in Tri-State's preferred resource plan. He clarified that the plan originates with Tri-State, not SMPA and that Tri-State considers natural gas a necessary dispatchable resource to support reliability. It was noted that some environmentally focused members are submitting comments in support of alternative portfolios without new gas development.
- Director Felicelli reported communicating with a member who expressed uncertainty about the status of tax credits and available incentives for installing residential solar.
- Director Felicelli shared that several members recently expressed support for SMPA's decision to accept new contract terms with Tri-State while maintaining the original contract end date.
- Director Szwarc shared that several individuals from his district and the Telluride area encouraged outreach to Colorado's U.S. Senators and Representatives in support of microgrid-related provisions in federal legislation.
- Director Szwarc shared that he has recently received a request for support for the geothermal project at Good Shepherd Ranch. Noting that while the project has been in development for some time, the resource has not yet been confirmed. Following discussion, the Board directed staff to submit a letter of support for the project to the Colorado Public Utilities Commission.
- Director Loczy reported receiving mixed public feedback regarding SMPA's proposed solar project, noting the community responses have ranged from supportive to opposed. He noted that many questions remain and that further communication about the project's benefits may help address public concerns.
- Representatives and students from Norwood Public School attended the meeting to express their gratitude to SMPA for its support of the school's "Amazing Shake" program. The program, inspired by the Ron Clark Academy, focuses on building students' communication, leadership, and real-world interaction skills. Students expressed their gratitude for the grant and shared their excitement about upcoming activities. School staff also extended appreciation, noting how the program contributes to preparing students for future success beyond the classroom.

Member/Consumer Comments Regarding Policy 300 and Rate Tariffs

- A member participating virtually voiced support for SMPA's new rate tariffs transitioning to time-of-use rates and recommended exploring additional incentives, such as declining block rates, to encourage electrification further.
- A member participating virtually commented on Policy 300 – General Rules & Regulations, expressing the opinion that transformer upgrade provisions could present cost challenges for members seeking to further electrify their homes through beneficial technologies, particularly in situations involving shared transformers.

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 SMPA's safety strategic objective, emphasizing the organization's ongoing commitment to safety as its top core value. She reviewed 2024 accomplishments, including the completion and continued rollout of the updated Safety Manual, enhanced communication with employees through open dialogue and near-miss conversations, and training opportunities. Mrs. Weimer also highlighted increased community involvement efforts, such as school demonstrations, EMS training support, and participation in public outreach events. Looking ahead, she noted the upcoming launch of the "WHY" safety awareness campaign and continued focus on employee engagement. She reaffirmed that SMPA's safety culture is grounded in communication, involvement, and continuous improvement.

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

Executive Assistant MartyJo Davis provided an update on SMPA's People & Culture strategic objective, highlighting efforts across four key focus areas: policies and benefits, training and development, succession planning, and wellness. Current initiatives include enhanced benefit communications, educational materials aligned with SMPA's mission and values, and the upcoming launch of stay interviews. Ms. Davis also noted recent wellness efforts, including a Mental Health Month challenge, updates to the fitness room, employee participation in the San Juan Trail Tri, and an Adopt-a-Highway clean-up event. Ms. Davis emphasized that while culture, like safety, is an ongoing focus, it is less easily measured and often shaped by individual perspectives, calling for ongoing awareness, openness to feedback, and a continued focus on SMPA's guiding principles.

6. CEO ITEMS

Power Supply/FERC (Federal Energy Regulatory Committee) Update

Manager Zaporski provided an update on ongoing Federal Energy Regulatory Commission (FERC) matters, including the recent acceptance of Tri-State's demand response (DR) tariff by First District, which will impact SMPA's participation in DR programs and battery storage use. SMPA will assess whether DR participation or peak shaving offers greater value. Manager Zaporski also noted that FERC rate case settlement discussions are underway, with key unresolved issues including cost assignments for radial transmission and state regulation, demand/energy allocation (tilt), and treatment of east-west interconnection. Manager Zaporski emphasized the

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high stakes involved and noted that further discussion would occur in executive session due to the contractual nature of the matter.

New ERA Grant Funding Update

Manager Zaporski provided an update on SMPA's New ERA Grant project, highlighting community engagement efforts, project components—including a solar array, a Tri-State battery, and a water treatment facility—and coordination with partner co-ops to meet the BYOR tariff limits. He emphasized the importance of transparency and noted that Montrose County's pending solar regulations and potential extension of a development moratorium pose risks to the project timeline.

Introduction of Employee Guests

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

Community Focus Donations

The next donation review is scheduled for July 2025.

The Board-Staff Committee, formed to evaluate donation policy and process updates, reported that they had met and are actively working on program guidelines. An update is anticipated at the June Board meeting.

