

## **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 9:01 AM. The meeting was held in person at the Nucla office location and via Zoom Video/Teleconference. Director Alexander, Director Garvey, and Director Brown attended the meeting in person at the Nucla office. Director Rhoades, Director Felicelli, and Director Cooney attended the meeting via Zoom Video/Teleconference. No director for District 6 was present.

## **3. MOMENT OF SILENCE IN HONOR OF DEBBIE COKES**

The meeting began with a moment of silence to honor the memory of Debbie Cokes, a respected member of the SMPA Board, who passed away in March 2024. Director Felicelli expressed appreciation for her dedication and commitment, noting she was an incredible asset to SMPA.

## **4. APPROVAL OF CONSENT AGENDA**

Director Garvey motioned to approve the consent agenda (April 23, 2024), including the meeting minutes from March 26, 2024, including the ratification to approve a budget amendment of \$270,128 for additional overhead expenses. Director Alexander seconded. The motion was voted and carried.

## **5. MEMBER OR CONSUMER COMMENTS**

General Member/Consumer Comments

- Director Cooney reported receiving questions about SMPA's participation in the Navajo Nation project. He informed the member that we were not involved in the Navajo Nation project; however, SMPA has been involved with the Guatemala Electrification projects.
- A member in attendance at the meeting asked questions regarding the \$52 million Tri-State contract buy-out and SMPA's collaboration with Guzman Energy. Manager Zaporski reported that SMPA continues to explore power supply options that align with SMPA's commitment to delivering safe, reliable, cost-effective, and environmentally responsible electrical services. For further details, the member was encouraged to address specific questions offline with a staff member.

## **6. STRATEGIC PLANNING**

People and Culture – To strengthen our positive work culture and environment to best support, encourage, and develop employees to maximize performance and efficiency while retaining and attracting top talent. – Danielle Rodriguez and MartyJo Davis

Executive Assistant MartyJo Davis advised that an interdepartmental team committee has been formed to develop initiatives to help achieve the People & Culture Objective. Initiatives encompass a focus on policies, programs and benefits, training and development opportunities, succession planning and wellness initiatives. Mrs. Davis also highlighted existing programs that support the People and Culture objective, reviewed timelines associated with each initiative, and identified Key Performance Indicators (KPIs).

Safety – To promote our safety culture through training and reinforcement while instilling ownership and accountability within every employee. – Darcy Weimer and the Safety Committee  
Safety and Regulatory Compliance Coordinator Darcy Weimer reported that the Safety Committee has convened multiple times to develop strategies to achieve the safety objective. They have reviewed SMPA's Safety Commitment Statement, which affirms 'Safety is, above all else, SMPA's #1 core value,' and have utilized it to guide their efforts towards enhancing communication and community engagement. Initiatives discussed include fostering dialogue through small employee group discussions, bolstering community involvement by participating in school events, conducting safety awareness exercises such as mayday drills, and introducing a comprehensive SMPA-specific safety manual with dedicated small section reviews with staff. Mrs. Weimer emphasized the pivotal role of effective communication and provided insights into the timelines and Key Performance Indicators (KPIs) for each initiative.

## **7. CEO ITEMS**

### **Power Supply Update**

Manager Zaporski advised that the Federal Energy Regulatory Commission (FERC) has yet to approve Tri-State's rate plan submission, noting that FERC provided an answer of non-compliance, specifically calling out issues with Cost Recovery between the East and West sides of their system, the need to unbundle all ancillary service charges and that Tri-State would still need to defend its proposed rolled in rate treatment of transmission assets. If FERC decides to directly assign radial line expenses to the cooperative utilizing the line rather than sharing them, it could significantly impact SMPA as a large portion of SMPA service territory is served by radial transmission. While Tri-State suggests that FERC generally agrees with their perspective on sharing the radial line expense, no official ruling has been issued yet. It is anticipated that Tri-State will submit a revised rate plan to FERC in hopes of getting the rate increase approved.

