

1. CALL TO ORDER

President Felicelli called the meeting of the San Miguel Power Association (SMPA) Board of Directors to order at 9:32 AM. All Directors were present.

Director Felicelli opened the meeting with heartfelt condolences and sorrow for the San Miguel Power family for the loss of Skylar Ann Kelly.

2. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the revised consent agenda (November 27, 2018) to include the October 23, 2018 meeting minutes with correction. Director Justis seconded. The motion was voted and carried.

3. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Rhoades received a question from his boss regarding parking that sometimes impedes plowing and access to the Burro Bridge substation. There is recreation parking there for the Opus hut, skiing and snowshoeing. Manager Zaporski will follow up to see if we can help to facilitate no parking signs.
- Director Sibold questioned why there was intermittent outages on Log Hill and in the Pleasant Valley region recently. It was a primary underground fault near Canyon and Juniper Road South. Planning Supervisor, Jeremy Fox, commented that the replacement and upgrades of the undergrounds in the Log Hill area are slated for next year in the Work Plan.
- Director Alexander explained a significant overbilling incident with a Member with auto draft for the Pioneer Village HOA in Norwood. Manager Freeman wasn't aware of this particular incident, but will follow up to make sure it has been corrected.
- Director Alexander also re-capped a complaint regarding our tree trimming company, Asplundh, who cut down a tree without written consent from the property owner. Paul Enstrom, SMPA's Safety and Regulatory Compliance Coordinator has addressed this issue with the company and SMPA will re-plant a tree in a better location for the Member. Director Alexander will follow up with the property owner, Ms. McCluer, to ensure she is satisfied.
- Manager Zaporski re-capped the Member Comments from the October Board of Directors Meeting in Mountain Village for the Directors that were not present. These comments revolved around a growing desire from the high load areas to do further analyses on options to our current arrangement with Tri-State
- Director Sibold requested a copy of the slides that Manager Zaporski presented at that meeting on the financial status of Kit Carson Electric Cooperative.
- Director Cokes spoke about the Clean Energy Committee meeting hosted at SMPA that again had a large turnout. She felt it was a good meeting and they received lots of comments and input on the format of the Carbon Clear program.

4. STRATEGIC PLANNING

All-encompassing program to expand local renewables- Wiley Freeman

Manager Freeman gave the Board of Directors a strategic update. He briefly went over some of the initiatives that the team put together. He highlighted solar in schools which is gaining some traction (in Ridgway) and he would like to take this idea to other areas in our service territory. The Net Zero initiative is looking into C-PACE, adopted by Ouray County. C-PACE is a program to aid in clean energy improvements for commercial properties

by raising money through bonds with private investors and paying back the loans through the property taxes as a special assessment. Member Services is looking at changes to the rebate programs to allow Members to donate their rebate to a charitable organization. The QF program had no serious questions or activity in 2018. With Terry Schuyler now with SMPA, our Net Zero initiative will experiment with battery storage in 2019. The Green Blocks program rebranding is still in the works and the team is looking at how the new billing system can handle these types of changes. We can't implement a new rate structure if we don't have the systems available. A new EV charging station is being installed in Rico. We are working with the owner to receive a rebate.

Understand the full value, and options, of our membership and contract with Tri-State G&T- Brad Zaporski Manager Zaporski took a couple minutes to explain exactly how the Board of Directors decided to put this particular initiative on hold with Resolution 2018-02. This resolution outlines the Board's decision not to continue exploring options to our current contract with Tri-State. He also gave a brief update on some of the changes in the past eight months. Manager Zaporski expressed that he feels strongly that SMPA should continue to analyze what options SMPA has to the current power supply contract with Tri-State. However, he would need the board to take action in order to authorize him to do this. Manager Zaporski discussed the status of the Policy 118 project that has been in the works for nearly two years and how the recent election has impacted the potential project. Tri-State has expressed that they are no longer willing to offer all of the RECs from the project in return for additional funding from SMPA and its members. This may impact how the SMPA membership feels about this project. This project was constructed to strengthen relationships and partnerships to help local governments reach their renewable goals in reducing our regions carbon footprint. It was decided to continue the conversations regarding the Policy 118 project and the Tri-State Wholesale Electric Services Contract in executive session.

5. CEO REPORT

C.E.O. Items

Policy 118 project

Manager Zaporski updated the Board of the project status in this strategic objective update above.

Silverton- Possible ski area expansion

Manager Zaporski began group discussion regarding some recent articles and town meetings that indicate a possible Silverton ski area expansion. He noted that he believes there was a large piece of land purchased that would aid in moving forward with an expansion.

Introduction of Employee Guests

Manager Zaporski introduced Alex Shelley, Communications Executive in attendance this month.

Corporate Donations

There were no donations for review this month.

Director Garvey briefly reviewed the Sharing Success Committee applications and the committee recommendations are below:

WEEDC	\$2,000
Town of Silverton	\$2,500
Silverton Farmers Market	\$2,500

Top of the Pines	\$3,000
Town of Naturita	\$10,000

Director Garvey explained that year to date we have received a very generous amount of donation matches from Basin Electric Power Cooperative (Basin) and the committee didn't feel like matching monies for the grant applications were needed this year. She also would like to send a thank you note to Basin from our Board for their generosity.

