

1. CALL TO ORDER

President Felicelli called the meeting of the San Miguel Power Association (SMPA) Board of Directors to order at 9:31 AM. All Directors were present.

2. Directors Creed

Legal Counsel Jim Link stated that he and New District 2 Director, Kevin Cooney had discussed and reviewed the Directors Creed and asked that Director Cooney affirm his agreement to abide by the Directors Creed, SMPA's Bylaws and policies; Director Cooney stated that he has read the Director's Creed and that he agree to the statements within.

Board elections proceeded with Director Garvey making a motion for Director Felicelli to remain as the Board President and that Director Alexander be appointed as Vice President. Director Rhoades seconded. Director Felicelli asked if there are any additional nominations or discussion. Legal advised that the Board let the motion fail in order to allow discussion of nominees prior to a motion being made. The motion was voted and failed to carry.

Director Garvey suggested Director Felicelli remain as the Board President and that Director Alexander be the Vice President. Director Alexander suggested that Director Garvey be the Secretary/Treasurer. Following discussion, Director Rhoades motioned that Director Felicelli be the President, Director Alexander be the Vice President and Director Garvey be the Secretary/Treasurer. Director Alexander seconded. The motion was voted and carried.

Legal advised that it would benefit the cooperative to designate an alternate Secretary/Treasurer in the event the primary Secretary/Treasurer is not available. Following discussion Director, Rhoades made a motion to designate Director Cokes as the alternate Secretary/Treasurer. Director Garvey seconded. The motion voted and carried.

Director Rhoades made a motion that Director Felicelli be the CREA alternate delegate. Director Garvey seconded. The motion was voted and carried.

3. Approval of Consent Agenda

Director Felicelli motioned to approve the revised consent agenda (June 25, 2019) to include the May 28, 2019 meeting minutes. Director Cokes seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Member Emma Marshal asked that SMPA request Tri-State to slow down the process of moving to regulation under the Federal Energy Regulatory Commission (FERC). Slowing down the process would allow member cooperatives more time to gain a better understanding of the costs and benefits associated with FERC rate regulation over Colorado's Public Utilities Commission (PUC).
- Director Felicelli commented that he had received two emails this morning; one from the San Miguel County Commissioners and one from Member Joan May. Both emails were requesting SMPA to communicate to Tri-State a request to slow down pursuing FERC regulation in order to

allow more time to gather information and gain a full understanding of the implications associated with becoming FERC regulated.

- Attorney Bo Nerlin, representing Members Charles and Jessi Price, reported that the denial of their request to receive a full copy of the Power Purchase Agreement (PPA) between SMPA and Erdman Enterprises has left them feeling a lack of transparency surrounding the relationship between SMPA and Erdman. They further commented that without a full disclosure of the PPA, there is no way to see how the project and economics have changed since the project was first dismissed in 2013.
- Legal Counsel Link reported that he had received several comments from Ouray members praising the professional, high quality and efficient work performed by SMPA crew members while on projects in Ouray.
- Director Sibold complimented the staff on their efforts in the planning, set up, and execution of a successful annual meeting.
- Manager Zaporski reported that he had received member feedback in reference to the annual meeting. One member expressed disappointment that the meeting lasted 15 minutes longer than scheduled. Another member expressed dissatisfaction regarding the lack of vegetarian meal options at the meeting.

5. STRATEGIC PLANNING

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

Manager Tea provided a status update on the barcoding system. The IT team has been working closely with the warehouse team to ensure a full understanding of the capabilities of the system. He highlighted that accuracy and efficiency gains of the product include time savings in warehouse inventory counts, time savings in work order pick up due to bin location identification, and accuracy gains by maintaining proper supply levels with real-time inventory management. He utilized one of the iPad Mini's to demonstrate to the Board how the process works and passed it around for a hands-on example.

Instill an impeccable safety culture – Paul Enstrom and Duane Oliver

Paul Enstrom reported that the Safety Team will be attending the CREA Safety and Loss Control Seminar in July. He commented that the Marlin system is effective; he has observed employees stopping to read the safety information that is displayed on the screen. Mr. Enstrom informed the Board that SiteDocs implementation has been very successful. The SiteDocs application takes internal company paper forms and moves them to an electronic mobile platform; staff can complete an electronic form on a mobile device, and once it is completed, the form will automatically route to the proper person for follow up. The SiteDocs application supports GPS location as well as the ability to add photos to reports. Mr. Enstrom also reported that new personal protective equipment (PPE) vending machines will be installed in July; crew members can access items by entering their unique pin number and supplies will be available to them 24 hours a day.

