

1. CALL TO ORDER

President Felicelli called the meeting of the San Miguel Power Association (SMPA) Board of Directors to order at 9:30 AM. All Directors were present.

2. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the revised consent agenda (April 23, 2019) to include the March 26, 2019 meeting minutes with correction. Director Alexander seconded. The motion was voted and carried.

3. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Rhoades received feedback from members Joe and Cheryl Jepson that they are very grateful for getting the power back on and they are happy how SMPA handled restoring power after the avalanche.
- Director Sibold reported Project 7 Water Authority has purchased land near spud hill, with plans to build a backup water treatment facility. The construction project and pumps that would be installed in such a facility will likely be a very good load. Project 7 Water Authority currently operates the water treatment plant that is located east of Montrose and services 6 different water districts. No time frame established on the project.
- Manager Zavorski read a letter from the Silverton Public Schools that commended San Miguel Power Association for handling a recent billing issue with a thoughtful and professional manner. Paul Hora was specifically noted in the letter stating that his problem-solving approach and supportive communication was refreshing and appreciated. The letter was signed by the Superintendent and co-signed by the entire school board.

Corporate Donation Presentations

Telluride Arts – Kate Jones

Ms. Jones delivered a presentation explaining the history and mission of Telluride Arts. Telluride Arts is a 501(c)3 established in 1971. Their focus is to elevate and promote a culture of arts in Telluride. With a goal of having a permanent space for the arts, they acquired the Telluride Transfer Warehouse in 2015. The Telluride Transfer Warehouse is rich in history, built in 1906, as a central shipping warehouse hub. The roof collapsed in 1979 and it has remained unused until Telluride Arts purchased it in 2015. Ms. Jones explained the plans for updating the facility. They are currently fundraising to get permanent electrical service established.

4. STRATEGIC PLANNING

Implement beneficial technology. Analyze, evaluate and make final proposal for software application in customer information and financial information systems – Doug Tea

Manager Tea reviewed the IT philosophy of leveraging our current technology while looking at new opportunities to improve with automation. Phase 1 is complete. The team has successfully implemented 14 different modules in NISC. The Phase 2 goal is to establish automation in each area of the company. Warehouse barcoding completion date is in May, iPads and the Call to Order application were just implemented, the Mosaic report writing module will be expanded in May, and the pre-pay system is scheduled to roll out in the 3rd quarter of 2019.

Instill an impeccable safety culture – Paul Enstrom and Duane Oliver

Manager Oliver informed the Board that the Marlin communication monitors are up and running with safety information on display. He also praised the Safety Committee and Paul Entstrom for doing a great job. They are more than halfway through the rewrite of the Safety Manual and it has been almost three years since SMPA has had a recordable incident.

5. CEO REPORT

C.E.O. Items

Silverton RFP Recommendation

Paul Hora, Key Accounts Executive and Facilities Supervisor, reviewed the hard copy of the bid packets with the Board. The packet included designs, and all bid pricing. After reviewing proposals, cost, and contacting references, staff recommends contracting with Stryker and company.

Director Rhodes motioned to approve the contract with Stryker And Company for the Silverton project. Director Sibold seconded. The motion was voted and carried.

Tri-State Annual Meeting

Director Cokes, Manager Zaporski, and Manager Mertz attended Tri-States 67th Annual Meeting. The meeting included review of Bylaw language changes, Duane Highley's succession of Mike McInnes, executive staff conversation and presentations. They agreed that Mr. Highley's message was encouraging. He seems ready to embrace innovation and has a history of being highly collaborative. Manager Zaporski recommended an all-day strategic planning session with the Board of Directors and key staff. The planning session focus would be to identify and define our power supply goals and what we want SMPA's future to look like in this area. He highlighted that this is one of the most important opportunities we have in defining our future. Following the planning session, our Contract Committee delegate will be well versed and prepared to represent the Board's vision for our future.

Director Sibold received a 5-year service award for his dedication on the Tri-State Board of Directors.

LPEA Power Supply Committee (PSC) Conclusion

Manager Zaporski, Manager Mertz, and Manager Riley attended the La Plata Electric Association (LPEA) Board of Directors meeting. Director Cokes attended remotely via live stream.

Manager Mertz presented the conclusion of the PSC consultants' study. The consultants deemed that reliability of electrical service under an alternative supply arrangement is expected to be equivalent to the reliability of the electrical service under Tri-State Generation and Transmission (Tri-State). LPEA would need to secure transmission service to support its new generation resources and will likely do so as a Network Customer of Tri-State and Western Area Power Administration (WAPA). Wholesale energy market prices are expected to remain rather flat over the next 5-10 years, with uncertainty surrounding price forecasts in the later years. LPEA should be able to secure alternative power supply options, including portfolios with higher amounts of carbon-free generation at a lower cost than it pays for service with Tri-State today (but this does not include or assess an exit fee for terminating the Tri-State contract). Manager Zaporski discussed the findings of the LPEA consultants and the five different contract valuation methodologies that they looked at to assess a reasonable cost to "buy-out" of the contract.

