

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
December 16, 2025 (Nucla and Zoom Virtual Meeting)

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 Directors' regular meeting to order at 9:03 AM. The meeting was held at SMPA's Nucla Office and via Zoom Video/Teleconference. Director Loczy, Director Alexander, Director Cooney, Director Felicelli, Director Szwarc and Director Kurzweil attended the meeting in person at SMPA's Nucla Office. Director Brown was absent from the meeting.

3. APPROVAL OF CONSENT AGENDA

Director Loczy motioned to approve the consent agenda (December 16, 2025), including meeting minutes for November 18, 2025. Director Alexander seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- Director Cooney shared a member inquiry regarding balcony solar options. Staff noted that standards and product readiness remain considerations and that SMPA plans to work with the Colorado Solar and Storage Association (COSSA) to identify qualified vendors and provide informational guidance to members as part of SMPA's beneficial electrification and renewable energy education efforts.
- Director Cooney shared that he attended a geothermal workshop hosted by the National Renewable Energy Laboratory (NREL) in November, noting strong community interest and discussion regarding the potential applicability of geothermal resources in the region.
- Manager Zaporski reported a written comment received following the November Board meeting expressing a preference that donations be suspended in the event of a rate increase.

5. STRATEGIC PLANNING

Member Education & Engagement – To provide education and tools that maximize the benefits of our members relationship with SMPA. – Wiley Freeman and Alex Shelley

Communications Executive Alex Shelley and Manager Freeman presented the culminating, three-year overview for the Member Education and Engagement strategic objective. Highlights included the Timing Matters campaign and related Time-of-Use education, expanded member outreach and engagement efforts, wildfire mitigation communications, and member tools and programs such as rebates, on-bill repayment, and billing enhancements. The presentation also summarized progress in strengthening community partnerships and stakeholder relationships while also advancing education around new energy technologies and initiatives.

6. C.E.O. REPORT

Power Supply/FERC (Federal Energy Regulatory Committee) Update

Manager Zaporski reported that the FERC rate case settlement has been accepted for filing, formally closing the settlement process and leaving the matter pending final approval by the FERC Commission. He noted that, once approved, the rate case will be concluded and Tri-State will begin forming a new contract committee to initiate the next review cycle.

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New ERA Grant Funding Update

Manager Zaporski provided an update on SMPA's New ERA Grant, noting ongoing uncertainty surrounding the federal program. He reported that staff met with Tri-State representatives, and that Tri-State plans to raise both its own New ERA grant and SMPA's project with senior USDA leadership to seek clarity on the program's status and funding outlook. Manager Zaporski advised that while SMPA has received a grant commitment letter, compliance and funding risks remain. He also noted recent Montrose County land-use approvals that allow SMPA to proceed with the special use permit process for the project site.

Ouray Hydro / Coal Creek Hydro

Manager Zaporski provided an overview of the Ouray Hydro and Coal Creek Hydro projects and noted their Policy 115 contracts and related PPAs are scheduled to expire in February, requiring upcoming Board consideration regarding renewal. He summarized key operational considerations for each facility and reiterated the Board's direction to avoid subsidizing these projects with rates, noting any prior support has been through the voluntary Green Fund. Detailed contractual and financial terms were reserved for executive session.

CREA Building Finance Updates

Manager Zaporski reported that CREA has completed its move into the new facility, which offers improved meeting spaces and enhanced safety due to its location, and will better support CREA's operations going forward. He also noted that SMPA received a refund for a portion of its initial contribution made as part of its membership responsibility in securing the facility.

Introduction of Employee Guests

Employee Recognition Award

Manager Zaporski reviewed SMPA's Employee Recognition Program, which allows employees to nominate peers for outstanding contributions across several defined categories. He announced that Ms. MartyJo Davis was nominated for on-the-job excellence, citing her exceptional work coordinating and compiling the 2026 budget materials, as well as her consistent professionalism, attention to detail, and positive impact on team operations and workplace culture.