6. CEO REPORT

C.E.O. Items

Annual Meeting

Manager Riley and Communications Executive Alex Shelly attended the DMEA annual meeting on June 20 at the Hotchkiss High School. Manager Riley reported about 250 people were in attendance and that it was a short business meeting followed by a carnival and concert. Manager Riley informed the Board that Director Bill

Patterson and DMEA CEO Jasen Bronec both gave brief speeches that announced pending rate increases, including implementing a \$2/ fee for paper bills, doubling the disconnect fee, doubling the after-hours disconnect fee as well as doubling the late payment fee. The overall rate increase to the access, and energy charge will be between 2-6%. Manager Riley's takeaway was that the DMEA membership is supportive of DMEA's direction.

Contract Committee

Manager Zaporski, Manager Riley and Director Cokes attended Tri-State's first Contract Committee meeting on June 6 in Denver. Director Cokes is the SMPA representative on the Tri-State Contract Committee, though the Committee and Tri-State allowed other attendees to ask questions and comment throughout the meeting. Director Cokes reported that the meeting was encouraging; stating the primary goals of the committee were to offer more flexibility to the co-ops whom desire it without impacting the co-ops that do not want any changes, through the consideration of new membership classes. She reported that the membership would be allowed to prepare and present a partial requirement contract proposal at the next contract committee meeting. Additionally, she informed the Board that Tri-State will be presenting a straw-man proposal regarding new membership classes at the next contract committee meeting.

Introduction of Employee Guests

N/A

Corporate Donations

Norwood Roping Club

Director Alexander motioned to donate \$750.00 to the San Miguel Basin Fair Jr. Livestock Sale; requesting Basin to match SMPA's donation. Director Rhoades seconded. The motion was voted and passed.

Board Donations

Director Garvey donated \$100.00 to West End Family Link.

Finance Update

Manager Mertz reviewed the current financial report with the Board. Overall cash position is consistent with historical profiles for the month of May. During the summer months, it is not uncommon for cash balances to decline due to increased construction activity and associated capital outlays.

Manager Mertz attended the Beneficial Electrification League (BEL) meeting in Denver. He informed the Board that BEL's four primary goals are to save end-users money over time, benefit the environment/reduce greenhouse emissions, improve the quality of life for people in general and improve the resiliency of the grid.

Coop Director Finance Training

Manager Mertz informed the Board that SMPA has access to nearly 2 million dollars from Rural Utilities Service (RUS) that we are not currently utilizing. He reported that the finance team is closely monitoring interest rates and that current downward rate pressure could result in SMPA using some of the loan monies if rates appear desirable for a low carrying cost.

Marketing & Member Services

Manager Freeman reviewed the Member Services report noting that the deadline for cashing member dividends is June 26, 2019. If a member has been issued a member dividend that they have not cashed, they need to contact member services prior to June 26, 2019, if they would like a check reissued.

Manager Zaporski commented that SMPA is planning on upgrading our website to the newest version of Coop Web Builder. The updates will increase the capabilities of our mobile version of the website.

Information Technology

Manager Tea reviewed features on the Call to Order app and highlighted some user tips for the Board.

Manager Tea informed the Board that he will be presenting on the Outage Management (OMS) at the NISC conference in September.

Administration & Human Resources

Manager Zaporski reported that SMPA is currently hiring for two Journey Line Technician positions; both openings were created by retirements.

Legal Counsel Link Reviewed Board Policy 5.01, Functions of the Boards of Directors.

Manager Zaporski reviewed Board Policy 5.02, Delegations from the Board of Directors to the General Manager.

Engineering

Manager Riley informed the Board that discussions continue regarding a new fiber agreement with Tri-State and Zayo. Zayo has acquired the fiber assets of EagleNet. This revised telecommunication sharing agreement will define the use of Zayo fiber by SMPA and the use of SMPA fiber by Zayo.

