

MINUTES OF MEETING
San Luis Valley Rural Electric Cooperative, Inc.
Regular Meeting of the Board of Directors
April 29, 2025

The regular Board of Director's Meeting of San Luis Valley Rural Electric Cooperative, Inc. was held on Tuesday, April 29, 2025 at the headquarters office located in Monte Vista, Colorado. Directors present were Keenan Anderson (president), Wade Lockhart (secretary), Scott Wolfe, Carol Lee Dugan and Creede Hargraves. Also present were Eric Eriksen (chief executive officer), James Romero (chief financial officer), Terry Daley (engineering manager), Jennifer Alonzo (marketing/communications manager), Shawn McKibbon (chief operations officer), Stacy Valdez (manager of customer service/billing), and Michelle Trujillo (human resources officer/assistant corporate secretary). Corporate Attorney Shay Denning and Vice-President Stephen Valdez attended the meeting via Zoom. Costilla County position remains vacant.

Call to Order

Keenan Anderson called the meeting to order at 9:31 AM and led the Pledge of Allegiance.

Member Communication

Mail was circulated among the board members.

Welcome of Guest(s)

Neal Hansen and Cache Lowry of ForvisMarzars LLP presented the 2024 annual audit report. Comparisons of the balance sheet and cash flow statements were reviewed and discussed. Overall, Hansen reported a clean opinion for the financial statements and stated the San Luis Valley Rural Electric Cooperative was in a good financial position.

Hansen did talk about a necessary adjustment related to inventory of broadband modems. During a recent software transition, retired modems were being added back into inventory inadvertently causing a misstatement of inventory. Their suggestion was timely reconciliation of materials.

He further talked about internal controls. In the past, one person oversaw the entire audit process. With personnel changes, again, all responsibilities fell on one person. With a fully staffed department now, internal controls need to be established to ensure proper segregation of duties. Auditors can assist with some questions but must be careful not to step into making management decisions. Hansen recommended using a consultant from an auditing firm and/or reaching out to the statewide network of chief financial officers for advice for knowledge and growth. Hansen stated that overall, the Cooperative is in a great position from an auditor's standpoint.

James Romero spoke about this audit process experience and what he learned to be able to handle upcoming audits. Adding to that, Eric Eriksen stated that there is a cultural transition occurring where more information is being shared and managers are taking ownership and responsibility of their department budgets instead of relying upon one person for all the answers.

Approval of Consent Agenda

Motion was made, seconded and unanimously carried by those present to approve the consent agenda containing the April 29, 2025 regular meeting agenda and the minutes from the regular board meeting held on March 25, 2025.

Management Reports

CEO/Executive Report: Eric Eriksen reviewed the submitted report. He informed the board that there will be a Lean Six Sigma Institute Yellowbelt team presentation during the lunch hour focused on current tree trimming practices and suggestions for improvement. He also updated the board on the current Greenbelt certification project that another employee is in the middle of which is focused on warehouse/inventory management involving the help of Western United. Eriksen spoke in much detail about the potential for Edge Data Center locating in the San Luis Valley and the positive impact for San Luis Valley REC and Cielo revenue. A draft rate tariff was enclosed in the board packet for review. This process is moving forward and Eriksen hopes to have a representative address the Board at next month's regular meeting.

Break: 10:43 AM

Reconvene: 10:50 AM

Eric Eriksen finished his executive report reviewing upcoming meetings.

Safety Report: Michelle Trujillo reviewed the safety report and it stood as presented. Shawn McKibbon explained the rubber goods failures and talked about the upcoming structural and dielectric testing on vehicles and equipment.

Reliability Report: Terry Daley reviewed his submitted report and provided more details on the smart grid technology study that is analyzing AMI, reliability, communications, demand response and distributed generation. He informed the board we will have an engineer intern from ASU starting in mid-May through the summer.

Human Resources: Michelle Trujillo reviewed the submitted report and it stood as presented.

Marketing: Jennifer Alonzo reviewed the submitted report. She is working with Tri-State and Elevate Strategies on a wildfire mitigation article for awareness and education purposes. She will be placing a rate calculator on the website for members use.

