

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 SMPA's Ridgway Office and via Zoom Video/Teleconference. Director Brown, Director Cooney, Director Kurzweil, Director Szwarc, and President Felicelli were present in person at the Ridgway Office. Director Loczy was not present at the time the meeting was called to order. Director Loczy joined the meeting via Zoom at 10 AM.

3. APPROVAL OF CONSENT AGENDA

Director Szwarc motioned to approve the consent agenda (March 24, 2026), including meeting minutes for February 24, 2026, with corrections. Director Alexander seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Szwarc shared feedback received from several members in District 6 regarding Time-of-Use (TOU) rates and recent billing impacts. Members expressed concerns related to higher-than-expected bills, particularly among net metering customers and those who have recently transitioned to electric heating systems. Additional feedback included interest in potential incentives for battery storage and other energy-related programs. Staff noted that these comments reflect broader member questions related to rate structure, electrification, and overall energy costs, and will continue to be addressed through member communication and outreach.
- Director Felicelli shared correspondence from a member regarding concerns related to closing an account. Staff advised they would review the matter and follow up.
- Director Felicelli shared positive feedback from members and local businesses regarding the planned outages in Mountain Village in February, noting that the work was completed smoothly and restoration occurred ahead of schedule. Staff were recognized for effective communication and coordination throughout the outages.

5. STRATEGIC PLANNING

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

Manager Rodriguez and Executive Assistant Davis presented the final update on SMPA's 2023–2026 People and Culture strategic objective, including an overview of key focus areas such as policies and benefits alignment, training and development, wellness, communication, and succession planning. They highlighted progress in employee development, internal advancement, and wellness initiatives, as well as the implementation of a formalized succession planning process to support long-term workforce planning. They advised that 2026 efforts include continued focus on wellness, training, and further development of succession planning. It was noted that many elements of this objective are now embedded as standard organizational practices.

6. C.E.O. REPORT

Strategic Planning

Manager Zaporski provided an update on the upcoming strategic planning retreat, emphasizing its importance in establishing SMPA's priorities and direction for the next three-year planning cycle. He noted that the retreat will guide organizational focus, resource allocation, and staff efforts moving forward. Staff confirmed that planning logistics have been finalized, with the retreat scheduled for July 21–22, 2026. Board members were encouraged to prioritize attendance and participation, as the outcomes of the session will shape SMPA's strategic objectives.

Facilities

Manager Zaporski provided an update on facilities, noting that due to lower-than-anticipated revenue, certain maintenance projects have been deferred as part of cost containment efforts. While short-term deferrals are manageable, prolonged delays may result in higher long-term costs. Updates also included several larger facilities projects moving forward as planned, as they are primarily supported by grant funding with defined timelines that do not allow for deferral. These projects, including the installation of solar carports, have been previously reviewed and approved by the Board.

HR Update Correction from Last Month

Manager Zaporski provided a correction to a prior Human Resources update, clarifying that Jake Smith, newly hired Silverton Working Foreman, most recently worked for a cooperative rather than a contractor, as previously communicated.

Introduction of Employee Guests

Manager Zaporski introduced Mr. Jake Smith, the new Silverton Working Foreman, noting his previous experience with a cooperative in Oklahoma. He also highlighted Mr. Smith's strong ties to the region, including growing up in Pagosa Springs and continuing a family legacy with SMPA, as his father previously held the Silverton Working Foreman position.

Mr. Smith expressed appreciation for the opportunity to join SMPA, enthusiasm for returning to the area with his family, and a positive impression of the organization's culture.

Joshua Hainey, Senior Staff Accountant; Megan Rutherford, Member Billing Representative; Mike Therriault, Engineering Supervisor; Kelly Truelock, Senior Staff Accountant; Jackie Sinclair, GIS Specialist; Eric Pottorff, Operations Manager; Keli Busch, Plant Accountant; Dustin Smuim, Fleet & Facilities Supervisor; Phil Zimmer, Member & Energy Services Supervisor; Paul Hora, Key Accounts Executive; Byrd Williams, Service Planning Supervisor; Mark Prezbindowski, IT Specialist; Keila Carver, Member Service Representative; Greg James, Facility Maintenance Technician; Jake Smith, Working Foreman; 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 April 2026.

Board Donations

Director Szwarc donated \$100 to the Ouray Food Pantry.

