
MINUTES OF MEETING
San Luis Valley Rural Electric Cooperative, Inc.
Regular Meeting of the Board of Directors
April 25, 2023

The regular Board of Director's Meeting of San Luis Valley Rural Electric Cooperative, Inc. was held on Tuesday, April 25, 2023, at the headquarters office located in Monte Vista, Colorado. Directors present were Keenan Anderson (president), Stephen Valdez (vice-president), Wade Lockhart (secretary), Scott Wolfe, Creede Hargraves and Carol Lee Dugan. Also present were Tyler Denning (corporate attorney), Eric Eriksen (chief executive officer), JoAn Waudby (chief financial officer/corporate treasurer), Carol Silva (human resources specialist), Jennifer Alonzo (marketing/sales coordinator) and Michelle Trujillo (human resources officer/assistant corporate secretary). District 2 Costilla County is currently vacant.

Call to Order

Keenan Anderson called the meeting to order at 9:30 AM.

The Pledge of Allegiance

Keenan Anderson led the Pledge of Allegiance.

Member Communication

Mail was circulated among the board members.

Welcome of Guest(s)

John Parks, Electricity Markets and Transmission Policy Analyst of the Colorado Energy Office

Tammy Totzke, Managing Director/Technologies & Services of Forvis Accounting Firm

Approval of Agenda

Motion to approve the agenda as amended to include the approval of the audit was unanimously carried by those present.

Corporate Review

Eric Eriksen stated that he has invited employees to come to lunch with the board of directors on board meeting day. He went on to review the corporate summary updating the board on the recent labor relations meeting with IBEW, the Tri-State annual meeting, grant opportunities for transmission project for the Valley and other grant opportunities for two 1-MW solar projects: one in Mineral County and one in Saguache County. He has met with the executive group extensively reviewing goals and how they tie in with the strategic plan. Tri-State CEO Duane Highley will be present at the regular board meeting in July for a higher level overview of Tri-State. Staff is working on bringing in Reg Rudolph and his team from Tri-State to another future meeting. Eriksen recognized Carol Silva for developing employee benefit statements to indicate the value of the entire benefit package and hoping that it demonstrates just how valuable each employee is to this company.

Guest John Parks, Electricity Markets and Transmission Policy Analyst of the Colorado Energy Office was

present to discuss grant opportunities for transmission line studies to fill the need in the San Luis Valley. Discussion ensued about the potential benefits for REC and the Valley which are the ability to export energy out, redundancy, reliability and resiliency; economic impact as the solar crop (land leasing) could replace economic loss from dwindling ag production. Also mentioned were costs for the Valley such as visual impact, endangered species, and construction costs. Basically, the focus of REC is developing this plan but not at the cost of our members.

Break: 10:35 AM

Reconvene: 10:42 AM

Tammy Totzke, Managing Director/Technologies & Services of Forvis, was present via Zoom to review the most recent audit for San Luis Valley REC/Ciello and SLV Energy Foundation. Totzke talked in detail about the new leasing standard as of 1/1/2022 in which leases will now be recorded as assets. Leased vehicles through Enterprise – right to use assets with a lease liability. The cost of materials and the supply chain is evident throughout the report. Segregation of duties will generally come up in the report due to REC being a small business. Totzke stated that the equity ratio for REC is something the board should always be monitoring as a fiduciary duty as well as handling long-term lease agreements. Short-term leases do not fall into the new leasing standards.

Totzke presented the SLV Energy Foundation Audit. This is a short report for the Foundation. The Auditing firm relies on information provided by the company instead of performing a full audit. It was very comparable to last year and had similar distributions.

The corporate review continued. Shawn McKibbon updated the board on progress on the work plans outlined in his report. Purchasing a solar project from a member for educational purposes is being considered.

Financial Review

The financial reports submitted for review this month included February 2023 and March 2023. JoAn Waudby reported we are slightly behind budget on Operating Revenue and a little bit more behind on Ciello. Expenses are a little above what was budgeted. Through monthly reporting you can see that the market value of the bonds is down but are more secure than stocks. Shoulder months were discussed to explain the purchased power graph for April and September. Theft of power is more easily detected today through our metering system than it was prior to AMI installation. Eriksen reported that our line loss is higher than industry standard due to uniqueness of our system with seasonality in both the residential and irrigation classifications.

Approval of Minutes

Motion to approve the minutes as presented from the regular meeting on March 28, 2023 was unanimously carried by those present.

Approval of the 2022 Audit

Motion to approve the December 31, 2022 Audit report was unanimously carried by those present.

Eriksen presented information and data around the two 1-MW solar projects currently under evaluation. The board brought up concerns about the stability and longevity of equipment with regards to the weather elements in the Valley. There was discussion about ownership and maintenance of these projects and staff is working out those details.

Approval of Solar Resolution

Motion to approve the Resolution to move forward with negotiations with AgriPower Solar was unanimously carried by those present.

WHEREAS, SLVREC plans to construct and own two (2) solar energy facilities nominally 1-megawatt each, for the purpose of improved member rates and reliability over the long run; and

WHEREAS, careful consideration and study have been given to the various factors concerning the proposed solar energy facilities respectfully sited on SLVREC properties; and

WHEREAS, SLVREC evaluated proposals through a competitive process for designing, permitting, constructing, and grant application professional services; and

WHEREAS, the Board of Directors of SLVREC authorizes the Chief Executive Officer, Eric Eriksen, to sign a professional service contract with AgriPower Solar, LLC, for constructing two proposed 1-MW solar energy facilities for the approximate fee of \$4,641,000.00 or \$2,320,500.00 each.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the San Luis Valley Rural Electric Cooperative, Inc. of Monte Vista, Colorado approve the construction of stated solar energy facilities stated above and authorize the Chief Executive Officer to sign contractual documents and expenditure of associated fees.

Lunch: 12:10 PM

Reconvene: 1:09 PM

Safety Report

The submitted report was reviewed. (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.) Discussion on wells being resurrected on fallowed ground.

ATTORNEY'S REPORT

Corporate Attorney – Tyler Denning

Denning reviewed the submitted report and it stood as presented.

BOARD COMMITTEE REPORTS:

Colorado Rural Electric Association – Stephen Valdez

Valdez reported that they had a presentation on physical security at substations from TS and a cyber security presentation with detailed information on a phishing email that became an expensive breach problem. He stated that things are slow on the legislative front at this time.

Western United – Stephen Valdez

Valdez reviewed the enclosed report and reported on an upcoming conference call to review budget.

Tri-State – Scott Wolfe

Wolfe reviewed the submitted report and commented that the board meeting was a relatively short meeting but longer executive session. He reviewed the most recent TS annual meeting and stated that Mountain Parks Electric, Inc. turned in their unconditional withdrawal notice.

Unfinished Business

None

New Business

A board member brought up the topic of the bylaws in Article III Section 4, regarding secretary duties and verifying signatures. Attorney Tyler Denning confirmed that in this case the procedures currently followed fall within the board policies and are broadly covered in the bylaws. If current proposed bylaw changes pass at the annual meeting, we will propose the verbiage for member consideration. During this process it was pointed out that Executive policy 1-003 Voting and Election will be reviewed and updated.

Future Dates:

Due to a scheduling conflict, the next regular meeting of the board of directors has been rescheduled for May 23, 2023 beginning at 9:30 AM.

Board Comments:

None

Motion to Adjourn

Motion to adjourn the meeting at 1:57 PM was unanimously carried by those present.




Keenan Anderson, President


Wade Lockhart, Corporate Secretary


Michelle Trujillo, Recording Secretary