

1. MEETING PROTOCOLS

Executive Assistant MartyJo Davis presented an overview of meeting protocols and provided instructions on utilizing features of the Zoom Virtual Meeting platform that allow members to participate virtually.

2. CALL TO ORDER

President Felicelli called the San Miguel Power Association (SMPA) Board of Director's regular meeting to order at 9:03 AM. The meeting was held in person at the Ridgway office location and via Zoom Video/Teleconference. Director Rhoades, Director Felicelli, Director Alexander, Director Cooney, Director Brown and Director Garvey attended the meeting in person at the Ridgway office. Director Cokes was absent from the meeting.

3. APPROVAL OF CONSENT AGENDA

Director Garvey motioned to approve the consent agenda (March 26, 2024), including the meeting minutes from February 27, 2024, the ratifications to approve Member Education and Engagement Initiatives and approval to carry forward unspent funds from the 2023 Community Focus Program to the 2024 Community Focus Program. Director Alexander seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Felicelli reported he communicated with a member who is part of a Condo Homeowners Association (HOA). The HOA recently experienced the death of an owner of one of the condos and wanted to ensure the power stays on to avoid the possibility of pipes freezing and potentially resulting in damage to other member's condos. Director Felicelli arranged for the member to get in touch with staff to address the concern.
- Manager Zaporski reviewed a letter from a member who noted their belief that a Time of Use (TOU) rate and/or demand charge during peak periods could be a win-win situation for members and the cooperative. A TOU and/or demand rate would encourage members to shift their loads and save money, resulting in cost savings for the cooperative as well.

5. STRATEGIC PLANNING

Information Technology- To leverage technology that maximizes internal efficiencies and enhances the members' experience while protecting our electronic assets. – Doug Tea and Mark Prezbindowski
Manager Tea identified the strategic initiatives that have been developed to leverage technology that maximizes internal efficiencies and enhances the members' experience while protecting assets. Manager Tea reviewed timelines associated with each initiative and identified Key Performance Indicators (KPIs). Initiatives include concentrating on cybersecurity, maximizing integration opportunities, developing tools to support data-driven decisions, and implementing budgeted software projects while anticipating and planning for an evolving grid. Manager Tea highlighted the work staff has completed on the Meter Data Management (MDM) / Time of Use (TOU) project, discussing next steps, progress and challenges associated with the project.

6. CEO Items

Power Supply Update

Manager Zaporski reported that a neighboring cooperative, La Plata Electric Association (LPEA), has formally submitted documentation to exit Tri-State. LPEA marks the fourth cooperative to express intent to depart from Tri-State since its regulation by the Federal Energy Regulatory Commission (FERC). The filing of LPEA's departure intentions coincides with Tri-State's discussions regarding potential contract extensions through 2060 or 2075.

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Manager Zaporski noted that with the departure of like-minded cooperatives, SMPA now holds a minority position at Contract Committee meetings. Manager Zaporski advised that FERC has not approved Tri-State's rate plan submission, resulting in a pause on the rate increase for Tri-State members. However, this does not mean that there are savings for SMPA, as the increase will have to be paid later once details are finalized and approved by FERC. A key component in the rate filing is the possible direct assignment of radial line expenses. A radial transmission line is like a spur that splits off from the main transmission line to serve a specific area. If FERC determines that, instead of a shared transmission expense, radial line expenses should be a direct assignment cost to the cooperative that utilizes the line, it will significantly impact SMPA as a large portion of SMPA service territory is served by radial transmission lines. It seems that FERC generally aligns with Tri-State's perspective that radial line expenses should not be directly assigned. However, no official ruling has been announced.

Rate Discussion

Manager Zaporski discussed the complexities of rate structure changes, noting their significance as one of the Board's most impactful decisions. He outlined key considerations for redesigning rates, including aligning them with actual costs (cost causers are cost payers), promoting energy efficiency with measures like time-of-use rates, and educating members about effectively navigating and understanding the evolving landscape.

Introduction of Employee Guests

Greg James, Facility Maintenance Technician; Michael Therriault, Engineering Supervisor; Tom Brew, Line Technician; Tristan Barela, Line Technician; Kelly Truelock, Senior Staff Accountant; Joshua Hainey, Senior Staff Accountant; Megan Rutherford, Energy Service Technician; Mark Prezbindowski, IT Specialist; and Alex Shelley, Communications Executive, attended the meeting, either in person or virtually via the Zoom webinar platform.