Finance

Board Education

Manager Lehigh provided a Board education presentation on the 2025 Member Dividend (Capital Credit) retirement. He reviewed the decision to complete the retirement in the first quarter rather than at year-end, with checks to be issued with the March 31 billing. Manager Lehigh reported that approximately \$614,000 was retired using the first-in, first-out (FIFO) method, fully retiring the 1995 balance and advancing the retirement cycle to approximately 30 years. He also summarized the distribution, including member check disbursements, unclaimed amounts, and treatment of small balances in accordance with policy. Discussion included the remaining 1996 balance and the potential for the retirement cycle to extend beyond 30 years in the near term before stabilizing. Manager Zaporski emphasized that the retirement approach is a Board-established, self-imposed framework, and highlighted the relationship between capital credit retirements and SMPA's equity position as a key tool in managing financial strength and returning value to members.

Financial Review

Manager Lehigh provided a financial review, highlighting budget-to-actual variances through the first two months of the year. Operating revenue was below budget, largely due to warmer-than-expected weather, while operating margins remained stable as a result of lower power costs and ongoing expense management efforts. Manager Lehigh reviewed key expense variances, noting timing-related differences and strategic adjustments, including shifting labor to capital work and retirements to manage operating costs. He also noted an administrative expense timing issue being corrected and advised that long-term debt interest is under review. Manager Zaporski emphasized that weather remains a primary driver of revenue variability and discussed SMPA's long-term rate strategy to more closely align fixed cost recovery with the fixed costs of maintaining the electric system, rather than relying on volumetric kilowatt-hour sales. This approach is intended to reduce financial exposure to weather-driven load variability while improving the stability and predictability of revenue required to support system operations and infrastructure. Financial performance will continue to be closely monitored, with ongoing evaluation of expenses, capital timing, and revenue trends.

Amendment to RUS Deferred Revenue Plan (Resolution 2026-01)

Manager Lehigh presented Resolution 2026-01, a proposed amendment to SMPA's RUS-approved Revenue Deferral Plan, noting the update is based on near-final audit results and current financial conditions. He reviewed the existing plan and proposed revisions, including utilizing approximately \$830,000 of deferred revenue for 2025 and adjusting the timing of remaining funds. Manager Lehigh explained that the Plan is designed to provide rate stability by offsetting revenue shortfalls driven by factors such as weather-related load variability and increasing wholesale power costs. Discussion included the timing of deferred revenue usage and future planning considerations. Staff noted that the Plan is reviewed and adjusted annually based on actual financial performance and may be modified in future periods as conditions change. Following discussion, Director Alexander motioned to approve Resolution 2026-01 as presented. Director Brown seconded. The motion was voted and carried.

Marketing & Member Services

Manager Freeman provided an update on Member Services activities, including staffing changes, program implementation, and member outreach. Ongoing rate education efforts were reviewed, including the Time-of-Use (TOU) default rate and the optional Time-of-Day demand rate, which serves a limited number of members but provides flexibility for specific usage profiles. Updates also included progress on beneficial electrification initiatives, key projects, and communications outreach, including the successful coordination of planned outage notifications. TOU rate structure performance was discussed, with a slight reduction in on-peak energy usage

observed, which may be an early indicator of shifting member usage patterns. However, staff advised that while these early indicators suggest a potential shift, the changes may be coincidental, and additional data over time will be needed to fully assess long-term impacts.

Information Technology

Manager Tea reviewed his report, highlighting ongoing system support, cybersecurity awareness efforts, and continued work to enhance organizational processes through technology. He noted there were no reported cybersecurity incidents during the reporting period and highlighted ongoing employee training and system improvements.

Policy 113 – Generative AI Usage Policy

Manager Tea presented proposed Board Policy 113 – Generative AI Usage, outlining guidelines for the responsible and secure use of generative AI tools within SMPA. The importance of balancing the benefits of these tools with considerations related to confidentiality, data protection, and accuracy was emphasized, noting that AI-generated content must be reviewed and should not replace human judgment. Discussion included the evolving nature of generative AI technologies, the need for ongoing policy review, and considerations regarding whether the guidelines should be maintained as a Board policy or operational procedure. Additional discussion addressed risks related to data privacy, tool usage, and subscription models. Director Szwarc motioned to approve Policy 113 – Generative AI Usage as a Board policy, with minor revisions. Director Kurzweil seconded. Following discussion, the motion was voted and carried.

Administration & Human Resources

Manager Rodriguez provided a staffing update, highlighting ongoing internal transitions and recruitment efforts, including interviews for the open Member Services Representative position in Ridgway. Staffing needs and role alignment are being evaluated as part of broader organizational planning.

