

1. CALL TO ORDER

President Felicelli called the San Miguel Power Association (SMPA) Board of Directors' regular meeting to order at 9:03 AM. The meeting was held in person at the Ridgway office location and via Zoom Video/Teleconference. All directors attended the meeting in person at the Ridgway office

2. DIRECTORS CREED

Swearing-in

Board President Director Felicelli advised incumbent District 3 Director Dave Alexander and incumbent District 6 Director Debbie Cokes of the need to recommit to the Directors Creed. The Directors Creed is the Directors pledge to abide by SMPA Bylaws, policies, and the rules and regulations of the power company. Director Alexander and Director Cokes confirmed that they have read the Directors Creed in full and continue to agree to the statement within.

Election of Board Officers

Director Felicelli called for nominations for Board officers.

Director Cokes motioned that the Board Officers remain as they are, with Director Felicelli as Board President, Director Alexander as Vice President, and Director Garvey as Secretary/Treasurer. Director Rhoades seconded. No other nominations were made. Following discussion, the motion was voted and carried.

3. APPROVAL OF CONSENT AGENDA

Director Cokes motioned to adjourn the May 19, 2022, agenda item 6.a.i power supply noting no additional meetings were needed and approve the revised consent agenda (June 28, 2022), including the May 19, 2022, meeting minutes. Director Alexander seconded. The motion was voted and carried.

4. BOARD TOPICS

Resource Adequacy

Resource adequacy is the ability of a utility's reliable capacity resources (supply) to meet the customers' energy or system loads (demands). Manager Zaporski reviewed the North American Electric Reliability Corporation's (NERC) 2022 summer reliability assessment. The report shows our region is in a very precarious situation for resource adequacy and wildfires due to above seasonal temperatures. Director Cokes reported that resource adequacy is at the forefront of the CREA legal staff.

Tri-State Ophir Tree Removal/Trimming Project

Director Felicelli communicated he had received numerous comments regarding Tri-State's Tree Removal Project in Ophir, expressing concern over the project, including proposed burn piles. Staff explained the project is a Tri-State project, and they received a permit from the United States Forest Service (USFS), advising the way the timber is handled is a result of the USFS permitting process. Manager Freeman informed the Board that SMPA was able to arrange a Zoom meeting for our members/consumers to communicate their questions and concerns directly to Tri-State representatives. Manager Zaporski advised that SMPA is striving to advocate for our members by ensuring an avenue for our members to be heard by representatives of Tri-State and the USFS; however, SMPA is limited beyond that because it is not an SMPA project, nor does SMPA have any impact on the USFS permitting process.

5. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Garvey communicated she experienced an outage at her house that was not communicated. She noted the importance of communicating outages in advance, when possible, so that members can prepare.
- A member participating virtually expressed their frustration with the Ophir Tree Removal Project, stating an understanding of the reason for the project but being disappointed with how it is being executed, including a lack of follow-up on member communication. The member also expressed gratitude for SMPA's efforts to give members a voice with Tri-State regarding the Ophir Tree Removal Project.
- A member participating virtually expressed their disappointment with Tri-State's Ophir Tree Removal Project, noting they felt that the Town of Ophir was not provided with all information before the project began. The member voiced dissatisfaction about Tri-State's lack of response to member concerns communicated to Tri-State staff.

6. STRATEGIC PLANNING UPDATE

Identify and prioritize reliability and resiliency risks and issues. Initial focus shall be on fire mitigation- Jeremy Fox

Manager Fox provided a progress report on the initiatives developed to help achieve the objective to prioritize reliability and resiliency risk with an initial focus on fire mitigation. Mr. Fox advised that the vegetation management plan, a draft wildland fire mitigation plan, the Rural Utility Services (RUS) work plan submittal, the Red Mountain vegetation work and the master United States Forest Service (USFS) permit initiatives are complete. Staff continues to work to finalize and fully execute the wildland fire mitigation plan, implement a drone inspection program and work on Phase 2 of the Red Mountain Electrical Reliability and Broadband Project (RMERBP). Mr. Fox advised that the team remains focused on supply chain planning and is also exploring microgrid options, alternate funding resources, and wildfire resource sharing/training opportunities.

