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 Cooney called the San Miguel Power Association (SMPA) Board of Directors regular meeting to order at 9:02 AM. The meeting was held at Silverton's Grand Imperial Hotel and via Zoom Video/Teleconference. All Directors were present in person at the Silverton Grand Imperial Hotel Location.

3. APPROVAL OF CONSENT AGENDA
Director Yonder motioned to approve the consent agenda (August 25, 2026), including meeting minutes for the July 28, 2026, meeting and the ratification to approve cost recovery for postage and print services for paper billing statements. Director Loczy seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS
General Member/Consumer Comments

- Director Loczy raised a concern from a Nucla business owner who was quoted a fee by an SMPA-recommended partner to evaluate the location for a possible mini-split installation, emphasizing careful selection of program partners and clear communication of evaluation or travel fees to members.
- Director Yonder communicated a member's request for a more accessible way to report potentially hazardous trees near power lines.
- Director Yonder reported a member recommendation that SMPA explore opportunities to collaborate with Clear Networks on fiber installation along the CDOT corridor to improve internet reliability in the Down Valley area.
- Director Kurzweil recognized a positive experience with an EcoAction Partners home weatherization assessment and SMPA's prompt processing of the related rebate. The thorough, affordable service was noted as an example of a valuable community partnership.
- Director Cooney shared a member's concern regarding several recent outages and possible voltage fluctuations that could damage equipment.

5. STRATEGIC PLANNING
Director Yonder presented the committee's recommendation to condense the strategic plan into three public-facing objectives: Organizational Stewardship: Ensure SMPA remains a financially strong, operationally healthy and future-ready cooperative; Reliable and Resilient Energy System: Build and maintain an electric system that delivers reliable service while preparing for future risks and opportunities; and Member and Community Partnership: Strengthen trust, communication and engagement with members. Potential focus areas and organizational enablers will remain internal planning resources, giving staff flexibility to develop specific initiatives, performance measures and timelines. Manager Zaporski advised that detailed plans supporting each objective will be presented individually from January through March 2027, followed by progress updates every six months. Director Felicelli motioned to approve the three strategic objectives as presented. Director Kurzweil seconded. Following discussion, it was clarified that the motion approved only the wording of the three objectives and did not include the supporting focus areas, organizational enablers or proposed summary statement. The motion was voted and carried.

6. CEO ITEMS

Bring Your Own Resources (BYOR)

Manager Zaporski reported that final pricing and the application for the Bring Your Own Resources (BYOR) project were submitted in mid-August. The economic component was repriced using net present value analysis, and the four participating cooperatives combined their full BYOR allocations to create a 96-megawatt project with greater economies of scale. A decision is expected in early September. If approved, work will shift to project development and permitting in Montezuma County, with no significant concerns identified at this time.

New ERA Grant Funding Update

Manager Zaporski reported that the $10 million New ERA grant remains under review by the Rural Utilities Service (RUS) following SMPA's request to transfer the funding to the second-round BYOR project. Recent communication indicated that final approval of the scope change is still pending. All requested information has been submitted, and staff continues weekly follow-up. If approved, the grant would help offset approximately 25% of the project's power purchase costs.

Cost of Service Study Presentation, Benjamin Bratrud, Power System Engineering (PSE)

Benjamin Bratrud, Rate and Financial Consultant with Power System Engineering (PSE), presented the 2027 revenue requirements and class cost-of-service study. The analysis projected that current rates would fall approximately $2.8 million short of the anticipated 2027 revenue requirement, indicating a need for an overall increase of approximately 8% to meet operating expenses and minimum margin requirements. A rate-of-return approach indicated that an increase of approximately 13% would be needed to support planned capital projects, continue capital credit retirements and maintain SMPA's current equity position. These figures were presented as planning ranges rather than a rate recommendation.

The study also identified that some rate classes are not fully recovering their allocated costs, using the single-phase time-of-use class as one example. The calculated monthly fixed cost for that class is $55.67, compared with the current $33 access charge. Discussion emphasized the importance of balancing the access charge and energy rates, so an appropriate share of fixed costs is recovered through the access charge. It was noted that greater reliance on energy rates makes SMPA's revenue more vulnerable because it depends more heavily on kilowatt-hour sales, which can fluctuate due to weather, the loss of large loads, changes in tourism and other unexpected conditions.