Manager Riley reported to the Board that the Red Mountain Project contract engineers are finalizing the design along with access and permitting information required for the forest service project application. He anticipates that the application will be submitted to United States Forest Service (USFS) within the next two weeks.

Operations

Manager Oliver reported that there have not been any major outages. He informed the Board that workload has been picking up as it is a busy construction season. He communicated his satisfaction regarding the barcoding system implementation and the efficiency gains for the crew.

Safety and Regulatory Compliance

Paul Enstrom had no other updates other than his report and strategic initiative update.

7. ATTORNEY'S REPORT

Director Garvey made a motion at 2:38 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 2:38 PM and came out at 3:47 PM. While in executive session, no decisions were made, nor votes taken.

Director Cokes made a motion to approve the Rico Franchise Agreement. Director Alexander seconded. The motion was voted and carried.

Director Cokes made a motion to approve the Last Dollar Solar Array Power Purchase Agreement. Director Garvey seconded. The motion was voted and carried.

8. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes
N/A

Western United- Dave Alexander
N/A

Eco-Action- Jack Sibold
N/A

Tri-State – Jack Sibold

Director Sibold reviewed Tri-State's operational highlights. He noted that for the month of April, 29% of total power supply came from renewable generation and that while member energy sale volume was 2.8% under budget, non-member energy sales were 44% over budget. He reported that of the 43 Tri-State members' only about half have Policy 115 contracts.

Director Sibold spoke about Tri-State's recent announcement regarding a transition to become rate-regulated under the FERC jurisdiction. He informed the Board that Tri-State has been considering FERC regulation for over a year, with a driving force being a desire to ensure rate parity for all member cooperatives throughout all four states. Tri-State believes that an advantage of FERC regulation will be more administrative support and resource capabilities to research, report, and address rate matters across multiple states.

Manager Riley attended the FERC webinar, and he informed the Board that Tri-State's shift to become FERC jurisdictional is for wholesale rate-making purposes. He informed the Board that Generation and Transmission (G&T) cooperatives are exempt from FERC if they meet specific exemption criteria. The specific criteria required for exemption includes: if the G&T cooperative is a Rural Utilities Service (RUS) borrower or if the cooperative is wholly owned by small member cooperatives as defined by FERC (4 million kWh sales or less). Tri-State is no longer a RUS borrow. It appears Tri-State will propose a new class of membership that will not fit the 'small member cooperative' as defined by FERC, therefore forcing Tri-State to FERC regulation as they will no longer qualify for the exemption.

Manager Mertz attended meeting in person and recapped Tri-State's message that the transition to FERC regulation will provide a standardization of rate-making processes and will eliminate the need for multi-state, multi-jurisdictional rate filings. The move to FERC regulations is rate jurisdictional only. Manager Mertz conveyed that Tri-State will remain state-level regulated for facility standards (i.e., carbon emission standards).

After discussion regarding Tri-State's transition to FERC regulation, Director Cooney made a motion that SMPA send a letter to Tri-State asking that they slow down the process and decision on becoming FERC jurisdictional to allow us to understand the impact on local cooperatives ability to bring rate issues forward, and to fully understand the impacts on recently passed Colorado state legislation. Director Cokes seconded. The motion was voted and carried.

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
June 25, 2019 (Ridgway)

Member Joan Mayes was in attendance and commented that the Board discussion regarding Tri-State had covered all topics that she was interested in and had nothing further to add.

9. BOARD TRAVEL

Manager Zaporski reported that the travel dates for the Guatemala had changed. After discussion, it was determined that the August Board Meeting be moved to August 20, 2019, in order that Manager Zaporski will be able to attend.

10. MISCELLANEOUS

N/A

11. BOARD CALENDAR REVIEW

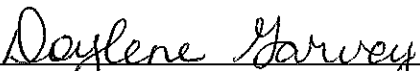
N/A

12. NEXT MEETING

The next Board of Directors Meeting will be August 20, 2019, in Ridgway.

13. ADJOURN

Director Garvey motioned to adjourn the Meeting at 4:47 PM. Director Rhoades seconded. The motion was voted on and carried.



Doylene Garvey, Secretary/Treasurer