Executive Assistant MartyJo Davis reviewed SMPA's employee recognition program, a program that allows employees to recognize and nominate their peers. Following a brief overview of program guidelines and the committee review process, Mrs. Davis advised the Board of awards to be presented. Tom Brew, Line Technician and Tristan Barela, Line Technician, were recognized for their Community Involvement. Mr. Brew and Mr. Barela helped plan, organize, and participate in an education demonstration on drones and line work with a high school class. The experience helped inform and encourage high schoolers to pursue a career in line work. Mr. Brew and Mr. Barela shared that they were happy to engage with students, as they were once inspired by line technicians speaking at their school. Now they see it as their opportunity to inspire and encourage high schoolers to pursue careers in line work.

Community Focus Donations

The next donation review is scheduled for April 2024.

Board Donations

N/A

Finance

Financial Review

Manager Lehigh advised that purchased power for February was 12.79% below budget. However, 2024 was budgeted based on Tri State's submission of the formula rate schedule (A41). Current charges are based on the existing approved rate schedule of Tri-State on file with FERC (A40). As of March 14, 2024, FERC rejected the rate filing of Tri-State with the ability to refile for consideration with required changes to the unbundling of rate

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components for ancillary services. This has resulted in a pause in the rate increase for Tri-State members. However, this does not mean that there are savings for SMPA, as the increase will have to be paid later once details are finalized and approved by FERC. Operating revenue for February was less than budget by 5.98%; this is due to the weather. Residential and commercial sales figures demonstrated continued overall growth but lagged due to higher overall temperatures that lacked extended cold periods.

Board Education

Manager Lehigh reviewed the budget and compared it to actual expenses, discussing the various expense categories and the types of expenses that contribute to each category. These include operations distribution expenses, maintenance distribution expenses, consumer accounts expenses, customer service and informational expenses, as well as administrative and general expenses. Manager Lehigh explained how various transactions can affect the budget-to-actual comparison. For example, he explained how weather conditions, such as warmer temperatures, can impact revenue by reducing power consumption and how purchases arriving out of sync with budgeted timing can cause discrepancies in budget-to-actual comparisons.

Budget Amendment Proposal

Manager Lehigh informed the Board that following a detailed analysis of actual expenses compared to budget, staff has identified an error in software allocations. This inaccuracy resulted in certain overhead expenses not being included in the 2024 budget that was initially presented and approved by the Board. Staff has found and corrected the error and is now requesting a budget amendment totaling \$270,128 to incorporate additional overhead expenses directly into the 2024 operating budget. Manager Zaporski added that even with the amendment to accommodate additional overhead expenses, the overall budget remains healthy, and financial ratios remain within the equity management policy requirements. Director Brown motioned to approve a budget amendment in the amount of \$270,128 for additional overhead expenses attributed directly to the 2024 operating budget. Director Alexander seconded. Following discussion, the motion was voted and carried. This motion will be ratified at the April 2024 Board of Directors meeting as it did not meet the 10-day advance notice requirement.

Marketing & Member Services

Manager Freeman reviewed his report, highlighting that the Ophir General Assembly approved SMPA to proceed with feasibility studies for a microgrid aimed at enhancing resiliency in the Ophir area, noting the study excludes consideration of town-owned lots. Manager Freeman advised that SMPA is exploring grant funding to support member engagement and communication regarding safety related to new beneficial electrification technologies. This could include training sessions to raise awareness about battery safety and microgrids.

Information Technology

Manager Tea reviewed the IT report and added that SMPA's IT Specialist, Mark Prezbindowski, has been accepted into NRECA's MIP Select Program. The Management Internship Program (MIP) Select is an intensive two-week blended learning experience focused on select cooperative utility management topics and issues with a specific focus on implementing strategic business improvements and organizational changes. The program is designed for cooperative leaders who want a better understanding of the ever-changing utility industry, insights into the co-op's functional areas, and the information and tools needed to expand their impact.

Administration & Human Resources

Manager Zaporski reviewed the Administration and Human Resources report, highlighting those cooperatives offering NRECA benefits, such as the 401k Pension Plan, Retirement Security Plan, and NRECA Group Benefits Plan, are required to undergo a participant review every five years. This review, conducted by an independent accounting firm, aims to identify and address compliance issues. Its purpose is to assist the cooperative in mitigating unexpected non-compliance costs and to educate cooperative management on eligibility-related operational and compliance matters. Manager Zaporski further noted that an NRECA field representative is scheduled to be on-site to facilitate discussions with staff members regarding retirement benefits.

The Board reviewed an updated Policy 308, Energy Efficiency Credits. Proposed updates include updating the policy title to Beneficial Electrification Rebates. Director Rhoades motioned to adopt Policy 308 as presented. Director Alexander seconded. The motion was voted and carried.