Manager Zaporski explained that an increase near the lower end of the range would cover operating needs but require greater reliance on long-term debt and allow SMPA's equity position to decline. An increase closer to the higher end would provide greater support for planned reliability, battery and infrastructure projects. Staff and PSE will develop rate options for Board review and will attempt to provide preliminary options at the September meeting. A full presentation is planned for the October budget work session, with formal consideration expected at the October Board meeting to allow time for required notice and member feedback before potential implementation in January 2027.

Introduction of Employee Guests

Jake Smith, Silverton Working Foreman

Manager Zaporski reported that Jake Smith was unable to attend because the meeting conflicted with important work on the Ouray Substation rebuild project. Following several years of planning and equipment procurement, the mobile transformer was successfully energized, allowing the substation to be rebuilt without a prolonged outage to the Town of Ouray. A planned 30-minute outage for members along Camp Bird Road was completed as scheduled. Work will next move to the Red Mountain Substation as part of the Red Mountain Electrical Reliability Project.

Kelly Truelock, Senior Staff Accountant; Megan Rutherford, Member Billing Representative; Mark Prezbindowski, IT Specialist; Darcy Weimer, Safety and Regulatory Compliance Coordinator; Eric Pottorff, Operations Manager; Paul Hora, Key Accounts Executive; Keila Carver, Member Service Representative; Jacki Sinclair, ROW/GIS Analyst, Evan Coleman, Fleet Technician; Greg James, Facilities & Warehouse Technician; Phil Zimmer, Member & Energy Services Supervisor; Keli Busch, Plant Accountant; Byrd Williams, Service Planning 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 October 2026.

Board Donations
Director Szwarc donated $100 to Ridgway Fire Protection District.

Finance
Update Bank Authorized Signatures (Resolution 2026-02)
Manager Zaporski recommended deferring Resolution 2026-02 until September to allow for a comprehensive review of bank accounts and authorized signers with the incoming CFO. Current account access is sufficient to maintain operations during the review. The Board agreed to defer the item.

Financial Review
Manager Zaporski reviewed the financial report and highlighted increased distribution maintenance expenses caused by overtime related to wildfire response and more sensitive fire-mitigation system settings. These settings have increased outage frequency and restoration times, resulting in additional after-hours work. The interest expense variance continues to improve following the budget amendment, decreasing from approximately $53,000 to $28,000. Revenue remains approximately $1.3 million below budget, and SMPA remains at risk of not meeting its minimum financial ratio targets for the year. Approximately $500,000 in deferred revenue was budgeted for use in 2026, with an additional $500,000 available; however, using the full balance may only bring SMPA near the required ratios. The incoming CFO will review the ongoing budget and rate work after joining SMPA in mid-September. The Board expressed appreciation for employees working additional hours in response to wildfire conditions and related outages.

Marketing & Member Services
Programs, Projects & Initiatives Review Presentation
Key Accounts Executive Paul Hora provided a Silverton-focused update on SMPA programs, projects and initiatives. Highlights included an upcoming overnight outage at the Cement Creek Substation to accommodate Tri-State equipment replacement; electrical safety training for local first responders; and wildfire mitigation efforts involving adjusted system settings, inspections, vegetation management and advanced monitoring technology. Mr. Hora also reviewed progress on Team GOLD resiliency initiatives, local energy opportunities under Tri-State Policy 115, a planned DC fast-charging station near Silverton Town Hall, grant-funded solar carports, battery demand-response programs and the Electrify & Save on-bill repayment program. The presentation

concluded with an overview of anticipated 2027 rate pressures and SMPA's continued focus on fair and sustainable rate design.

Member Comments/Participation RE: Programs, Projects & Initiatives

Member comments, participation and questions focused on three main areas: community growth and regional reliability, local energy resiliency and independence and distributed energy opportunities.

- Community Growth & Regional Reliability: Community representatives asked whether SMPA's system could support anticipated residential and commercial growth in Silverton. Manager Zaporski confirmed that sufficient capacity is available. Discussion also addressed emerging regional reliability considerations associated with Southwest Power Pool (SPP) Energy Emergency Alerts and potential Public Safety Power Shutoffs (PSPS). A recent Level 3 alert did not result in curtailment but highlighted the importance of continued coordination among SMPA, Tri-State and local emergency partners on response and communication protocols.
- Local Energy Resiliency & Independence: Discussion included community microgrids, battery storage, home backup systems and resiliency centers that could support critical facilities and community services during outages. While leaving Tri-State would not eliminate dependence on the regional transmission system, locally distributed resources could strengthen emergency preparedness and reduce reliance on outside resources.
- Distributed Energy Opportunities: Members expressed interest in residential solar and battery systems, home-islanding capabilities and hydroelectric generation. SMPA remains open to hydroelectric opportunities, particularly those using existing water infrastructure, although permitting, project costs and economics may limit feasibility. Continued collaboration between SMPA and community partners was emphasized as essential to advancing local resiliency projects.

