

SOUTHEAST COLORADO POWER ASSOCIATION
Minutes of Regular Board Meeting

The regular meeting of the Board of Directors of Southeast Colorado Power Association (SECPA) was held **April 19, 2023**, at the SECPA headquarters, 27850 Harris Road, La Junta, CO.

1. Call to Order/ Roll Call

President Truman Wright called the meeting to order at 12:50 p.m. Directors present were Clint Anderson, Brad Buck, Lawrence Brase, Kevin Karney, Randy Phillips, and Merlin Rushton.

Staff present: CEO Kevin Brandon, CFO Craig McBrain, COO Mark Hall, and Executive Assistant Debbie Howard. Casey Martin, outside legal counsel, participated via video conference.

2. Agenda Modifications - Audit presentation to be given following CEO report.

3. Member and/or Public Participation – None.

4. Board Meeting Minutes

Motion was made and seconded to approve March 15, 2023 minutes. **MOTION** carried.

5. Chief Executive Officer – Brandon

6. SECPA is renewing Touchstone Energy membership. Brandon explained some of the benefits SECPA can take advantage of that were not available in the past. Annual membership is \$8900 – Tri-State pays one-half of that cost.

- Brandon gave a status update on the solar and pellet project.
- Bill Grasmick is researching building a greenhouse (solar farm); would require a 5 megawatt load. SECPA is unable to accommodate.
- San Isabel Electric is a Cummins generator dealer and will allow SECPA to be a reseller. Discussed if SECPA would be competing with members.
- Eastern Plains CFOs will meet in June in Hugo.
- A copy of the Annual meeting agenda was shared with Directors. Directors approved agenda.
- Duane Highley, Tri-State CEO, has expressed an interest in attending a SECPA Board meeting; will invite to May Board meeting.

1:20-2:40 p.m. **CONSOLIDATED AUDIT PRESENTATION – Aaron Clayton (Eidebailly)**

Clayton explained the consolidated financials include SECPA (the parent company and owner of SECOM) and SECOM (SECPA's subsidiary.)

- Clayton clarified that the audit approach is to obtain reasonable (not absolute) assurance that financial statements are correct. He noted that Eidebailly staff were onsite during a portion of the audit.
- Reviewed audited financial statements in detail and responded to questions.
- Anderson asked why there is not a line item for salaries and wages. Clayton explained that industries account for payroll expenses differently. Co-ops include salaries and wages in specific categories (i.e Administration & General line item) where allocated.
- SECPA 2022 net margin was \$3.2M and SECOM's net margin was \$26k.
- Directors gave McBrain and accounting team accolades on audit.

6. Finance & Membership – McBrain

- Reviewed February Income Statement, Balance Sheet, various graphs & Check Register. (Included in Board packet.)
- February Net Margins, \$264,888; YTD, \$589,831.
- McBrain presented proposed banking resolution 23-01 to change language for administration/authorization

for users of online banking access, remove Accounting Supervisor, and replace Board Secretary/Treasurer with current Board Secretary/Treasurer. He explained the new language would allow efficiencies and operational flexibility. Motion was made and seconded to approve resolution as presented. **MOTION** carried.

- March new memberships, 23; withdrawals, 35; 10,965 accounts billed.
- 23 meters were disconnected for non-payment and totaled \$6,495 (18 were reconnected.)
- Capital Credit checks totaling \$780k were mailed yesterday.

7. Operations – Hall

- Various kWh graphs, Outages, Work Orders, and Line Loss reports reviewed. (Included in Board packet.)
- Rolling line loss was equivalent to \$70,323. Hall researched line loss and found discrepancy with incorrect input on meter in Granada.
- SECPA was very fortunate to have lost only 11 poles in Lamar fire.
- Hall attended operations conference in Pueblo.
- Ordered a Dodge pickup that was to be delivered by January 20th; haven't started building it yet.
- Purchased a new digger truck.
- Working with Tri-State on changing out substation.
- Conoco Phillips would like to be electrified by end of 2023.
- Employee update: Jose Ramos has transferred from Eads to La Junta; Jacob Barnes is now serviceman for Lamar and Eads; Tyler Schwartz has transferred from Lamar to La Junta; Dominick Gregory (Swink) has been hired in Lamar as a 4th step apprentice; and Jason Lucius' (former SECPA foreman) stepson will fill open position in Lamar on construction crew.
- Gave a Safety report (included in Board packet.)
- Seven members of RESAP team have been conducting a Rural Electric Service Achievement Program (RESAP) inspection this week at SECPA locations. Group will meet with Brandon tomorrow to review their findings.

8. Legal –

- Attorney invoice \$3,218; YTD \$12,772 (\$2,068 YTD for revising/editing Board policies.) Copy in Board packet.
- Held a HR discussion on new Colorado mandates related to sick leave, vacation, etc. Working on policies to comply with mandates and to allow more flexibility. Consulted with Employer's Council attorney.
- Martin was invited by Brandon to attend C-Team meeting.
- Researching a Certificate of Public Convenience and Necessity (CPCN) from Public Utilities Commission (PUC) for territorial invasion of a Springfield property.
- Martin had a conversation with a member inquiry regarding no election being held. The member's main concern is that SECPA is trying to create their own world; a conspiracy to keep members in the dark. Member was reminded that Board meetings are held monthly.

9. Human Resources – Bamber

- March payroll = \$372,912 (overtime = \$19,826); (other \$11,232 - includes employee on-call time); 49 employees.
- Jobs Posted:
Apprentice Lineman, Lamar

10. Affiliate Organization Board Reports

A. Western United Electric (WUE) - Anderson

- Written report in Board packet. Next meeting is Thursday.

B. Colorado Rural Electric Association (CREA) – Karney

- Written report in Board packet.

C. Tri-State G&T- Brase

- April Board report included in Board packet.
- Brase gave an update Rate Design Committee and Contract Termination Payment (CTP.) The new rate will be

set at June meeting; file for rate change with Federal Energy Regulatory Commission (FERC) in January 2024.

Directors thanked Karney for serving on the Board.

11. Executive Session

Motion was made and seconded to go into Executive Session at 4:20 p.m. for personnel matters and CEO evaluation.

MOTION carried.

Staff except Brandon left meeting.

Brandon left meeting at 5:50 p.m.; rejoined meeting at 5:55 p.m.

Meeting reconvened at 6:00 p.m.

Howard rejoined meeting at 6:00 p.m.

Motion was made by Brase and seconded by Wright to ratify action taken on CEO evaluation during Executive Session. **MOTION** carried.

12. Adjourn - There being no further business, the meeting adjourned at 6:05 p.m.



President



Secretary