Joshua Hainey, Senior Staff Accountant; Megan Rutherford, Energy Service Technician; Mike Therriault, Engineering Supervisor; Kelly Truelock, Senior Staff Accountant; Jackie Sinclair, GIS Specialist; Eric Pottorff, Operations Manager; Keli Busch, Plant Accountant; Dustin Smuim, Fleet & Facilities Supervisor; and Alex Shelley, Communications Executive, attended the meeting, either in person or virtually via the Zoom webinar platform.

Community Focus Donations

The next donation review is scheduled for January 2026.

Executive Assistant MartyJo Davis reported that Basin Electric has no remaining matching funds for the current year and that matching funds will reset in January.

Board Donations

Director Alexander donated \$200 to KOTO Radio.

Director Loczy donated \$450 to the West End Family Link.

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Finance

Financial Review

Manager Lehigh presented the October financial report, noting that revenues were generally in line with budget after accounting for a prior billing adjustment that affected September and October results. Purchased power costs were significantly below budget, resulting in favorable operating and net margins for the month. He highlighted continued growth in SMPA's asset base, driven largely by infrastructure investments, including the Red Mountain project, and reported positive progress on the financial audit with minimal inventory variances identified. Discussion also included early indicators of reduced energy sales associated with mild winter conditions and local economic activity. Staff noted that while lower sales may continue into December, SMPA has tools in place to help manage these fluctuations, including deferred revenue reserves and long-term rate strategies such as the increased access charge, which helps reduce reliance on energy sales to support grid maintenance.

Member Dividend/Capital Credit Retirement Proposal

Manager Lehigh reviewed capital credits/member dividends and proposed a \$614,754.38 member dividend retirement to the membership. Following discussion, Director Alexander motioned to retire \$614,754.38 in capital credits/member dividends using the FIFO (First In, First Out) method to be distributed in March 2026. Director Loczy seconded. The motion was voted and carried.

Marketing & Member Services

Set Annual Meeting/Election Date and Location

Director Alexander motioned to set the Annual Meeting date for June 4, 2026, at the SMPA facility in Nucla, with the event to start at 4:30 PM and the business meeting to begin at 5:30 PM. Director Kurzweil seconded. The motion was voted and carried.

Microgrids for Community Resilience Grant / Ridgway & Rico Microgrids

Manager Wiley Freeman provided an update on the Rico and Ridgway community microgrids and clarified the item was informational, with no action requested. He reported SMPA is still narrowing bidders in the RFP process and expects to bring final pricing and a recommendation to the Board in January. He noted Power Systems Engineering is supporting the RFP process through a DOLA-funded grant, and that preliminary RFP details would be discussed in executive session.

Manager Freeman reviewed how battery energy storage could support both resiliency and cost management. He described the Rico concept as a 1 MW / 4 MWh system (approximately four-hour duration) intended to provide backup power during outages and restoration events. He explained that SMPA's Tri-State wholesale costs include significant peak-related demand charges based on the highest 30-minute interval between 1:00 p.m. and 9:00 p.m. (excluding Sundays and holidays), and that battery dispatch could help reduce those costs. He outlined two potential operational pathways: (1) a Policy 115 approach, where SMPA would control dispatch to target peak reduction, and (2) participation in Tri-State's Member Battery Energy Storage System demand response program, where Tri-State would control dispatch in exchange for a more predictable revenue stream. Board discussion noted the challenge of predicting peaks in real time, the need to preserve reserve capacity for outages, and the importance of selecting a dispatch strategy that balances resiliency with financial benefit.

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Sharing Success Grant Awards

Key Accounts Executive Paul Hora reported that CoBank matching funds expanded the total award pool and that the Sharing Success Committee reviewed fifteen (15) applications. Following a review of the applications, the committee's recommendations are below:

• San Juan Historical Society	\$7,500
• Telluride Mountain Club	\$7,500
• Silverton Singletrack Society	\$7,500
• West End Family Link	\$7,500

Following discussion, Director Alexander motioned to approve the 2025 Sharing Success Grants Committee recommendations as presented. Director Felicelli seconded. Director Cooney was recused from the vote due to a conflict of interest related to his service on the Telluride Mountain Club Board. The motion was voted and carried.

