



MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

December 19, 2017

Location: Montrose Headquarters Building

11925 6300 Rd, Montrose CO 81401

1:00 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, December 19, 2017.

During their regular meeting, the Directors:
1. Approved the November membership report and the November regular meeting minutes as presented.
2. Discussed termination of a purchase agreement for certain assets of a broadband company.
3. Approved updates to Board Policy 9, Sections 1-6 as presented.
4. Approved the November 2017 Safety and Occupational Health Report as presented.
5. Approved the December CEO report and November SAIDI figure.
6. Reviewed Board representative reports.
7. Approved Director Collins to serve as the UFWUA Annual Meeting voting delegate.
8. Approved membership in Club20 for 2018.
9. Received a privileged legal update.
10. Reviewed and discussed the results of the 2017 Board Self-Assessment Survey.
11. Directed CEO Bronec to file an intervention letter in an Excel matter with FERC.

I. Call Meeting to Order. At 1:00 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 (by phone) (not present during the executive sessions, excused himself from the meeting at 3:01 p.m.), Damon Lockhart, John Gavan, Tony Prendergast (in at 1:09 p.m. during VIII-Executive Session)
- **Directors Absent:** None
- **DMEA Staff Present:** Doug Cox (left at 3:05 p.m. prior to XII-Executive Session), Wade Pynes, Steve Metheny, Virginia Harman, Jim Thate (left at 2:40 p.m. during X-Member Comments) Jasen Bronec, Amy Taylor, Kent Davenport (left at 3:05 p.m. prior to XII-Executive Session)
- **Others Present:** Jeffrey Hurd (*General Counsel*), Doug Seacat (*ClearNetworx* (left after 1:50 p.m. after VIII-Executive Session)), Sarah Abbott (*Attorney for ClearNetworx*) (left after 1:50 p.m. after VIII-Executive Session)).

II. Pledge of Allegiance was led by Director Harding.

III. Opening Meeting Prayer was led by President Patterson.

IV. Determination of Quorum. President Patterson announced the presence of a quorum.

V. Approval of Agenda. Upon motion from Director Martinez, seconded by Director Lockhart, the Board approved the meeting agenda with the following amendments: 1) add an Executive Session (VIII) after the Consent Agenda (VII-A) to discuss a broadband purchase agreement, 2) during agenda item XII-Executive Session, add another agenda item to discuss a FERC filing, and (3) to add an action item to vote on the FERC filing once the Board exits executive session.

VI. Introductions. Those other than the Board and staff were introduced.

VII. General Business

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

VIII. Executive Session and Follow-Up Discussion. At 1:03 p.m., Director Harding moved to enter executive session to discuss a broadband purchase agreement. Director Gavan seconded the motion, and the Board entered into executive session. Director Elder excused himself at this time. At 1:50 p.m. Director Gavan, moved to exit executive session. Director Collins seconded the motion, and the Board exited executive session and briefly discussed the termination of the purchase agreement and next steps. Director Elder then returned to the meeting.

IX. General Business (Continued)

A. Board Committees.

- 1. Finance – Audit – Rate Committee.** Committee Chair Collins reported the F/A/R committee met on December 12. At this meeting the committee received a New Markets Tax Credit update, discussed the Plant Investment Fee, reviewed information on the Tri-State Pension Plan, and addressed Tri-State capital credits. F/A/R also discussed updates to Board Policy 9, Section 1-6, to include procurement information. Vice-President of Finance, Pynes, provided new information received since the committee meeting regarding New Markets Tax Credits as well as Ryan and Co., and addressed questions posed by the Board. There was a brief discussion during the committee report on the Line Extension Policy as well as the Tri-State capital credit allocations.

Upon motion from Director Collins, seconded by Director Harding, the Board approved the procurement policy updates to Board Policy 9, Sections 1-6 as presented. Director Elder abstained from voting.

- 2. Engineering – Construction – Renewable Energy Committee.** Committee Chair Gavan reported that E/C/R committee did not meet since the last regular Board meeting in November.

3. Member Relations – Energy Services Committee. Committee Chair Prendergast reported the Member Relations committee did not meet in December.

4. Executive Committee. Committee Chair Patterson reported the Executive committee did not meet in December.

B. Safety and Occupational Health Report. Safety, Training and Compliance Director, Thate, presented a general review of the Safety and Occupational Health Report for November 2017. Thate highlighted an incident where an apprentice lineman reported hurting his right shoulder when he attempted to lift and move a storage bin. Thate also updated the Board on insurance matters and workers compensation information including the experience modifier.

Upon motion from Director Harding, seconded by Director Eckhart, the Board unanimously approved the November 2017 Safety and Occupational Health report as presented.

