

### **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.

### **2. APPROVAL OF CONSENT AGENDA**

Director Garvey motioned to approve the revised consent agenda (May 23, 2017) to include: April 25, 2017 meeting minutes correcting the next CREA meeting from April to May and the re-ratification of the petition to Tri-State to allow us to increase the cap of energy allowed to purchase from outside entities from 5% to 10%. This request is to also include a distributed generation project in our service territory (preference to the west end of Montrose County). Director Alexander seconded. The motion was voted on and carried.

### **3. MEMBER OR CONSUMER COMMENTS**

- Manager Zaporski gave praise to Manager Tea for resolving this week's phone issue in Nucla. The server time stamp was set for Sunday and was making the interactive voice response system (IVR) say that we were closed. Manager Tea has remedied this by aiming our servers to one in Boulder that will give us the proper time stamp.
- Director Sibold and Manager Zaporski met with John Clark, Mayor of Ridgway and Ben Tisdell, Ouray County Commissioner to discuss broadband. Director Sibold thought that it was a very good meeting and they would like to keep communication open for future meetings.

### **4. STRATEGIC PLANNING**

Manager Zaporski explained the 2017 Strategic Objective Initiative Presentation Timeline that was handed out to the Board. Each Department Manager will present their initiative to the Board. Manager Tea is the first to present his ideas on implementing beneficial technology, focusing on the FIS/CIS. Manager Tea went over the completed initiatives that he has already accomplished since starting at SMPA, listed below.

Completed Initiatives:

- Radios Working at all Facilities, May 2017
- Lifesize Video Conferencing Working at all Facilities, May 2017
- New UPS (Uninterruptible Power Supply) Installed, May 2017
- Two Day Software Demo NISC Software, May 2017
- Inhouse IT Support Brought Inhouse, April 2017

Current Initiatives:

- Complete fiber network testing and reduce cost of MPLS network with Century Link, May/June 2017
- Cell Phone Booster in Nucla Office, May 2017
- Resolve long distance issue from Nucla and NNTC, May/June 2017
- Standardize workstations, software, and email throughout organization, Oct. 2017
- Define and plan training for the user community where needed (e.g. Software), Sept 2017
- Implement overall technology vision with National Information Solutions Cooperative (NISC) software 2017/2018

Manager Tea went over the NISC product, what they offer and how that would benefit SMPA. Discussion continued after the conference call with Kevin Kelso who performed SMPA's 2016 audit.

Record of Proceedings  
San Miguel Power Association  
Board of Director Meeting Minutes of  
May 23, 2017 (Nucla)

Manager Zaporski introduced Kyle James our new Energy Services Technician. Mr. James introduced himself and gave some background information, a bit on his resume and his philosophy.

Kevin Kelso, CPA called in to go over San Miguel Power Association's 2016 audit results. Kevin's general outlook is that SMPA is doing well, financially stable and 2016 went as planned.

Director Rhoades made a motion at 11:38 AM to enter into executive session to finish the review with Kevin Kelso regarding the 2016 audit. Director Sibold seconded. The motion was voted on and carried. The board entered into executive session at 11:38 AM and came out at 11:47 AM. While in executive session no decisions were made, nor votes taken.

Manager Tea continued the NISC presentation to include implementation phases. In 2017 budget SMPA has approximately \$90,000 budgeted for ATS, our current CIS, for software add ons and upgrades. Some of these add ons and upgrades are required and already included in the NISC product. Manager Zaporski explained that he is looking for direction from the Board to move forward with a purchase order and scope of work to present to the Board for future approval. The overall cost for NISC is approximately \$300,000 over a three-year period. The software will include upgrades and patch work rolled out every quarter. Manager Rutherford doesn't see that SMPA would have an issue financially paying for the NISC conversion. Especially taking in consideration that ATS is planning on upgrades that will not only cost money, but also staff training. To try to demonstrate to the Board the benefits of this software upgrade, Manager Zaporski presented Pedernales Electric Cooperative's Member Services presentation that analyzes their benefit to upgrading to the NISC software. Manager Freeman noted that staff's reaction and enthusiasm to the NISC demonstration was encouraging that this could be a good transition.