The Board reviewed Policy 108, Association Legal Counsel. Minor grammatical changes were proposed. Director Brown motioned to approve Policy 108 as presented. Director Szwarc seconded. Following discussion, the motion was voted and carried.

The Board reviewed Policy 110 – External Communications. Minor grammatical changes were proposed. Director Alexander motioned to approve Policy 110 as presented. Director Szwarc seconded. Following discussion, the motion was voted and carried.

Engineering | Operations | Safety & Regulatory Compliance

Manager Fox provided an update on Engineering, Operations, and Safety activities, including ongoing system maintenance, vegetation management, and preparation for the construction season. Recent high wind events impacting Tri-State transmission infrastructure were discussed; however, SMPA's distribution system remained operational without outages, reflecting the effectiveness of system reliability maintenance and vegetation management. Updates also included key projects, including the Red Mountain Electric Reliability and Broadband Improvement Project (RMERBIP), with continued coordination on equipment delivery and project timelines.

Additional updates included system growth trends, strategic use of fuel reserves to reduce costs, and ongoing efforts to enhance system communications and redundancy through fiber improvements.

7. BOARD TOPICS

N/A

8. ASSOCIATED MEETING REPORTS

Eco-Action- Toby Brown

Director Brown provided a brief update on EcoAction Partners, noting the Board met on March 4 to review program updates and ongoing initiatives. The 2025 annual report was shared with the Board via email. Updates included upcoming community events and outreach efforts across the service territory, including discussions related to forest health, watershed and solar initiatives, as well as community microgrids. Ongoing efforts to maintain stable funding and partnerships were also noted, along with broader funding challenges impacting nonprofit organizations.

CREA- Val Szwarc

Director Szwarc reported on Colorado Rural Electric Association (CREA) activities, noting recent committee meetings and administrative updates. Legislative updates included CREA's engagement on key issues such as data center development, advanced metering, and microgrid grant programs. Proposed legislation to extend the microgrid grant program is expected to receive broad support. Additional updates included consideration of changes to the timing and location of CREA's annual meeting, as well as ongoing discussions related to funding, industry collaboration, and future policy considerations.

Western United (WU)- Dave Alexander

N/A

Tri-State- Kevin Cooney

Director Cooney provided an update on Tri-State activities, including recent meetings with federal legislators and agency representatives. Discussion focused on key policy issues such as wildfire mitigation legislation, supply chain and tariff impacts, and emerging concerns related to data center development and territorial integrity. Positive feedback was received from the Rural Utilities Service (RUS) regarding New ERA funding, indicating that funding distribution may move forward and could support future resource planning and financing efforts. Additional updates included Tri-State's ongoing resource planning, including a shift away from a proposed gas generation project in favor of expanded battery storage, as well as continued evaluation of market participation and transmission strategy. Recent administrative matters were also reviewed, including the resolution of prior tax-related compliance issues and updates to internal controls.

9. ATTORNEY'S REPORT

Executive Session

Director Szwarc made a motion at 1:23 PM to enter into an executive session for personnel and contractual issues. Director Kurzweil seconded. The motion was voted and carried. The Board entered into executive session at 1:23 PM and came out at 2:54 PM. While in executive session, no decisions were made, nor votes taken.

Following the Executive Session, Director Kurzweil motioned for legal counsel to draft changes to the CEO contract as discussed in executive session. Director Alexander seconded. The motion was voted and carried.

10. BOARD CALENDAR/TRAVEL

The Board reviewed upcoming meetings, travel, and training opportunities. This included NRECA Director Course 909.1, Effective Governance in the Face of Crisis, scheduled for April 2, 2026, in Montrose; an upcoming virtual NRECA course on artificial intelligence in mid-April; and the Tri-State Annual Meeting scheduled for April 9–10, 2026, in Denver. Director Cooney advised that he will be participating virtually in the April meeting due to travel.

11. MISCELLANEOUS

N/A

12. NEXT MEETING

The April 2026 regular Board of Directors meeting will occur on Tuesday, April 28, 2026, in Nucla and via Zoom virtual meeting.

The May 2026 regular Board of Directors meeting will occur on Tuesday, May 26, 2026, in Ridgway and via Zoom virtual meeting.

13. ADJOURN

At 3:00 PM, Director Alexander motioned to adjourn the meeting. Director Kurzweil seconded. The motion was voted and carried.

Signed by:

Toby Brown

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Toby Brown, Secretary/Treasurer