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

Engineering | Operations | Safety and Regulatory Compliance

Manager Fox reviewed his report, highlighting Tri-State has a large fire mitigation project scheduled for fall 2024 between the Burrow Bridge Substation and Silverton area, noting it's nice to see Tri-State spending vegetation funds in SMPA's service area. Manager Fox added that he attended NRECA's TechAdvantage conference, where the focus is new technologies in the industry; his takeaway is that SMPA is further along than a lot of cooperatives, especially for our size.

7. BOARD TOPICS

SMPA Property Tax Valuations,

Manager Lehigh discussed the property taxes that SMPA pays and reviewed how SMPA property taxes are calculated. Annual Statement of Property is filed annually at the State Division of Property Taxations. Manager Lehigh explained that the valuation is not directly associated with the underlying value of the land; it is based on the incoming producing assets, i.e., lines, substations, etc., and that is associated with the value of the business, calculated on a 5-year average. The assets are categorized by the county they are located in, and that will be the county that receives the taxes.

8. ASSOCIATED MEETING REPORTS

Eco-Action- Toby Brown

Director Brown advised that the next EcoAction Partners meeting will take place in April.

CREA- Debbie Cokes

N/A

Legislative Review

Director Zaporski conducted a review of multiple proposed legislative topics, including a proposed local government utility relocation in right-of-way areas, a state standard targeting vehicle idling, legislation aimed at enhancing air quality, fair labor practice requirements customized for broadband projects, and a bill concentrating on energy and carbon management regulations. Additionally, a dedicated working group has been established to review and propose amendments to Colorado State Net Metering Laws. The group is comprised

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of representatives from major utilities, members of the Colorado Rural Electric Association (CREA), distribution cooperatives, delegates from the Colorado Solar and Storage Association (COSSA), and various industry stakeholders. The group is charged with evaluating options aimed at promoting equity among consumers, strengthening grid stability, improving overall grid health, and ensuring fairness for both net metering and non-net metering consumers alike.

Western United (WU)- Dave Alexander
N/A

Tri-State- Kevin Cooney

Director Cooney advised that Tri-State's Renewable Energy Plan establishes a commitment that by 2030, 89% of the power supplied by Tri-State will be from renewable sources. To help achieve that goal, Tri-State intends to take advantage of the New ERA funds and move forward with purchasing its first large megawatt (MGW) renewable energy facilities. Renewable projects may include solar, wind, and battery storage options. Director Cooney highlighted that the Empowering Rural America (New ERA) program includes provisions enabling direct payment to cooperatives instead of relying solely on tax credits for renewable projects. This aspect enhances the economic viability for eligible rural electric cooperatives to pursue the ownership of renewable projects rather than opting for a Power Purchase Agreement (PPA).

9. ATTORNEY'S REPORT

Executive Session

Director Garvey made a motion at 1:43 PM to enter into an executive session for personnel and contractual issues. Director Brown seconded. Director Cokes and Director Rhoades were absent. The motion was voted and carried. The Board entered executive session at 1:43 PM and came out at 2:50 PM. While in the executive session, no decisions were made, nor votes taken.

10. BOARD CALENDAR/TRAVEL

The Board reviewed upcoming meetings and training opportunities, including Tri-State's Annual Meeting, scheduled for April 2-3, 2024, in Westminster, CO.

11. MISCELLANEOUS

Manager Zavorski congratulated Director Felicelli on receiving the NRECA Directors Gold Continuing Education Certificate. NRECA's Director Certificate Programs (offered in three levels, from fundamental to advanced) are designed to help electric cooperative directors, at every stage of their service, understand their roles and responsibilities, stay up to date on the key issues and trends in the industry and prepare them to meet the challenges facing electric cooperatives now and in the future. The Gold Continuation Certificate is the highest level of the certification process. It recognizes a director's ongoing commitment to advancing their knowledge and executing the individual's Board responsibilities to the best of their ability.

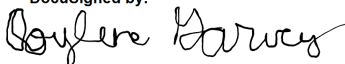
12. NEXT MEETING

The next regular Board of Directors meeting will be held on Tuesday, April 23, 2024, in Nucla and via Zoom. The May 2024 meeting will occur on Tuesday, May 21, 2024, in Ridgway and via Zoom.

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13. ADJOURN

At 2:54 PM, Director Garvey motioned to adjourn the meeting. Director Alexander seconded. The motion was voted and carried.

DocuSigned by:

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Doyleene Garvey, Secretary/Treasurer