Continue to improve SMPA's overall safety and work culture- Darcy Weimer and Danielle Rodriguez
Darcy Weimer, Safety and Regulatory Compliance Coordinator, reviewed the five initiatives designed to improve SMPA's overall safety and work culture; a focus on enhancing safety training & programs, methods to promote safety, evaluation of policy/procedures, and an emphasis on workplace culture. She highlighted a safety logo contest that promoted safety through employee engagement in designing a new safety logo for the coop. Mrs. Weimer advised that the team has developed a safety manual that is currently at 3rd party for review and is nearing completion. Mrs. Weimer added that workplace culture initiatives have been successful and focus on team building, wellness, employee recognition and achievement awards and other employee programs.

7. CEO REPORT

CEO. Items

Power Supply Update

Manager Zaporski advised the Board that the staff and legal consultants continue to work on a draft power supply agreement with Guzman Energy for partial requirements. Manager Zaporski reported that the exceptions to the stated rate case are still being reviewed by the Federal Energy Regulatory Commission (FERC); the outcome of the decision will impact SMPA regarding the potential direct assignment of radial line costs to SMPA.

Legislative Update

Manager Zaporski reported that Colorado State is pursuing legislation that will make 3.5 million dollars available to cooperatives to support microgrid projects.

COVID-19 Discussion

Manager Zaporski stated that while case numbers are up slightly in our region, no jurisdictional mandates are in place. SMPA continues to be vigilant in promoting the importance of general hygiene and sanitization while communicating to staff the possibility of moving into more cautious operating procedures if necessary.

Introduction of Employee Guests

Phil Zimmer, Energy Services Executive; Terry Schuyler, Key Accounts Executive; Kelly Truelock, Staff Accountant; Joshua Hainey, Senior Staff Accountant; Danielle Rodriguez, Human Resource and Administration Coordinator and Mike Therriault, Engineering Supervisor, attended the webinar meeting.

Manager Zaporski introduced Roy Bolton, the new Telluride-based Journey Line Technician. Mr. Bolton noted that he has over ten years of experience in the electric utility industry, including transmission and distribution work in seven states. Mr. Bolton is excited to join the SMPA team and live in Colorado.

Community Focus Donations

The next donation review is scheduled for July 2022.

Board Donations

Director Brown donated \$100 to Tri-County Health.

Director Brown donated \$100 to KOTO.

Director Rhoades donated \$200 to the Silverton Fire Department.

Director Rhoades donated \$200 to the Ouray Fire Department.

Director Rhoades donated \$100 to Silverton Hardrockers.

Finance Update

Manager Lehigh reviewed SMPA's current economic outlook. He highlighted that as costs continue to rise, staff continue to prepare in all ways possible, including implementing inventory planning to help alleviate supply chain constraints and closely monitoring interest rates while communicating with lenders to meet capitalization requirements.

Manager Lehigh reviewed the finance report, noting updates to the report that include key ratios, cash & liquidity information, and an overview of the statement of operations and balance sheet. Manager Lehigh highlighted that cash on hand has increased to 110 days and advised the Board that May revenues exceeded budget by 4.93% and year-to-date revenues exceeded budget by .92%. Power cost for May was 1.56% below budget, with year-to-date power costs 4.18% over budget.

Marketing & Member Services

Introduction to 2022 Cost of Service Study

Manager Zaporski advised that a cost-of-service study analyzes all the expenses of the cooperative and designs a structure that is the best way to recover those costs. Manager Zaporski introduced Shaurice Moorman of Power System Engineering (PSE), the consulting firm SMPA is considering working with on the crucial cost of service study. Ms. Moorman provided a brief overview of PSE history and experience working with cooperatives nationwide, including previous work with SMPA. Ms. Moorman communicated that the cost-of-service study's scope of work includes determining revenue requirements for 2023, determining the cost of service (under the current Tri-State rate design), and then designing a rate to recover the expected rate increase for 2023. PSE will

evaluate existing rate class structures and explore updated rate structures that may incorporate electric vehicle/beneficial electrification rates, time-of-use rates, and/or demand rates. Manager Zaporski advised that following the cost-of-service study, staff may propose a rate increase to meet revenue requirements but will not recommend a rate structure change for 2023. Mr. Zaporski added that congruent to the cost-of-service study, staff is analyzing areas to reduce expenses and/or recover expenses associated with infrastructure to idle service accounts.