Board Donations

Director Felicelli donated \$100 to MountainFilm.
Director Rhoades donated \$200 to the Silverton Hardrockers.
Director Rhoades donated \$200 to the Ouray Highgraders.
Director Szwarc donated \$100 to the Ridgway Community Garden.

Finance

Financial Review

Manager Lehigh presented the April 2025 financial report. Revenues had largely recovered from first-quarter timing discrepancies, resulting in a modest year-to-date surplus. Purchased power costs continued to exceed the budget due to sustained elevated demand. Manager Lehigh also explained a shift in labor allocations, with more capital and labor assigned to construction work in progress, which influences how overheads are reflected in the operating budget. Key financial metrics remain strong. The declining load factor was discussed; staff noted that the transition to Time-of-Use (TOU) rates was implemented in part to mitigate the effects of the declining load factor and encourage more consistent energy usage. The Board discussed the long-term benefits of incentivizing load shifting and electrification, recognizing the current TOU structure as a first step toward broader behavioral change.

Board Education

Manager Lehigh provided an overview of SMPA's current debt portfolio and long-term capitalization strategy. Noting that the majority of SMPA's debt is held through the Rural Utilities Service (RUS), with smaller portions through CFC and CoBank. Highlighting the advantages and limitations of each lending institution, noting that

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while RUS loans offer favorable interest rates, they involve significant administrative burden, delayed reimbursement, and growing uncertainty due to staffing reductions. CFC is developing a new loan program that may offer preferred rates and more streamlined processes, including upfront funding. Staff is evaluating these options to support SMPA's long-term financial planning, with further discussion to occur in executive session.

Duplex Billing Update

Manager Lehigh provided an update on SMPA's new duplex bill format and Time-of-Use (TOU) rate implementation, noting that staff completed extensive testing to ensure accuracy across all billing scenarios. The new front-and-back format provides clearer usage details, including on- and off-peak data, as well as 12-month trends. Distribution will begin this month, marking the culmination of a 16-month, cooperative-wide effort.

Marketing & Member Services

Manager Freeman reviewed the Marketing and Member Services report, noting the updates to Tri-State's Board Policy 115, which changes the cap for local generation from 5% to 20%. However, while this offers flexibility for more local generation, it also reduces financial incentives. Manager Freeman provided an example of a cost-effective partnership and emphasized that future projects may require subsidies or strong community backing. The Board expressed interest in revisiting the feasibility of additional renewable projects and will further review the financial implications of the revised policy, particularly for expiring micro hydro contracts.

Policy 300 Redline

Manager Freeman reviewed the proposed updates to Policy 300 – General Rules & Regulations. Key changes included clarifying service cutoff procedures, adjusting connection fees (including an increase to the after-hours fee), and updating security deposit and refund language. Additional revisions reflect current technology and practices, such as remote disconnects and electronic payments. Manager Freeman noted that the redlined policy had been publicly posted on SMPA's website, and he addressed a member comment regarding transformer upgrade costs, clarifying that the policy allows for discretion in special cases. Following review, Director Loczy motioned to approve the updates as presented. Director Rhoades seconded. Following discussion, the motion was voted and carried.

Rate Tariffs

Manager Freeman reviewed the final adoption of SMPA's updated rate tariffs, explaining that while the new time-of-use (TOU) rate was approved in November 2024, the accompanying tariff documents that detail how rate components are applied, require formal approval and public posting. He noted the redlined documents had been available on SMPA's website for the required 30-day notice period. Following review, Director Rhoades motioned to approve the rate tariffs as presented. Director Szwarc seconded. Following discussion, the motion was voted and carried.

Information Technology

Manager Tea reviewed the IT report, highlighting a recent vendor-related cybersecurity incident and assuring the Board that SMPA systems were not compromised. Manager Tea emphasized the increasing complexity of cybersecurity threats and commended the vendor's transparency and response. Manager Tea also shared updates on operational improvements, including a pilot project to install Starlink-enabled security cameras at a remote substation, which aims to enhance remote monitoring capabilities, advising that expanding this effort will require further evaluation of infrastructure, connectivity, and cost.

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Administration & Human Resources

Manager Rodriguez provided a brief staffing update, noting recent hiring progress and an upcoming vacancy resulting from a resignation.

The Board reviewed Policy 305 – Members Information & Public Relations. Minor grammatical updates proposed. Director Rhoades motioned to readopt Policy 305 with updates as presented. Director Alexander seconded. Following discussion, the motion was voted on and carried.

The Board reviewed Policy 304 – Members at Board of Directors Meetings. No changes proposed. Director Brown motioned to readopt Policy 304 as presented. Director Alexander seconded. Following discussion, the motion was voted on and carried.