Manager Zaporski met with Tri-State's new CEO, Duane Highley and General Counsel, Ken Reif. Manager Zaporski summarized that that the meeting was positive, and he is cautiously optimistic. Zaporski spent some

time getting to know Mr. Highley and they briefly discussed how his recent meeting went with DMEA. Topics of discussion included legislative as well as regulatory risks that Tri-State is facing and how it affects Tri-State assets and current generation portfolio. Manager Zaporski informed Highley that SMPA believes Tri-State has an obligation to explore any reasonable opportunity to create downward rate pressure by retiring non-competitive coal assets, and replacing them with a lower cost, and cleaner option. This would become exponentially important with pending legislation. Highley communicated that his goal is to be the best deal for the membership, and he seemed to agree. Other topics of discussion were utility and behind the meter storage and options for flexibility to the current 5% limitation in the contract that may be able to be achieved in the near term, as the contract committee enters the longer-term process of looking at alternative classes of membership.

Introduction of Employee Guests

Manager Zaporski introduced MartyJo Davis, the new Executive Assistant. MartyJo gave a brief introduction and highlighting her background in hospitality and office management. Also, in attendance was Terry Schuyler, Energy Services Executive; Paul Hora, Key Accounts Executive, and Alex Shelley, Communications Executive.

Corporate Donations

Telluride Arts

Director Garvey made a motion to review the Telluride Arts donation request in May. Allowing the organization to get a quote from their electrician and go through the SMPA engineering request process. This will give the Board more information regarding project and cost estimate. Director Alexander seconded. The motion was voted and carried.

Board Donations

Director Garvey donated \$200.00 to Nucla-Naturita Senior Center.

Finance Update

Manager Mertz reviewed the current financial report with the Board.

Coop Director Finance Training

RUS approved the revenue deferral program for \$850,000.00 and we have set the funds aside. SMPA has a solid cash position that we will continue to closely monitor.

Marketing & Member Services

Manager Freeman reviewed the highlights of the Member Services report. He discussed the new parking structure in Lawson Hill with a roof that will support a solar panel.

Manager Zaporski reported that following the Annual Meeting, the Member Services team will be working on a member survey as well as scheduling Power Hours.

Information Technology

Manager Tea informed the Board that he may be presenting at the NISC annual Member Information Conference highlighting SMPA's implementation of the Outage Management System (OMS).

Administration & Human Resources

Danielle Rodriguez, HR & Admin. Coordinator highlighted that Chris Falk had a very positive 1-year apprenticeship evaluation and he will be moving onto the next level. She also reported that Kerri Trosper,

Member Service Representative in Nucla, has resigned. Her last day being April 25, 2019. Additionally, Danielle has been working very closely with the new Executive Assistant and is focused on training and hand off of tasks.

Engineering

Manager Riley reported that the Red Mountain Project is in the initial stages. Staff has meetings scheduled with U.S. Forest Service to begin permitting services. Due to the amount of snow in the high country, field surveys may be delayed as late as August. Work continues on the draft agreement with Tri-State regarding their financial participation in the Red Mountain Project.

Operations

Manager Oliver provided an update following the avalanche repairs. Service to meters on Camp Bird Road, Revenue and Howardsville are now re-energized. He reported that some areas, including Eureka, are without power due to unsafe working conditions. As conditions allow, we will continue to send crews to assist making repairs to the Silverton area.

Safety and Regulatory Compliance

Manager Oliver stated that Dan Whitesides provided required training at recent safety meeting. Overall the organization's safety record is excellent.

6. ATTORNEY'S REPORT

Director Rhoades made a motion at 1:26 PM to enter into executive session for personnel and contractual issues. Director Cokes seconded. The motion was voted on and carried. The Board entered into executive session at 1:26 PM and came out at 3:23 PM. While in executive session no decisions were made, nor votes taken.

Director Alexander made a motion to approve the Telluride Franchise Agreement, Director Rhoades seconded. The motion was voted and carried.

7. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes

Director Cokes distributed typed notes with the packet information.

SMPA lineman, KJ Johnson, was selected to be part of the international co-op team heading to the mountainous village of Sillab, Guatemala this August. Colorado's crew will work alongside 10 lineworkers from OK to build power lines along a 6 ½ mile stretch of mountainous terrain to bring power to a village that has never had electricity.

Western United- Dave Alexander

N/A

Eco Action- Jack Sibold

Director Sibold did not attend.

Tri-State – Jack Sibold

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
April 23, 2019 (Ridgway)

Director Sibold did not attend this month's Tri-State meeting. He did review the meeting presentations. He explained there is a lot of down time for renewables because they do not generate power all of the time. Additionally, battery storage is expensive.

8. BOARD TRAVEL

Director Felicelli and Brad Zavorski will attend the Legislative Conference in Washington D.C.

Manager Zavorski will be on vacation the week of June 17th.

9. MISCELLANEOUS

N/A

10. BOARD CALENDAR REVIEW

11. NEXT MEETING

Strategic Planning Session will be May 17, 2019 in Ridgway.
The next Board of Directors Meeting will be May 28, 2019 in Nucla.

12. ADJOURN

Director Garvey motioned to adjourn the meeting at 3:42 PM. Director Felicelli seconded. The motion was voted on and carried.



Dave Alexander, Secretary/Treasurer