Additionally, Manager Zaporski noted a significant change in the proposed rate structure: the introduction of a formulary rate. With this method, Tri-State inputs their costs into a formula to calculate the new rate, which will fluctuate annually. This marks a departure from SMPA's traditional payment approach for its largest expense item. To address this at the retail level, SMPA can add a Power Cost Adjustment (PCA) line item to billing statements. The PCA helps manage fluctuating costs associated with purchasing power. Members may see a PCA credit or charge on their electric bills based on the wholesale power market. Presenting this as a separate line item allows SMPA to maintain transparency and inform members about associated charges without needing to alter rate structures.

Manager Zaporski communicated that staff are utilizing this information to further analyze and pursue the optimal power supply option. At present, staff has not identified a definitive answer regarding the best long-term power supply strategy. SMPA continues to engage in discussions with Guzman, the winner of the Power Supply RFP from a couple of years ago. It's important to note that Guzman has experienced significant increases in new load demand since SMPA initially expressed interest. Additional information is contractual in nature and will be discussed in the executive session.

### **Rate Discussion**

Manager Zaporski informed the Board that staff is actively analyzing data and collaborating with consultants to craft a proposal for rate structure changes, which is scheduled to be presented in August. While SMPA has implemented rate changes in the past, the upcoming proposal represents a significant shift, as it focuses on modifying the rate structure itself rather than just altering fees.

### **Introduction of Employee Guests**

Kelly Truelock, Senior Staff Accountant; Joshua Hainey, Senior Staff Accountant; Megan Rutherford, Energy Service Technician; Phil Zimmer, Energy Services Manager; Mark Prezbindowski, IT Specialist; Mike Therriault, Engineering Supervisor; Greg James, Facility Maintenance Technician and Alex Shelley, Communications Executive, attended the meeting, either in person or virtually via the Zoom webinar platform.

### **Community Focus Donations**

The Board reviewed the application scorecard results. Following review, Director Garvey motioned to award the Community Focus donation (as follows) and apply for Basin match when applicable. Director Cooney seconded. The motion was voted and carried. The awarded amounts are as follows:

- Telluride Mountain School, \$500 with a \$500 Basin Electric match request.
- Ouray County Young Life, \$500 SMPA donation.
- Ouray County Schools Community Resource Consortium dba Voyager Youth Program, \$750 SMPA donation with a \$750 Basin Electric match request.
- Mt. Sneffels Education Foundation, \$750 SMPA donation with a \$750 Basin Electric match request.
- Uncompahgre Watershed Partnership, \$500 SMPA donation with a \$500 Basin Electric match request.
- Ouray School- Boys/Girls Basketball, \$500 SMPA donation with a \$500 Basin Electric match request.
- San Juan Film Institute (Ouray International Film Festival), \$500 SMPA donation with a \$500 Basin Electric match request.
- San Miguel Basin Rodeo, \$750 SMPA donation with a \$750 Basin Electric match request.
- Silverton Creative District, \$600 SMPA donation with a \$600 Basin Electric match request.
- Telluride Adaptive Sports Program, \$700 SMPA donation with a \$700 Basin Electric match request.
- Water Days Steering Committee (WDSC), \$500 SMPA donation with a \$500 Basin Electric match request.
- Rico Trail Alliance, \$550 SMPA donation with a \$550 Basin Electric match request.
- Ah Haa School for the Arts, \$500 SMPA donation with a \$500 Basin Electric match request.
- Tabeguache Trail Riders, \$500 SMPA donation with a \$500 Basin Electric match request.
- Montrose County Senior Citizens Transportation dba All Points Transit, \$500 SMPA donation with a \$500 Basin Electric match request.

### **Board Donations**

Director Garvey donated \$900 to the Nucla-Naturita Senior Citizens and requested staff apply for a matching donation from Basin Electric.

Director Garvey donated \$100 to the Second Chance Humane Society in honor of Debbie Cokes.

Director Cooney donated \$100 to the Second Chance Humane Society in honor of Debbie Cokes.

Director Alexander donated \$100 to the Second Chance Humane Society in honor of Debbie Cokes.

Director Brown donated \$100 to the Second Chance Humane Society in honor of Debbie Cokes.

Director Felicelli donated \$100 to the Second Chance Humane Society in honor of Debbie Cokes.

Director Rhoades donated \$100 to the Second Chance Humane Society in honor of Debbie Cokes.