Engineering | Operations | Safety & Regulatory Compliance

Manager Fox reviewed his report, highlighting recent operational improvements, including the retirement of 27 miles of aging transmission line and the rebuild of 12 miles of distribution conductor. Manager Fox also noted a safety milestone—333,000 fleet miles traveled in 2024 without accidents or major repairs.

Red Mountain Electric Reliability & Broadband Improvement Project (RMERBIP) Budget Update
Manager Fox provided an update on the Red Mountain Electrical Reliability and Broadband Improvement Project. Emphasizing its role as a critical backup transmission line for the Ridgway and Ouray areas, outlining construction progress, permitting milestones, and recent cost increases driven by unforeseen site conditions and material tariffs. Manager Fox advised that while some cost pressures have emerged, they are being managed within the broader scope of the project plan. Tri-State has committed partial funding, and additional support may be requested based on updated load data.

7. BOARD TOPICS

Tri-State Director Donations

Director Cooney advised that Tri-State offers its directors up to \$1,000 in donation funds to be directed to non-profit organizations at the Director's request. The Board discussed how to utilize the available funds and agreed to request the \$1,000 Tri-State Director Donation in support of the Sharing Success Grant. No formal vote was required.

Discussion: Navigating Conflicts of Interest with Partner Organizations

The Board held a high-level discussion on potential conflicts of interest involving SMPA's representatives on the boards of partner organizations. Directors acknowledged the importance of these business relationships while also recognizing that certain decisions—particularly financial ones—may benefit the partner organization but not align with SMPA's best interests. The discussion emphasized the importance of transparency and clarity regarding fiduciary responsibilities, as well as the potential need for recusal in situations where a conflict of interest could arise. Legal counsel also noted that director liability protections apply when actions are taken within the scope of official duties.

8. ASSOCIATED MEETING REPORTS

Eco-Action- Toby Brown

Director Brown reported that EcoAction Partners has been actively engaged in regional initiatives, including recent hazardous waste clean-up events and upcoming sustainability efforts at Telluride festivals. Educational

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programming has expanded in local schools, receiving strong support from teachers despite initial scheduling concerns. He also noted that the organization has joined a class action lawsuit against the EPA following the unexpected suspension of a federal grant. The EcoAction Board unanimously approved the decision, and a formal appeal has also been submitted.

West End Vision

Director Loczy reported that West End Vision held a recent meeting and continues to focus on long-term community development efforts.

CREA- Val Szwarc

Director Szwarc reported that CREA is considering a new headquarters purchase in Lakewood following the likely collapse of a previous contract. He noted financial uncertainties around the sale of CREA's current property and potential impacts on member cooperatives. Concerns were raised about conflicting bylaw language related to member liability, and a legal review was recommended. Director Szwarc communicated his intention to propose that CREA consider advocating for the restoration of federal tax credits that affect solar energy.

Western United (WU)- Dave Alexander

Director Alexander reported that Western United continues to perform well with record breaking sales. Inventory levels remain strong, and lead times are improving as backlogs decrease. The Western United Board voted to retire the remaining 2018 patronage, with 75% paid out immediately and the remainder scheduled for later in the year.

Tri-State- Kevin Cooney

Director Cooney reported that SMPA was one of five Tri-State members who opted not to extend their wholesale contract to 2066. Director Cooney noted that 85% of Tri-State's load is now under extended contracts, which may strengthen the cooperative's position with credit rating agencies. Director Cooney also highlighted potential risks associated with pending federal legislation that could impact renewable energy tax credits and lead to increased power supply costs. Director Cooney added that Tri-State recently achieved a renewable energy milestone, with 97% of power delivered from renewable sources during a one-hour peak in April and 43% renewable supply for the month overall.

9. ATTORNEY'S REPORT

Director Rhoades made a motion at 2:47 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 2:47 PM and came out at 4:09 PM. While in executive session, no decisions were made, nor votes taken.

10. BOARD CALENDAR/TRAVEL

The Board reviewed upcoming meetings and training opportunities. Director Loczy noted his plans to attend the CREA Summer School for Directors in August, and Director Cooney communicated his plans to attend the NRECA Summer School for Directors in July.

11. MISCELLANEOUS

N/A

12. NEXT MEETING

SMPA's 86th Annual Meeting will occur on Thursday, June 5, 2025, in Ridgway and via Zoom virtual meeting.


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The June 2025 regular Board of Directors meeting will occur on Tuesday, June 24, 2025, in Nucla and via Zoom virtual meeting.

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

13. ADJOURN

At 4:13 PM, Director Rhoades motioned to adjourn the meeting. Director Szwarc seconded. The motion was voted on and carried.

Signed by:

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Toby Brown, Secretary/Treasurer