Manager Zaporski noted that the Programs, Projects & Initiatives presentation served as the primary Marketing and Member Services update and did not have additional items to report. The Board recognized Key Accounts Executive Paul Hora and the Member Services team for their work, including progress on distributed energy resource management and battery programs intended to support future peak reduction.

Information Technology

IT Specialist Mark Prezbindowski reported that the NISC software update was completed successfully, providing system fixes and enhancements to SMPA's billing and customer information systems. Additional updates included onboarding support, no reported cybersecurity incidents and continued GIS mapping updates to support operations and field crews.

Administration & Human Resources

Manager Rodriguez reviewed the Human Resources report, highlighting the upcoming start of a paid communications intern and Joshua Hainey's departure from the Senior Accountant position. Appreciation was expressed for his 15 years of service to SMPA. The remaining Finance team members have assumed additional responsibilities while recruitment for a Senior Accountant is underway and the incoming CFO prepares to start in mid-September. Recruitment also continues for the Service Planner and Manager of IT positions.

Policy 106 – Compensation & Expenses of Board Members

The Board reviewed Policy 106 – Compensation & Expenses of Board Members, with no changes proposed. Minor grammatical corrections were suggested. Director Felicelli moved to approve Policy 106 with corrections. Director Brown seconded. The motion was voted and carried.

Policy 112 – Harassment
The Board reviewed Policy 112 - Harassment, with no changes proposed. Discussion included whether the policy should specifically address digital communications, including text messages and emails. Action was deferred to allow Legal Counsel, Information Technology and Human Resources to develop proposed language addressing digital communications and environments for Board consideration at the September meeting.

Engineering | Operations | Safety & Regulatory Compliance
Rural Electric Safety Achievement Program (RESAP) Review, Darcy Wiemer, Safety & Regulatory Compliance Coordinator
Safety & Regulatory Compliance Coordinator Darcy Wiemer presented the 2026 RESAP results, noting that all areas identified for improvement in 2023 advanced to satisfactory performance, with protective equipment practices receiving a strong-performance rating. SMPA also completed 2025 with no lost-time accidents.

Manager Zaporski reviewed the Engineering & Operations report, noting that nearby construction disturbed an aging underground cable on Telluride's south circuit, resulting in recurring outages in the surrounding area. Replacement of the cable is now a top priority. SMPA is installing new conduit through a shared trench with the Town, providing significant cost savings compared with boring. Completion remains dependent on the Town's contractor but is anticipated within weeks. Staff continues coordinating with affected businesses regarding temporary resiliency options.

7. BOARD TOPICS
CREA Liability Insurance for Cooperatives
Director Szwarc reviewed information from CREA regarding parametric insurance as a potential alternative if cooperatives become unable to obtain traditional wildfire liability coverage. Initial findings indicate that the option may be costly and may not cover all incidents, making it less attractive while traditional coverage remains available. Legal Counsel Link advised that discussion of SMPA's current coverage and related contractual matters be reserved for executive session.

8. ASSOCIATED MEETING REPORTS
Eco-Action- Toby Brown
Director Brown highlighted two upcoming EcoAction Partners events: the Full Circle Fashion Fundraiser with the AhHaa School, promoting clothing reuse while raising funds, and an early-September gathering with the Telluride Foundation and Telluride Science focused on climate and community resiliency. Manager Zaporski added that EcoAction Partners will present SMPA's Green Cents program at the Mountain Towns 2030 Summit, a gathering focused on climate action and resiliency in mountain and rural communities, scheduled for mid-October in Sun Valley, ID.

CREA- Val Szwarc
Director Szwarc reported that CREA did not hold a Board meeting in July and that its next meeting was scheduled for later in the week. The parametric insurance information circulated by CREA was addressed earlier under Board Topics.

Western United (WU)- Tom Loczy
Director Loczy advised that he plans to attend his first Western United meeting later this week and will provide an update at the September Board meeting.

