
MINUTES OF MEETING
San Luis Valley Rural Electric Cooperative, Inc.
Regular Meeting of the Board of Directors
February 22, 2022

The regular Board of Director's Meeting of San Luis Valley Rural Electric Cooperative, Inc. was held on Tuesday, February 22, 2022, at the headquarters office located in Monte Vista, Colorado. Directors present were Carol Lee Dugan (president), Stephen Valdez (secretary), Scott Wolfe (arrived at 9:32 AM), Kip Nagy, Wade Lockhart and Cole Wakasugi. Also present were Gregg Kampf (corporate attorney), Loren Howard (chief executive officer), JoAn Waudby (chief financial officer), Carol Silva (human resources specialist), Jennifer Alonzo (marketing/sales coordinator), Shawn McKibbon (chief operations officer), and Michelle Trujillo (human resources officer/assistant corporate secretary). Keenan Anderson was unavoidably absent.

Call to Order

Carol Lee Dugan called the meeting to order at 9:30 AM.

The Pledge of Allegiance

Carol Lee Dugan led the Pledge of Allegiance.

Member Communication

Mail was circulated among the board members.

Welcome of Guest(s)

Member Charles Stillings was present to address the board of directors regarding the process of capital credit retirement.

Approval of Agenda

Motion to approve the agenda as presented was unanimously carried by those present.

Corporate Review

Loren Howard reviewed the submitted report. He explained the letter of support that is circulating through 32 members of Tri-State G&T, stated that RESAP will be later this year, the Enterprise Fleet Management agreement is underway, talked about the opening for an apprentice lineman, the north area serviceman position options, and that annual meeting plans for June 14, 2022. It was mentioned that other Cooperatives around the state are implementing demand charge rates and referencing it as a load factor adjustment.

Financial Review

JoAn Waudby and Loren Howard reviewed the submitted financial summary through December 2021. Waudby stated that the auditors will be on-site soon and some adjustments may be necessary that could change this current operations comparison spreadsheet. Howard mentioned the additional 2% TS rate decrease for 2022 will remain as a line item credit on the members' bill. Penitente generation was better this year compared to last year. All the storm WO's will be closed into plant next month and a lot of dollars will be added into plant. The SAIDI and SAIFI graphical reports were discussed. Frequency of pole testing schedule, age of transmission infrastructure and life expectancy of poles were talked about.

Approval of Minutes

Motion to approve the minutes from the regular meeting on January 25, 2022 as presented was unanimously carried by those present.

Assign Tri-State Voting Delegate

Motion to assign Scott Wolfe delegate and Loren Howard alternate to vote at the upcoming Tri-State G&T annual meeting was unanimously carried by those present.

Safety Report

The submitted report was reviewed and discussed. (Copy attached hereto and made a part hereof.)

Agreements for Purchase of Power

The current list of Agreements for Purchase of Power was reviewed and discussed. (Copy attached hereto and made a part hereof.)

ATTORNEY'S REPORT**Corporate Attorney - Gregg Kampf**

Gregg Kampf reviewed his submitted report. In addition, he has reviewed the final version of the proposed bylaw changes to be presented at the upcoming annual meeting and reviewed Executive Policy 1-003 Voting and Elections for compliance with Colorado Statute.

BOARD COMMITTEE REPORTS:**Colorado Rural Electric Association – Stephen Valdez**

Valdez reviewed the submitted report. Annual meeting was held during the month of February and he provided a summary of the speakers and presentations from the meeting. Topics included Electricity 101 class on transmission, run-off data collection from the National Snow & Ice Center, a report from Federated Rural Electric Insurance Exchange on cyber security claims, forest fire mitigation from the Forest Service, and Regional Transmission Organization's and Tri-State entering the Southern Power Pool. He further mentioned that there are not a lot of Bills of particular interest to Cooperatives and CREA's role will be to understand the legislation and help Cooperatives translate information out to their members.