Customer Service: Stacy Valdez reviewed the submitted report and added that net meter refund checks are being mailed out totaling \$134,000 between 229 accounts. Valdez further talked out the LSSI process the customer service department is going through to evaluate efficiencies and time saving methods. Lastly, the new rates will be in effect for this upcoming billing cycle and meters with a disconnect collar can automatically be reconnected once the necessary amount has been paid.

Operations: Shawn McKibbon updated the board on the request for proposal (RFP) that went out for fire mitigation planning services. Member communication/education will be included in the plan. He went on to review his submitted report and it stood as presented.

Financials: James Romero presented the financial report through March 2025 and it stood as submitted. He informed the board of a program through CoBank called CoBank Sharing Success whereby they match donated funds to an entity of our choice. San Luis Valley REC Energy Foundation has already donated \$15,000 to a local entity and CoBank matched that, sending \$15,000 out of this program to that same entity.

Romero provided further details on the previously mentioned accounting adjustments during the audit report. The inventory management software issue has been rectified and all parties involved continue to meet and look for ways of improving internal processes. The other adjustment was related to the vehicle lease agreement with Enterprise. Accounting rules changed for leasing vehicles which had a substantial negative impact in the overall accounting of leased vehicles. The adjustment was made on the advice of the auditors and he understands the process for future accounting. Lastly, he is analyzing the conversion of short-term debt to long-term debt and will present to the board for approval in an upcoming meeting.

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 – Shay Denning

Shay Denning briefly reviewed the submitted report and highlighted the work on the wholesale contract and her review of the railroad agreement. More detailed discussion was held regarding the current situation regarding the proposed abandonment of 26 miles of railroad structure from Monte Vista to South Fork. Lastly, the need to fill the corporate treasurer position for the board was talked about and the board will take action on that at an upcoming meeting.

Lunch: 12:00 PM

Reconvene: 12:56 PM

Executive Session

Motion made, seconded and unanimously carried by those present to enter into executive session at 12:27 PM for the purpose of obtaining legal counsel.

Motion was made, seconded and unanimously carried by those present to reconvene public session at 1:15 PM with no action taken.

Board Action

Motion was made, seconded and unanimously carried by those present to adopt the proposed Wholesale Electric Service Contract extending the agreement to the year 2066 and further authorized Keenan Anderson to sign the contract on behalf of San Luis Valley Rural Electric Cooperative.

BOARD COMMITTEE REPORTS:

Colorado Rural Electric Association - Stephen Valdez

The report stood as submitted.

Western United – Stephen Valdez

The report stood as submitted.

Tri-State – Scott Wolfe

Wolfe reviewed the submitted report and stated that the last meeting was held during the annual meeting of the membership and that was the primary focus. The annual meeting went well with good information and panel discussions.

Steve Valdez left the meeting at this time.

Tri-State Contract Committee Report – Creede Hargraves

Creede Hargraves commended Duane Highley and his team for all the work put into updating the Wholesale Electric Service Contract which in his opinion, was a step forward in bringing Tri-State G&T back to a member focused cooperative.

NRECA Resolutions Committee

The book of new NRECA Resolutions along with the NRECA Bylaws was passed around and will be kept on-site for future reference.

Unfinished Business

None

New Business

None

Future Dates

Board Meeting is scheduled for May 27, 2025 at 9:30 AM.

Board Comments:

None

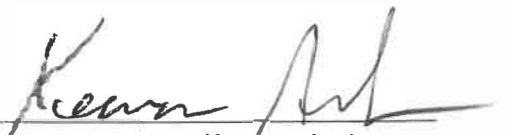
Executive Session

Motion was made, seconded and unanimously carried by those present to enter into executive session at 1:29 PM for the annual evaluation of the chief executive officer.

Motion was made, seconded and unanimously carried by those present to come out of executive session at 2:01 PM.

Adjournment

Keenan Anderson adjourned the meeting at 2:03 PM.



Keenan Anderson,
President

SEAL

Wade Lockhart,
Corporate Secretary



Michelle Trujillo,
Assistant Corporate Secretary