Manager Freeman reviewed his report, highlighting that SMPA's new website will go live on July 10, 2022. Manager Freeman advised that the recent Renewable Energy/Beneficial Electrification meeting was a great discussion platform for moving forward. It is valuable for SMPA to collaborate with members and businesses to develop mutually beneficial electrification initiatives.

Information Technology

Manager Tea reviewed his report, highlighting significant cost savings realized with the conversion of the phone system to the Mitel Cloud system. Mr. Tea communicated that cyber security training is ongoing for staff, with the current training focusing on phishing scams. The training is to help educate staff to be more knowledgeable and able to protect SMPA's assets.

Administration & Human Resources

Human Resource and Administration Coordinator Danielle Rodriguez reviewed her report, noting the organization currently has one position.

The Board reviewed an updated Policy 308, Energy Efficiency Credits. The proposed update includes updating the title from Energy Efficiency Credits to Energy Efficiency Technology. Director Alexander motioned to adopt Policy 308 as presented. Director Rhoades seconded. Following discussion, the motion was voted on and carried.

The Board reviewed an updated Policy 311, Scholarships. Director Alexander motioned to adopt Policy 311 as presented. Director Rhoades seconded. Following discussion, the motion was voted on and carried.

Engineering | Operations | Safety and Regulatory Compliance

Manager Fox reviewed his report, noting that the engineering fee will go live on July 10th. Manager Fox communicated that staff is exploring reliability projects for the Rico area, including vegetation management work, amongst other options.

8. ASSOCIATED MEETING REPORTS

CREA- Debbie Cokes

Director Cokes reported that CREA had had two Board meetings, and she had previously shared her notes with the Board. Director Cokes reported that CREA is currently interviewing candidates to fill the safety role.

Western United- Dave Alexander

N/A

Eco-Action- Kevin Cooney

Director Cooney reported that Eco-Action is continuing to focus on redesigning its Green Business program.

Tri-State- Kevin Cooney

Director Cooney reported that Tri-State Board has been working with a project on Project Ascend to reduce expenses resulting in a 30% reduction in executive staff. He provided an overview of the new structure. Director Cooney communicated that the rate committee is targeting the fall of 2023 to submit a rate proposal structure to the Board for consideration. Director Cooney advised that the July Board of Directors Meeting and the Rate Committee will meet virtually as a cost savings measure.

9. ATTORNEY'S REPORT

Director Rhoades made a motion at 1:51 PM to enter into executive session for personnel and contractual issues. Director Alexander seconded. The motion was voted and carried. The Board entered into executive session at 1:51 PM and came out at 2:04 PM. While in the executive session, no decisions were made, nor votes taken.

10. BOARD TRAVEL

N/A

11. MISCELLANEOUS

N/A

12. BOARD CALENDAR REVIEW

The Board reviewed upcoming training opportunities that are occurring virtually and in person.

13. NEXT MEETING

The next regular Board of Directors meeting will be held Tuesday, July 26, 2022, in Nucla and Via Zoom. The August 2022 meeting will occur on Tuesday, August 23, 2022, in Mountain Village Town Hall and Via Zoom.

14. ADJOURN

At 2:11 PM, Director Rhoades motioned to adjourn the meeting with respect to all Agenda Items except item 7.a.i Power Supply Update. Discussion on Item 7.a.i and possible Executive Session regarding that topic is suspended so that if the CEO deems it necessary to update the Board regarding this topic, the Board can resume discussion without the need to call a Special Meeting. Director Garvey seconded. The motion was voted and carried.

Doylene Garvey, Secretary/Treasurer