Information Technology

Manager Tea reported that a recent third-party cybersecurity audit found SMPA to be at low risk, with one identified issue promptly resolved, and emphasized the importance of continued employee vigilance against phishing threats. He also noted that NISC will phase out the Call to Order iPad application by the end of 2026, transitioning to a web-based platform with similar functionality, with SMPA staff coordinating the migration expected to begin mid-2026. Additionally, SMPA is developing internal AI usage guidance outlining recommended practices, limitations, and considerations for artificial intelligence tools, which will be shared with the Board at a future date.

Administration & Human Resources

Manager Rodriguez provided a staffing update, reporting that an internal candidate accepted the service planning role, creating a vacancy in the fleet technician position in Nucla. She also noted that the fleet technician in Ridgway submitted a resignation, resulting in a second fleet technician vacancy. Staff will begin recruitment and manage transition needs accordingly.

The Board reviewed Policy 102, Functions of the Board of Directors. No changes or updates proposed. Director Alexander motioned to approve Policy 102 as presented. Director Kurzweil seconded. Following discussion, the motion was voted and carried.

The Board reviewed Policy 106, Compensation & Expenses of Board Members. Minor grammatical updates were proposed. Director Loczy motioned to approve Policy 106 as presented. Director Alexander seconded. Following discussion, the motion was voted and carried.

Resolution Authorizing the Adoption of the Secure Act & Secure 2.0 Amendment for the 457b
 Manager Rodriguez presented an action item to approve a resolution restating SMPA's 457(b) Deferred Compensation Plan to ensure compliance with the SECURE Act and SECURE 2.0. She explained that recent legislative changes required updates and recommended a full plan restatement, rather than a standalone amendment, to streamline administration and incorporate updated, clearer language. The restated plan includes a revised distribution provision extending the allowable distribution period from one year to three years, consistent with SECURE Act requirements. Director Loczy motioned to approve a resolution restating the

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adoption of the SECURE Act and SECURE 2.0 amendments to the SMPA 457(b) Plan. Director Alexander seconded. Following discussion, the motion was voted and carried.

Engineering | Operations | Safety & Regulatory Compliance

Manager Fox reported that the Red Mountain Reliability and Broadband Improvement Project received a permit extension from the U.S. Forest Service through 2030, accommodating delays related to material costs and permitting. He also noted recent coordination with Tri-State involving switching at the Dallas Creek Substation, underscoring the Red Mountain line's importance to system resiliency for both SMPA and Tri-State. He shared highlights from the Colorado Utility Wildfire Consortium Summit, noting strong collaboration among utilities statewide and confirming that SMPA's wildfire mitigation, grid hardening, and operational practices align with those of larger utilities. Manager Fox further reported an exceptionally strong outage report for the month, with outages largely planned, reflecting effective vegetation management and overall system reliability.

7. BOARD TOPICS

Tri-State Board Policy 115

Manager Zaporski provided a high-level update on Tri-State Board Policy 115, noting that the revised policy is embedded in Tri-State's amended wholesale power contract currently pending approval by the Federal Energy Regulatory Commission (FERC). He highlighted that the increase in the allowable local resource participation cap from 5% to 20% represents a significant and visible change, potentially enabling additional or larger SMPA-sponsored local generation projects. He further noted that the revised policy also includes less visible but substantive updates to eligibility, compensation, and operational and dispatch provisions, which may affect the economic viability, revenue treatment, and operational strategy of both existing resources and future projects. Collectively, these changes may influence SMPA's approach to future local generation investments, contract renewals, and integration with Tri-State's wholesale power supply. Due to the contractual nature and complexity of Policy 115, further discussion will occur in executive session.

8. ASSOCIATED MEETING REPORTS

Eco-Action- Toby Brown

N/A

CREA- Val Szwarc

Director Szwarc provided a brief update on recent CREA activities, noting completion of CREA's facility relocation and approval of the 2026 budget, resulting in an approximate 5% increase for member cooperatives. He summarized discussions from a joint CREA board and manager meeting focused on potential 2026 state legislation, including wildfire liability mitigation and clean energy policy. Director Szwarc noted mixed perspectives among cooperatives on proposed legislation, with general support for an amend-rather-than-oppose approach to maintain legislative relationships while influencing outcomes. He also noted continued monitoring of transmission-related and regulatory issues, with some discussion deferred to executive session.

