



MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

March 28, 2017

Location: Montrose Headquarters Building
11925 6300 Rd, Montrose CO 81401

3:00 P.M.

Regular Board Session. The Board of Directors of the Delta-Montrose Electric Association met for its regular board meeting at the office of the Cooperative in Montrose, Colorado on Tuesday March 28, 2017.

During their regular meeting, the Directors:
1. Approved the February membership report and the February regular meeting minutes as presented.
2. Approved the 2017-2036 Load Forecast as presented.
3. Approved Dalby, Wendland & Co. as the annual meeting ballot holding company.
4. Adopted revisions to Board Policy 16 (unclaimed capital credit donations).
5. Approved the February 2017 Safety and Occupational Health Report.
6. Approved the February 2017 financials.
7. Adopted the March 28, 2017 CEO Report and February 2017 SAIDI figure.
8. Received a legal update.
9. Appointed the new members to the Operation Round-Up Board.
10. Approved the City of Montrose Memorandum of Understanding and authorized CEO Bronec to sign on behalf of DMEA.
11. Approved the Region 10 Indefeasible Right of Use Agreement and authorized CEO Bronec to sign on behalf of DMEA.
12. Approved a retirement resolution for Calvin Lund.

I. Call Meeting to Order. At 2:58 p.m., the Board convened and the meeting was called to order.

- **Directors Present:** Bill Patterson (*President*), Mark Eckhart (*Vice-President*), Brad Harding (*Secretary/Treasurer*), Marshall Collins (*Assistant Secretary/Treasurer*), Kyle Martinez, Jim Elder, Terry Brown, John Gavan, Tony Prendergast
- **DMEA Staff Present:** Jasen Bronec, Corey Thurlow, Virginia Harman, Doug Cox, Jim Thate, Kent Davenport, John Monday (joined at 4:00 p.m.)
- **Elevate Staff Present:** Mark Kurtz
- **Others Present:** Jeff Hurd (*General Counsel*); Member Damon Lockhart; Glen Black (City of Delta)

II. Pledge of Allegiance was led by Director Gavan.

III. Opening Meeting Prayer was led by President Patterson.

IV. Determination of Quorum. President Patterson announced there was a quorum present.

V. Approval of Agenda. The Board approved the agenda with one amendment, adding “Discussion of Acquisition Matters” under agenda item X (Executive Session).

VI. Introductions. Those in attendance other than Board members were introduced.

VII. General Business.

A. Consent Agenda. Upon motion from Director Collins, seconded by Director Gavan, the Board unanimously approved the February 2017 membership report and the February 2017 regular meeting minutes as presented.

B. Board Committees.

- 1. Finance – Audit – Rate Committee.** Committee Chair Collins stated to the Board the committee did not meet in March but had scheduled a committee meeting on April 25 prior to the regular board meeting. This April 25 meeting will include a discussion with DMEA’s auditor at Bolinger, Segars, Gilbert & Moss, LLP.

2. Engineering – Construction – Renewable Energy Committee.

Committee Chair Gavan reported that during its March 23 meeting, the E/C/R committee reviewed and discussed DMEA's 2017-2036 Load Forecast. Director Gavan then highlighted portions of the Load Forecast, including projected declines in future industrial load. He also noted that from this point forward, DMEA will be preparing annual load forecasts (instead of the previous biannual forecasts). The E/C/R committee recommended that the full Board adopt the 2017-2036 Load Forecast as presented and, upon approval, transmit the forecast to Tri-State Generation & Transmission.

Upon motion from Director Martinez, seconded by Director Elder, the Board unanimously approved a resolution authorizing the 2017-2036 Load Forecast.

3. Member Relations – Energy Services Committee. Committee Chair Prendergast reported that the committee did not meet in March but noted one necessary action item for the full Board, which is review and approval of a holding company for the annual meeting ballots. At prior meetings, the committee discussed again engaging Dalby, Wendland & Co. as the holding company; Dalby has held the annual meeting ballots in previous years.

Upon motion from Director Prendergast, seconded by Director Elder, the Board unanimously approved Dalby, Wendland & Co. as the annual meeting ballot holding company.

President Patterson then reminded the Board there would be an annual meeting committee meeting with staff on March 30, and that Directors are welcome to attend.

4. Executive Committee. Committee Chair Patterson presented his report from the Executive committee's March 23 meeting. At its meeting, the committee reviewed and discussed proposed updates to Board Policy 16, which outlines how DMEA may make donations to charitable causes from unclaimed capital credits. CEO Bronec briefly reviewed the proposed policy changes with the Board, which are meant to regularize and streamline how requests for donations are handled. Director Collins expressed concern about concept of an unclaimed capital credits donation policy generally, arguing that DMEA should absorb such

unclaimed capital credits into the cooperative for operations rather than giving all of the funds to charitable causes. The Board then engaged in a discussion of the issues raised by Director Collins.

Upon motion from Director Harding, seconded by Director Martinez, the Board approved the updates to Board Policy 16 (unclaimed capital credits) as presented; Director Collins cast a dissenting vote.

President Patterson concluded his report by noting that certain other matters would be discussed during executive session.

- C. Safety and Occupational Health Report.** Safety, Training, and Compliance Director, Thate, presented his report for February 2017. Staff is keeping busy with locates for both DMEA and Elevate. CEO Bronec addressed the amount of agricultural burning common this time of year in the service area, and how that impacts safety and the integrity of DMEA's poles. There have been at least six poles that have been accidentally burned thus far and which require replacement poles. Bronec mentioned the possibility of a flame retardant spray for the poles to help reduce damage caused by burning, and making that spray available to the membership.

Upon motion from Director Martinez, seconded by Director Gavan, the Board unanimously approved the February 2017 Safety and Occupational Health report as presented.