Director Alexander motioned to approve moving forward with a purchase order and scope of work for the NISC software. Director Sibold seconded. The motion was voted on and carried.

The timeline to bring this to the Board is about two to three months. Manager Tea explained that he still needs to assess the hardware and ensure we have the proper infrastructure to house the software.

## **5. CEO REPORT**

### **Employee Guests**

Kyle James was introduced earlier in the meeting.

### **Corporate Donations**

There were no corporate donations to review this month.

### **Board Donations**

Director Rhoades donated \$200 to Ouray Fire Department.

Director Rhoades donated \$200 to Silverton San Juan Fire & Rescue.

Director Garvey donated \$100 to Norwood Roping Club for "Belt Buckle."

Director Garvey donated \$100 to Nucla Water Days.

Director Sibold donated \$100 to Hope West.

### **Marketing & Member Services**

Paul Hora, Key Accounts Executive, presented a Facilities presentation of the new projects underway and an update on those completed. Facilities has worked to secure our locations in Silverton by adding bollards and fencing. Mr. Hora gave some samples of possible future housing and garage ideas for the growing needs of Silverton. Facilities staff has been working to make new employees comfortable with equipment and office paint. He gave a donation update regarding the Sharing Success Grant and how the awarded used the grant money. SMPA will pair with CoBank again in 2017 for this grant program.

Manager Freeman updated the Board on the ongoing delays with the IQ solar program. The system is now commissioned and is off. We are waiting on Tri-State to come to test the meter. IQ members are very cooperative and understanding to the wait. We are participating this year in Mountainfilm's "New Normal" campaign. Here we will promote the solar power pledge. This is a pledge/survey to see who would like to support a new community solar array. This survey is to gather interest and see what people think. We will also be signing up members to our Green Blocks program. We already have 17 new through Mountainfilm. Green Lights is another program that we are offering members at Mountainfilm. This program offers discounted LEDs and will be available through the Annual Meeting (links through Eco Action Partners). The partnerships that make this program available are great in order to lower the costs of the LED bulbs. This is a very successful program. Manager Freeman created a few fun bumper stickers regarding our discussion last month of Howard's Fork.

### **Finance Update**

Manager Rutherford explained that revenues are still lower than what we had budgeted. The weather seems to be the biggest single factor. Our costs are about 25% less than expected so far for 2017. Net Margins are about \$144,000 less than what we expected. Manager Rutherford explained that this is not concerning. He explained even if we stay in this range we would still be within our tier requirements. He does expect that we will draw from the short-term loan later this summer when rates are low. The Balance Sheet was incorrect and a corrected version was printed and in the Board's folders. Joshua Hainey, Senior Accountant, did a Form 7 training for the Board going over the Balance Sheet. Mr. Hainey went over working capital and current ratio.

Working Capital = Current Assets – Current Liabilities

Working Capital = Line 26 – Line 54

Current Ratio = Current Assets / Current Liabilities

Current Ratio = Line 26 / Line 54

A ratio of 1 indicates the company has no working capital, which raises a warning sign as to whether the company is able to pay its short-term obligations when due.

### **Information Technology**

Manager Tea updated during Strategic Planning.

### **Administration & Human Resources**

Manager Reams updated the Board that we have two Workman's Comp claims. Interviews are scheduled for June 12 & 14<sup>th</sup> for the CFO position and the Staff Engineer position. Manager Reams recently went to the CREA HR Conference and gets a lot out of the round table sessions. This year she got some useful ideas for the new hire orientation (part of her Strategic goals) and internship program she is working on building. We have a new NRECA field representative, Jason Dohrman.

**Housing Adjustments (Non-Bargaining) (Policy 6.09)**

**Safety Program (Policy 6.10)**

Director Rhoades motioned to approve Policy 6.09, and 6.10 as presented. Director Cokes seconded. The motion was voted on and carried.

### **Engineering**

Manager Riley updated the Board the Gyp Valley transformer was energized last week. Regarding the Telluride/Mountain Village Reliability project, we are still working closely with San Miguel County staff and the contractor. The project is behind schedule due to weather. The contractor has requested an extension of hours and the county has granted Saturday work, as long as it doesn't interfere with the festivals. Manager Riley is hopeful that this will make up some time.