Tri-State- Kevin Cooney
President Cooney reported that Tri-State's projected wholesale rate increase is approximately 6.5%, with SMPA's actual impact dependent on projected 2027 energy use and individual rate components. He also reviewed Tri-State's analysis of former members, noting that publicly reported energy prices may not include capacity and transmission costs. Renewable resources supplied approximately 60% of Tri-State's energy in June. Tri-State has issued a request for proposals to assess member priorities, retention risks and strategic direction. Manager Zaporski also discussed a recent Southwest Power Pool (SPP) Level 3 Energy Emergency Alert and related communication gaps. Staff will continue working with Tri-State on response and communication protocols.

9. ATTORNEY'S REPORT
Policy 111 – Board Election / Bylaws Update Discussion
Legal Counsel Jim Link reviewed proposed amendments to Policy 111 and the Bylaws, reducing the eligibility waiting period for former employees and attorneys to serve as a Director from three years to one year. Required public notice had been completed, and no member feedback was received. Director Loczy motioned that Policy 111 be amended by changing the year references in Sections II.H.(ix) and (x) from three years to one year and that the Bylaws be amended by changing the year references in Article IV, Sections 8(ix) and (x) from three years to one year. Director Yonder seconded. Following discussion, the motion was voted and carried unanimously.

Director District Discussion
Legal Counsel Jim Link reported that the Director District Subcommittee held its first meeting and provided direction on potential boundary modifications. Counsel Link will work with staff to develop proposed changes for the committee's review before the September Board meeting.

Approval of Silverton Franchise Agreement
Legal Counsel Jim Link reviewed the proposed 10-year Silverton Franchise Agreement, which generally maintains the existing terms and aligns with SMPA's other municipal franchise agreements. The agreement permits SMPA to use Town rights-of-way with appropriate permitting, addresses Town-requested undergrounding costs and continues collection of a 3% franchise fee on the Town's behalf. A minor change was made to the indemnification language regarding emergency use of SMPA facilities. Director Felicelli motioned to approve the Silverton Franchise Agreement. Director Kurzweil seconded. Following discussion, the motion was voted and carried. Because the 10-day notice requirement was not met, the action will be presented for ratification at the September Board meeting.

Director Felicelli made a motion at 2:16 PM to enter into an executive session for personnel and contractual issues. Director Brown seconded. The motion was voted and carried. The Board entered into executive session at 2:16 PM and came out at 3:07 PM. While in executive session, no decisions were made, nor votes taken.

10. BOARD CALENDAR/TRAVEL
The Board reviewed upcoming meetings, travel and training opportunities, including the Tri-State Member System Orientation scheduled for September 30, the CREA Energy Innovations Summit in late October and the NRECA Winter School in Nashville. Directors Kurzweil and Yonder noted plans to attend the NRECA Winter School, and President Cooney noted plans to attend the CREA Energy Innovations Summit.

11. MISCELLANEOUS

SMPA's Annual Company Picnic is scheduled for Saturday, August 29, 2026, at Fellin Park in Ouray. All employees, retirees and Board members are invited to attend.

Draft Minutes Review and Approval Timeline

Following a request from President Cooney, Manager Zaporski reviewed an updated process for providing the Board with earlier access to draft meeting minutes. The change will allow additional time to identify possible corrections and consider potential follow-up topics before the next agenda is posted. Under the new timeline, draft minutes will be provided within 10 calendar days following each meeting rather than with the following month's Board packet. Drafts will be clearly marked, distributed for internal Board review only and remain unofficial and not for public distribution. Draft minutes will continue to be included in the following month's Board packet and, consistent with current practice, finalized and publicly posted only after formal Board approval.

12. NEXT MEETING

The September 2026 regular Board of Directors meeting will occur on Tuesday, September 22, 2026, in Mountain Village Town Hall and via a Zoom virtual meeting.
On Tuesday, October 13, 2026, a Budget Work Session will be held in Ridgway and via Zoom virtual meeting.
The October 2026 regular Board of Directors meeting will occur on Tuesday, October 27, 2026, in Nucla and via Zoom virtual meeting.

13. ADJOURN

At 3:16 PM, Director Felicelli motioned to adjourn the meeting. Director Kurzweil seconded. The motion was voted on and carried.

Signed by:

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Toby Brown, Secretary/Treasurer