Director donations to Second Chance Humane Society total \$600, and a matching donation request will be submitted to Basin Electric.

## **Finance**

### **Financial Review**

Manager Lehigh highlighted that revenues for the first quarter fell below budget expectations, mainly due to weather-related factors. Warmer temperatures led to decreased kWh sales, consequently lowering revenues. However, Mr. Lehigh emphasized that despite this variance, operating margins and net margins are still ahead of anticipated levels compared to the budget. He also noted that key financial ratios remain strong at this point.

### **Board Education**

Manager Zaporski introduced Key Ratio Trend Analysis (KRTA), describing it as a set of indicators used to assess the performance of a cooperative. Manager Lehigh added that staff currently communicates 28 KRTAs in the Board reports. Manager Lehigh organized the 28 reported KRTAs into five distinct groups. These include basic KRTAs, which provide a snapshot of the cooperative's standing at a given moment; financial KRTAs, serving as indicators of stability and adherence to loan covenants; plant KRTAs, demonstrating the performance of infrastructure; controllable expenses KRTAs, which show the use of revenue; and fixed expense KRTAs, highlighting the largest expenses relative to the rate base. Manager Lehigh reviewed the financial reports and highlighted where to find the information, noting that future education opportunities will delve into more detail on understanding the KRTA's and what they communicate.

### **Cooperative Credit Card Program Update**

Executive Assistant MartyJo Davis reported that staff has explored enhanced credit card programs, investigating various options, focusing on improved reconciling, reporting, customer service, and cash-back rebate capabilities. After thorough research, the staff is prepared to proceed with the US Bank/CFC One Bank Card and Concur Expense Management Solutions. The necessary paperwork for the new card program will be presented at the May Board meeting for Board approval.

### **2023 Audit Presentation and Acceptance**

Kevin Kelso, CPA, P.C., P.A., reviewed the 2023 audit report with the Board of Directors.

Director Alexander made a motion at 11:26 AM to enter into executive session to review the 2023 audit report. Director Garvey seconded. The motion was voted and carried. The Board entered into executive session at 11:26 AM and came out at 11:34 AM. While in executive sessions, no decisions were made, nor votes taken.

Director Rhoades motioned to accept the 2023 audit report as presented with no questions or issues. Director Alexander seconded. The motion was voted and carried.

## **Marketing & Member Services**

Manager Freeman provided an update on ongoing feasibility studies for Rico, Ridgway, Ophir, and Silverton, indicating that sufficient information from contractors has been obtained on some project costs. This allows for progress in applying for the construction grant round. If funds are successfully secured, an RFP for final costs will be released. Additionally, staff continues outreach efforts for microgrid education. Manager Freeman highlighted SMPA's participation at the Telluride School's Solar and Microgrid Ribbon Cutting event, citing it as a model renewable project. He noted that it is an example of how rooftop solar can contribute to supporting the grid of the future and help the school meet its renewable energy goals.

#### Replacement of a District 6 Board Seat

Manager Zaporski and Communications Executive Alex Shelley discussed the process and proposed timeline for the current Board of Directors to address the vacancy for the District 6 Director position. The process entails opening the position and inviting interested candidates to submit a cover letter and resume. Next, the Board will review resumes, conduct interviews with candidates, and ultimately select an individual to be announced at the annual meeting. Legal Counsel recommended that the May agenda include an adjournment for all agenda items except for the appointment of the District 6 Director to allow sufficient time for the Board to conduct interviews, deliberate on options, and make a decision.

#### Information Technology

Manager Tea provided an overview of the IT report, highlighting the upcoming project to update fiber on the system, informing the Board that this project is substantial, covering a wide geographic area and requiring extensive coordination for a swift completion.

#### Administration & Human Resources

Manager Rodriguez did not have anything to add to her report.

The Board reviewed Policy 101, Directors Creed. After discussion, it was decided that further refinement was necessary for Policy 101, Directors Creed. The Board requested that Legal Counsel review the Directors Creed and propose simplifications for consideration at the May Board of Directors meeting.