### **Operations**

Manager Oliver didn't have much to add this month other than what is in the report.

### **Safety and Regulatory Compliance**

Director Rhoades inquired about the tree trimming crew quitting. Manager Zaporski explained the contractor doesn't cover travel time or costs for crews and this has caused issues with their staffing. Paul Enstrom, Safety and Regulatory Coordinator and Manager Zaporski are looking at ways to help our contractor with this issue. Included in the packet are parts of the RESAP preliminary inspection.

### **6. ATTORNEY'S REPORT**

Director Justis made a motion at 2:36 PM to enter into executive session for personnel and contractual issues. Director Rhoades seconded. The motion was voted on and carried. The board entered into executive session at 2:36 PM and came out at 4:05 PM. While in executive session no decisions were made, nor votes taken.

Jim Link explained that Director Cokes and Director Sibold recused themselves during executive session regarding the reservoir discussion. Mr. Link was looking for direction regarding the discussion. Director Alexander on behalf of the Board would like SMPA to talk to Tri-State to retain ownership in the Ridgway dam (PPA).

Director Alexander made a motion to approve Manager Zaporski's contract as discussed in executive session. Director Rhoades seconded. The motion was voted on and carried.

### **7. MISCELLANEOUS**

#### **Board Resolutions**

Director Rhoades made a motion to approve Resolution 2017-03 as presented. Director Cokes seconded. The motion was voted on and carried.

Director Cokes made a motion to approve Resolution 2017-04 as presented. Director Rhoades seconded. The motion was voted on and carried.

### **8. ASSOCIATED MEETING REPORTS**

#### **CREA- Bob Justis**

Meeting was April 27<sup>th</sup> and 28<sup>th</sup> in Denver. Tony Neil Graves, Colorado Broadband Office spoke at the meeting. His message was that he is here from the state and to help you get broadband coverage. Their goal is to get 80% coverage by 2018 and 100% by 2020. He comes from the private sector. NRECA regional meeting is in Denver in the fall and the Board may want to go. There is talk that the BLM headquarters would move from Washington DC to Grand Junction. Attended his first meeting of Safety and Loss Control Committee Meeting.

Western United– Dave Alexander

Doing very well, December sales over 7.2 million dollars. Western United now has access to drones and a dealer for car chargers. Now looking into expanding to Salt, St. George, and possibly to Idaho & expanding service territory. Looking to change meetings to quarterly moving forward.

Tri-State – Jack Sibold

Director Sibold updated the Board in executive session.

Eco Action Partners – Rube

Talked about the Green Lights program, partnership with Mountainfilm, composting, and next weekend having their electronic recycling. They are very supportive of SMPA.

#### **9. BOARD TRAVEL**

Director Justis, Cokes and Garvey will attend the CFC Financial & CREA Crucial Conversations in Vail, CO Aug. 28-30<sup>th</sup>. Manager Zaporski would also like to attend.

#### **10. BOARD CALENDAR REVIEW**

Discussion of a future visit by Tri-State to SMPA, date to schedule is July 21<sup>st</sup> in Ridgway.

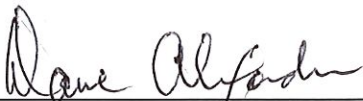
#### **11. NEXT MEETING**

Annual Meeting is June 8, 2017 at 4:30 PM. The June Board Meeting is June 13, 2016 in Nucla.

Director Garvey had a few things to add for additional discussion. She is getting the Kaspersky anti-virus pop up on her computer and asking if Manager Tea could take a look at it. Director Garvey also was wondering about the Sharing Success Grant committee and if it was going to stay the same. Manager Zaporski explained that yes, it will stay the same. Her request is that if any of the monies are to be used for something other than what is applied for, that it would come back to the committee. Lastly, she requested a year snap shot calendar, similar to what used to be provided with meetings, trainings, and special events.

#### **12. ADJOURN**

Director Garvey motioned to adjourn the meeting at 4:34 PM. Director Justis seconded. The motion was voted on and carried.



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Dave Alexander, Secretary/Treasurer