C. CEO Report. CEO Bronec highlighted various items contained in the December 2017 CEO Report and updated the board on key operational matters within the cooperative. Bronec discussed his perception of how 2017 is concluding and goals and objectives for 2018. Director Harding inquired about strategy planning as well as goal setting, performance reviews, etc., for staff, which Bronec addressed. There was a brief discussion about the DMEA organizational chart for 2018, including succession planning and new positions. General power supply questions were posed by the Board, and Vice-President of Power Supply and Management Services, Metheny, addressed those inquiries.

The November 2017 SAIDI figure was presented and discussed. Director Prendergast inquired about the SAIDI figure compared to prior years. Bronec noted that while the SAIDI figure for 2017 is higher than in the recent past, DMEA is still well within RUS guidelines. Vice-President of Operations, Cox, stated his opinion that 2017 was an anomalous year with respect to car-hit pole incidents, weather related outages, etc.

Upon motion from Director Prendergast, seconded by Director Gavan, the Board unanimously approved the December CEO report, and the November 2017 SAIDI number as presented.

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

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

1. Tri-State Report. Director Martinez highlighted aspects of a written report he had previously e-mailed to the Board. He noted next month would be the Tri-State Board strategy planning session. Martinez also addressed general budget and capital credit information for 2018. There was also a brief discussion on Tri-State's concern about power marketing roadshows.

2. WUES Report. Director Lockhart reported on his first meeting as the Western United Board representative. He noted he would be getting a facility tour in January and that meetings for 2018 would decrease from six to four.

3. CREA Report. Director Lockhart updated the Board on continued conversations CREA is relating to legislative issues, including broadband. He noted changes to the CREA Managers Group on the Board. Updates were provided on the budgets and the building remodel.

F. Action Item: Other Business.

1. Vote on UVWUA Representative at the UVWUA Annual Meeting. Upon motion from Director Prendergast, seconded by Director Martinez, the Board selected Director Collins to serve as the DMEA voting delegate and representative at the Uncompahgre Valley Water Users' Association Annual Meeting.

2. Vote on NRECA Annual Meeting Primary and Alternate Voting Delegate. DMEA will not have a representative attend the NRECA Annual Meeting.

3. Vote on Membership in Club 20. The Board discussed DMEA's membership in Club 20 and agreed to renew membership for 2018.

4. Vote on NRTC Voting Delegate. DMEA will not have a representative attend the NRTC Annual Meeting.

G. Informational Items. The Directors reviewed a list of organizations of which the Board are members.

X. Member Comments. CEO Bronec presented to the Board a customer concern received by Marketing Supervisor, Mashburn, regarding Elevate service and concerns about meeting goals in certain areas based on population demographics. COO Harman noted DMEA has received numerous letters of support for the grant application submitted for High Cost Funds. It was noted if there are any additional letters of support submitted to the Board, to forward those to Harman. Director Gavan presented that he spoke with a local builder who would be appreciative of a construction handbook for Elevate similar to the DMEA one. Harman addressed this noting there are specs in place that builders are welcome to review with the caveat that this could change based on the needs of the location. President Patterson stated he had a concern from a member about information on the Time of Use (TOU) rate. President Patterson was advised by staff to have that member contact Phil Zimmer or Rod Geiger in Energy Services for assistance on that matter.

XI. Future Meetings. The next regular DMEA Board meeting will January 23, 2018 at 3:00 p.m.

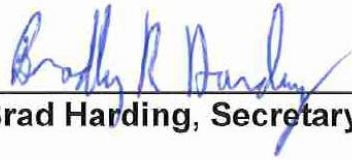
The Board took a brief recess at 3:05 p.m. The meeting resumed at 3:16 p.m.

XII. Executive Session. At 3:16 p.m., Director Gavan moved to enter into executive session to receive a privileged legal update and to review/discuss the results of the 2017 Board of Directors Self-Assessment Survey. Director Eckhart seconded the motion, and the Board entered executive session. At 4:00 p.m., Director Prendergast moved to exit executive session, and with a second from Director Gavan, the Board exited executive session.

At this time, Director Martinez excused himself from the meeting. At 4:02 p.m., Director Eckhart moved to enter executive session to discuss a Tri-State matter and potential FERC filing. Director Gavan seconded the motion, and the Board entered executive session. At 4:28 p.m., Director Gavan moved to exit executive session, and with a second from Director Collins, the Board exited executive session.

XIII. Other Action Items. Upon motion from Director Gavan, seconded by Director Harding, the Board authorized CEO Bronec to file an intervention letter in an Xcel matter pending before FERC. Director Martinez was absent from all discussion and vote on this matter.

XIV. Adjournment. The regular board meeting was adjourned at 4:29 p.m.

A handwritten signature in blue ink, reading "Bradley R. Harding", is written above a horizontal line.

Brad Harding, Secretary/Treasurer