- D. Financial Report.** Vice-President of Finance, Thurlow, then presented the cooperative's financial report for February 2017, noting as an initial matter that the mild winter had resulted in lower-than-budgeted revenues (and lower purchased power costs). Thurlow then discussed a variance in "Other Electric Revenues," noting that the decrease in this line item is attributable to the effectiveness of residential bill payment arrangements for the membership. Thurlow report that South Canal Hydro Drop 5 began generation the previous week, and then led the Board in a review of generation in relation to Tri-State's member coincident peak and other key financial matters.

Upon motion from Director Gavan, seconded by Director Martinez, the Board unanimously approved the February 2017 Financial Report as presented.

- E. CEO Report.** CEO Bronec highlighted various key items within his March 2017 CEO report. Among other items, DMEA and Tri-State continue to close in on a final "Telecommunications Sharing Agreement"; there are still some

hiccups relating to costs for certain segments on the network. The System Design department is seeing an increase in design jobs. Bronec touched on personnel matters within the IT department, and noted that DMEA is ramping up dispatch services and routing crews for other cooperatives. At the next regular board meeting in April, there will a scholarship award ceremony at 5:00 p.m.

The February 2017 SAIDI figure was presented, with Bronec attributing the low year-to-date figure in part to the mild January and February weather throughout the service territory.

Upon motion from Director Gavan, seconded by Director Martinez, the Board unanimously approved the March CEO report and the February 2017 SAIDI figure as presented.

F. Legal Report. General Counsel Hurd requested to defer his legal report to executive session.

G. Representative Board Reports. Directors then presented their representative board reports.

1. **Tri-State Report.** Director Gavan reported that the 2017 Tri-State Annual Meeting will occur in April, along with a director organizational meeting. Tri-State continues to work on surveys for representative directors and cooperative General Managers/CEOs to complete. There was a discussion on RTOs and the Tri-State integrated resource plan due to the Colorado PUC.
2. **WUES Report.** Director Brown noted there was no WUES meeting since the last regular DMEA board meeting. There will be a meeting in April.
3. **CREA Report.** Director Martinez noted there was no CREA board meeting since the last regular DMEA board meeting. He did, however, receive a PUC report from CREA which he has forwarded to the Board for review. CREA's next meeting is March 30.

H. Action Item: Other Business.

1. **Review and Appoint Replacements to the Operation Round-Up Board.** Vice-President of Member Relations and Human Resources,

Harman, reviewed the DMEA Board-approved bylaws that govern the Operation Round-Up Board. Ann Avery, John Fleming, and Eric Westesson have submitted applications for membership on the Operation Round-Up Board, which the Operation Round-Up Board recommended for approval.

Upon motion from Director Martinez, seconded by Director Gavan, the Board unanimously appointed the above-named member applicants to the Operation Round-Up Board.

2. **Review and Vote on City of Montrose MOU.** Project Manager Kurtz reviewed the content of a Memorandum of Understanding between DMEA, the City of Montrose, and DMEA Utilities Services, LLC (DMEAUS) regarding fiber and the use of City of Montrose conduit. Kurtz then addressed various Board questions about the MOU and others in area communities.

Upon motion from Director Prendergast, seconded by Director Harding, the Board unanimously approved the City of Montrose MOU and authorized CEO Bronec to sign the document on behalf of DMEA.

3. **Review and Vote on Region 10 IRU.** The Board then reviewed and discussed the DMEA-Region 10 Indefeasible Right of Use Agreement (IRU) allowing Region 10 to use portions of DMEA's dark fiber network in DMEA's service territory. (Region 10 will give DMEA a reciprocal agreement allowing DMEA use of portions of Region 10's network.) General Counsel Hurd noted that certain corrections were necessary to Item 6 on Page 3, and that an exclusion identified in the as-presented agreement required deletion. Upon motion from Director Prendergast, seconded by Director Gavan, the Board unanimously approved the Region 10 IRU (with the amendment noted by Hurd), and authorized CEO Bronec to sign the IRU on DMEA's behalf.

4. **Vote on Retirement Resolution for Calvin London.** Upon motion for Director Martinez, seconded by Director Gavan, the Board unanimously approved a retirement resolution for Calvin London.

- I. **Informational Item.** Director Martinez addressed the Board and staff that the Sherriff's Posse has inquired if there were any "retired" DMEA vehicles that could be donated. There were no additional informational items

1. There was no other future business to address at this time.

VIII. Member Comments. There were no member comments.

IX. Future Meetings. The next regular board meeting will be April 25, 2017 at 3:00 p.m.

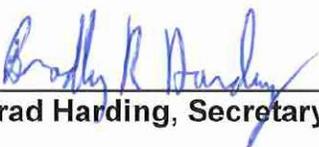
The Board took a short break at 4:43 p.m. to await any member comments at 5:00 p.m.

X. Executive Session. At 5:02 p.m., Director Gavan moved to enter executive session for a non-Tri-State related legal update and for discussion and consideration of a confidential potential acquisition matter. The motion was seconded by Director Prendergast, and the Board unanimously voted to enter into executive session. (The Board broke for dinner between 5:25 p.m. and 6:00 p.m.)

The Board exited executive session at 8:35 p.m.

XI. Board Conflict Disclosure. After the Board exited its executive session, Director Elder formally disclosed to the Board (pursuant to DMEA Board Policy 2-8 (Conflicts)) that he has a professional relationship with the owner of the entities with whom DMEA is in acquisition discussions. The Board then inquired about the material facts of that relationship. To avoid any conflict or appearance of conflict regarding that matter, Director Elder voluntarily agreed to avoid participating in discussions or any vote regarding those potential acquisitions.

XII. Adjournment. The regular board meeting was adjourned at 8:40 p.m.



Brad Harding, Secretary/Treasurer