Western United (WU)- Dave Alexander

Director Alexander reported that Western United's November sales were approximately 7% lower than the prior year, with year-to-date sales up modestly at about 1%. Reduced purchasing by member cooperatives has been partially offset by higher sales to non-members, who pay higher rates. Overall activity is normalizing, with total volume down from last year and slower construction across most service areas, while Colorado and Arizona continue to see modest growth.

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Tri-State- Kevin Cooney

Director Cooney provided a Tri-State update, noting potential federal direction that could require the Craig power plant to remain “ready-to-run” beyond its planned retirement, which could add ongoing costs despite Tri-State’s current reserve margin levels. He also reported that several Nebraska member systems have announced plans to exit Tri-State, a complex situation tied in part to eastern interconnect considerations and potential implications for Tri-State’s financial posture. Director Cooney noted Tri-State continues work to smooth long-term rate projections (reducing the likelihood of a single large increase in 2027) and is evaluating a transmission build tied to Southwest Power Pool participation that carries near-term cost but is projected to generate long-term revenue. He further highlighted emerging discussions around large “non-native” loads (e.g., data centers), including potential new rate approaches and the importance of protecting territorial integrity. He closed by noting Tri-State reached a new solar peak with recent project additions and that he plans to participate in a Tri-State delegation trip to Washington, D.C. in February to engage USDA and congressional offices on key cooperative priorities.

9. ATTORNEY'S REPORT

Board Districts

Discussion of Board districts was deferred to the next meeting.

Executive Session

Director Loczy made a motion at 2:00 PM to enter into an executive session for personnel and contractual issues. Director Alexander seconded. The motion was voted and carried. The Board entered into executive session at 2:00 PM and came out at 3:53 PM. While in executive session, no decisions were made, nor votes taken.

10. BOARD CALENDAR/TRAVEL

The Board reviewed upcoming meetings and training opportunities, including CREA’s Annual Meeting scheduled for April 9-10, 2026, in Westminster, CO.

11. MISCELLANEOUS

2026 Calendar Review and Off-Site Meeting Discussion

The Board reviewed the upcoming meeting schedule and potential off-site locations. The Board discussed and identified that the September Board of Directors meeting be held in Silverton and that the July Board of Directors meeting is tentatively planned for Mountain Village. Staff will explore alternative venue options for the July meeting, including Telluride, with consideration for adequate meeting space, audiovisual needs, and accommodation for public attendance, and will report back before arrangements are finalized. The Board also discussed that 2026 will include a tri-annual strategic planning session, to be held over two days in July at an off-site location to be determined.

General Counsel Contract Renewal

Director Loczy motioned to renew Jim Link’s general counsel contract for another year. Director Kurzweil seconded. The motion was voted and carried.

Director Certification Presentation

NRECA Director Certificate Programs are offered at three levels, from fundamental to advanced, and are designed to equip electric cooperative directors with the knowledge and skills needed to effectively fulfill their

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roles, stay informed on industry trends, and navigate current and future challenges. Manager Zaporski congratulated Director Felicelli on renewing his Director Gold Certification, noting that participation in these programs strengthens directors' ability to serve the cooperative and its members effectively.

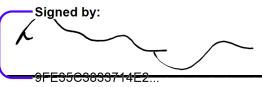
12. NEXT MEETING

The January 2026 regular Board of Directors meeting will occur on Tuesday, January 20, 2026, in Ridgway and via Zoom virtual meeting.

The February 2026 regular Board of Directors meeting will occur on Tuesday, February 24, 2026, in Nucla and via Zoom virtual meeting.

13. ADJOURN

At 3:23 PM, Director Loczy motioned to adjourn the meeting. Director Cooney seconded. The motion was voted on and carried.

Signed by:

Toby Brown, Secretary/Treasurer