Break: 11:09 AM

Reconvene: 11:19 AM

Western United – Stephen Valdez

Valdez reviewed the submitted report. Western United's annual meeting was held during this time as well. Valdez reported record sales continue with \$77.4M in backlog. JoAn Waudby reported that pricing on current purchase orders is not guaranteed through ERMCO which supplies Western United with materials. This impacts pricing on subdivision and large power new service builds because pricing can be different from the time it was staked to the time materials are delivered. This led to a discussion on the effects of inflation in several markets. Lastly, Valdez reported on a policy change having to do with mandatory leave for employees for health and wellbeing but also internal control purposes and a bylaw change to allow for 35 board representatives which lets Nevada be represented.

Tri-State – Scott Wolfe

Wolfe reviewed the statistics of the submitted report. He stated that there are other members of FERC in the same situation as Tri-State in that larger members are wanting out of the G&T. Currently one of the largest Colorado Cooperatives served by Tri-State is considering leaving and that would result in Tri-State losing 15% of their total load. This entity would have to pay the termination contract payment

and FERC will determine how that is calculated. Wolfe stated that during 2021 Tri-State used approximately \$77M worth of deferred revenue to remain compliant with their debt covenants. The Tri-State board held a strategic planning session and heard a presentation from Tall Grass Energy regarding the use of the Escalante Plant in New Mexico as a potential site to use hydrogen as a 100% fuel source.

Unfinished Business

Last month a board member presented a proposal to change the Bylaws regarding annual meeting notifications and member communication. At that time, he was presented with the current internal procedures for his review. This was discussed again at length as this board member wants more detail stated in the Bylaws to include specific dates and deadlines.

Gregg Kampf reviewed Executive Policy 1-003 Voting and Elections and did state that a few items need to be updated due to recent changes in the Colorado Statute. These changes will be made and distributed at the next board meeting.

The board was informed that specific dates and deadlines are outlined on the instruction sheet enclosed in the nomination packet distributed to each member that is interested in running for a board of director position. Printing deadlines drive the timeframes for biographies to be submitted for publication and it is a tight timespan. A suggestion was made to place a link to the biography for each candidate on the front page of the Website in a place that is very easy to see.

Lunch: 12:14 PM

Reconvene: 12:49 PM

New Business

Discussion was held regarding the inquiry from the member about the capital credit retirement process. After some discussion, it was suggested that a closed work session be held after the March 2022 board meeting to discuss this topic in more detail.

Loren Howard handed out a draft copy of the Letter of Support to the board of directors for Tri-State G&T. The purpose of the letter is for member Cooperatives to publicly support Tri-State G&T as larger cooperatives are considering leaving.

Approval of the Letter of Support

Motion to approve signing the letter of support for Tri-State G&T was made and unanimously carried by those present.

Future Dates:

The next regular board meeting will be Tuesday, March 29, 2022 at 9:30 AM with a closed work session to follow.

Board Comments:

A board member asked that Loren Howard talk to Howard Ulep, a representative from 420 Acres, regarding the proposed 60 acre development in the northern service territory. Loren Howard reported that he has already spoken with this representative and others regarding this development. Conversations will continue.

A board member asked if the net metering graphical report depicting the impact of net metering on our system has been produced. Loren Howard said staff has not had the extra time to put into that due to year-end workload but will work on it as soon as possible.

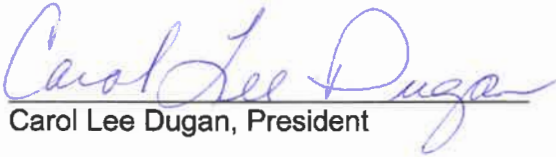
Loren Howard reported that he has briefly talked with a couple local electric contractors about working with REC on installations of net metering/solar arrays under the REC name. This is in the discussion phase at this point as details need to be figured out.

An executive session was not necessary at this meeting.

Motion to Adjourn

Motion to adjourn the meeting at 1:10 PM was made and unanimously carried by those present.

SEAL



Carol Lee Dugan, President



Stephen Valdez, Corporate Secretary



Michelle Trujillo, Recording Secretary