Director Rhoades motioned to approve the committee recommendations for the 2018 Sharing Success Grants as outlined above. Director Cokes seconded. The motion was voted and carried.

Board Donations

Director Garvey donated \$200 to the West End Family Link. Director Cokes donated \$300 to EcoAction Partners and Director Justis donated \$350 to EcoAction Partners.

Administration & Human Resources

Manager Zaporski updated the Board on our new hire, Merrill Carpenter who will report out of Ridgway as the new Mechanic/Warehouseman. He explained that Greg will move back to reporting out of our Nucla location.

Finance Update

Review 990 Form

Manager Mertz gave a review of the 990 form. This is a yearly tax return and aims to do a more complete review next year prior to filing. He explained our current cash position.

Approval of Capital Credit retirement amount

Director Rhoades motioned to retire 1.1 million dollars in capital credits as presented. Director Sibold seconded. The motion was voted and carried.

Coop Director Finance Training

Manager Mertz introduced the idea of revenue deferral and what our anticipated margins may be in 2018. If we chose this route it is subject to RUS approval and must be utilized in 2-4 years. Manager Mertz will re-visit these ideas at a later date. He reviewed accounting T-Accounts and how this translates to the Balance Sheet and reviewed the Balance Sheet.

Marketing & Member Services

Manager Freeman gave some quick stats on the new registrants for SmartHub, we now have 2,750 (31% of accounts) and we now have 5 Members signed up for billing text alerts.

Review of new Annual Meeting themes with last month's direction- Alex Shelley

Communications Executive, Alex Shelley reviewed several new theme ideas using last month's direction. The theme chosen for the 2019 Annual Meeting is: Through the Lens, 80 years of looking ahead.

Set Annual Meeting date and location

Director Alexander motioned to set the Annual Meeting and Election date Thursday, June 6, 2019. Director Rhoades seconded. The motion was voted and carried.

Information Technology

Manager Tea explained that implementing the NISC Mosaic tool will be aid in all of our billing and accounting procedures and staff is still working on implementation. He explained we hosted (2) day and a half trainings for the Outage Management System and expect to have all of our base systems in place by Dec. 15th.

Engineering

Manager Riley was not present at this meeting. Manager Zaporski explained to the Board that he and the Engineering Dept. had a meeting with ESC and he thought it was a good meeting overall. They are still evaluating the engineering firm. He explained that construction could potentially begin in 2020 depending on the engineering and the evaluation of the environmental impact.

Operations

Manager Oliver was not present at this meeting. Manager Zaporski didn't have much to add to his report other than they have increased the scope of the pole inspections due to our current financial position.

Safety and Regulatory Compliance

There were no updates other than what was in the safety report. Paul Enstrom did want to note the near miss reported in the Safety Meeting Minutes. He gave praise that this employee was wearing all the proper personal protective equipment (PPE), thus avoiding injury.

6. ATTORNEY'S REPORT

Director Garvey made a motion at 2:13 PM to enter into executive session for personnel and contractual issues. Director Alexander seconded. The motion was voted on and carried. The board entered into executive session at 2:13 PM and came out at 3:40 PM. While in executive session no decisions were made, nor votes taken.

7. ASSOCIATED MEETING REPORTS

CREA- Bob Justis

Director Justis distributed his notes from the newsletter via email to the Board of Directors. The CREA Board worked on a budget that includes no increases in fees to coops for the next year and includes another international trip. The next meeting in December will be a joint meeting for CREA Managers and Directors to focus on how to anticipate upcoming communications with the legislature.

Western United- Dave Alexander

n/a

Eco Action- Jack Sibold

n/a

Tri-State – Jack Sibold

Costs of the JM Shafer Generating Station is equal to Craig Generation Station due to lower gas prices and low gas transportation costs, so it is being used more. It also has a better heat rate than the other gas plants. There is currently between 60-65 days worth of coal on the ground in Nucla. The DEMA appeal was defeated 40-3. The Board was coached on fiduciary duty and reminded to do what your mother told you when you were little, be honest and open. Kit Carson Electric Cooperative, Inc. withdrew from New Mexico Rural Electric Cooperative Association (NMRECA). Tri-State's long term financial forecast from 2019-2028 estimates approximately 8.7%

total increase in rates. There are five Colorado cooperative CEOs retiring in the near future. The Westmoreland Coal Company is filing for bankruptcy. They supply the San Juan Generating Station in New Mexico (majority owner the Public Service Company of New Mexico).

8. BOARD TRAVEL

Director Garvey will travel to Orlando for the NRECA Annual Meeting/Tech Advantage in March.

9. MISCELLANEOUS

Manager Zaporski was asked to be on the Board for the Telluride Trust for Community Housing. This is a non-profit 501-c-3 organization that is working to create more housing in the Telluride region by providing financial support to qualified individuals to help with housing and land banking to increase inventory.

He was also asked to be on the CREA Board, which he declined at this time.

10. BOARD CALENDAR REVIEW


n/a

11. NEXT MEETING

The next Board of Directors Meeting will be December 18, 2018 in Ridgway.

12. ADJOURN

Director Rhoades motioned to adjourn the meeting at 3:49 PM. Director Cokes seconded. The motion was voted on and carried.



Dave Alexander, Secretary/Treasurer