The Board reviewed Policy 310, Pole Attachments. After review, it was determined that Policy 310, Pole Attachments, was no longer needed and should be eliminated. Director Alexander motioned to eliminate Policy 310. Director Rhoades seconded. Following discussion, the motion was voted and carried.

#### Engineering | Operations | Safety and Regulatory Compliance

Manager Fox provided an update on his report, highlighting that staff continues to regularly meet with contractors overseeing phase one of the Red Mountain Electrical Reliability and Broadband Improvement Project (RMERBIP). He noted that Tri-State will be deploying a mobile substation to Silverton in early June. During this process, Silverton will experience an outage as power is transitioned from the Cement Creek substation to the mobile substation. This outage is necessary to facilitate Tri-State's upgrades of transmission assets in the area, which will lead to improved reliability.

#### 8. BOARD TOPICS

##### Appoint CREA Representative

The Board discussed the appointment of a CREA Representative and decided to leave the position vacant for the time being and reassess the situation after the new District 1 and District 6 directors are established.

#### 9. ASSOCIATED MEETING REPORTS

##### Eco-Action- Toby Brown

Director Brown provided an update on Eco-Action's ongoing efforts to champion environmentally-friendly initiatives in regional communities. This includes their involvement in organizing electronic recycling events in the Telluride area. Additionally, Eco-Action has been actively engaged in facilitating the development of regional composting programs.

CREA- N/A

Western United (WU)- Dave Alexander  
N/A

Tri-State- Kevin Cooney

Manager Zaporski reported that Tri-State is currently navigating several challenging issues, including the Colorado State Energy Resource Plan filings, FERC filings, and United Power's departure, alongside the onboarding of new executive staff members. Tri-State is addressing the issues, however they are delayed by many factors that are beyond their control. Manager Zaporski advised that the conversation is ongoing regarding Tri-State's proposed Bring Your Own Resource (BYOR) program, which represents the latest iteration of a Partial Requirements Contract (PRC). Manager Zaporski informed that SMPA has received the initial tariff of the program, a legal document outlining program details. SMPA staff has reviewed the document and provided feedback to Tri-State. Manager Zaporski noted that while it's early to determine, there are potential projects that might align with the BYOR program, especially if combined with grant and tax incentive opportunities. Furthermore, Director Cooney reported that the Tri-State Contract Committee has been suspended pending the finalization of certain FERC and legal decisions.

#### **10. ATTORNEY'S REPORT**

Executive Session

Director Alexander made a motion at 2:54 PM to enter into an executive session for personnel and contractual issues. Director Rhoades seconded. The motion was voted and carried. The Board entered executive session at 2:54 PM and came out at 4:27 PM. While in the executive session, no decisions were made, nor votes taken.

Following executive session, Director Alexander motioned for legal Counsel to amend the employment agreement for the CEO/General Manager. Director Rhoades seconded. Following discussion, the motion was voted and carried. This motion will be re-ratified at the May Board of Directors meeting as it was not noticed as an action item.

#### **11. BOARD CALENDAR/TRAVEL**

The Board reviewed upcoming meetings and training opportunities.

#### **12. MISCELLANEOUS**

Manager Zaporski relayed that both Tri-State CEO Duane Highley and CREA Executive Director Kent Singer have expressed interest in attending and presenting at an upcoming SMPA Board of Directors meeting. While the Board welcomed their attendance, they chose to delay setting dates until new District 1 and District 6 Directors have been established.

#### **13. NEXT MEETING**

The next regular Board of Directors meeting will be held on Tuesday, May 21, 2024, in Ridgway and via Zoom. SMPA's Annual Meeting will occur on Thursday, June 6, 2024, in Nucla and via Zoom.

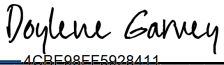
The June 2024 regular Board of Directors meeting will occur on Tuesday, June 25, 2024, in Nucla and via Zoom.

Record of Proceedings  
San Miguel Power Association  
Board of Director Meeting Minutes of  
April 23, 2024 (Nucla and Zoom Virtual Meeting)

**14. ADJOURN**

At 4:29 PM, Director Rhoades motioned to adjourn the meeting. Director Alexander seconded. The motion was voted and carried.

DocuSigned by:

  
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Doyleene Garvey, Secretary/Treasurer