



**MINUTES OF THE REGULAR/ORGANIZATIONAL MEETING OF THE
BOARD OF DIRECTORS**

June 19, 2017

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

8:30 a.m.

Regular/Organizational Board Session. The Board of Directors of the Delta-Montrose Electric Association met for its regular board meeting (and annual organizational meeting) at the office of the cooperative in Montrose, Colorado, on Monday June 19, 2017.

During their regular/organization meeting, the Directors:
1. Elected new Board officers.
2. Elected new representatives to Board organizations.
3. Were assigned to Board committees.
4. Approved the May membership report and May Board meeting minutes as presented.
5. Approved the May Safety and Occupational Health Report as presented.
6. Approved the June CEO report and May SAIDI figure as presented.
7. Received a non-privileged legal update.
8. Determined attendees for the county fairs livestock auctions.
9. Participated in executive sessions addressing various matters.

I. Call Meeting to Order. At 8:33 a.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, Damon Lockhart, John Gavan, Tony Prendergast

- **DMEA Staff Present:** Jim Thate, Steve Metheny, Amy Gavell, Jasen Bronec, Virginia Harman, Kent Davenport
- **Others Present:** Jeffrey Hurd (General Counsel)

II. Pledge of Allegiance was led by President Patterson.

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. The Board approved the meeting agenda with the following amendment: Move agenda item VII-B-3 (Election of Colorado Rural Electric Association Representative) before agenda item VII-B-2 (Election of Western United Electrical Supply Representative).

VI. Introductions. New Board Director, Damon Lockhart, was introduced to the other Board Directors and DMEA staff present.

VII. Organizational Action Items.

A. Election of Board Officers. General Counsel Hurd explained the Board officer election process as outlined in DMEA's bylaws. Hurd noted that elections would occur by secret ballot and that Board officers assume their offices immediately upon election. If there are three or more candidates nominated, there would be a run-off vote between the two candidates receiving the most votes.

1. President. Hurd solicited nominations for Board President. Director Gavan nominated Director Patterson. With no other nominations made, Director Prendergast moved to dispense with voting and deem Director Patterson as having been elected President. Director Gavan seconded the motion, and it carried unanimously.

2. Vice President. Hurd then solicited nominations for Vice-President. Director Elder nominated Director Eckhart. With no other nominations made, Director Gavan moved to dispense with voting and deem Director Eckhart as having been elected Vice-President. President Patterson seconded the motion, and it carried unanimously.

3. **Secretary/Treasurer.** Hurd then solicited nominations for Secretary/Treasurer. Director Eckhart nominated Director Harding. With no other nominations made, Director Prendergast moved to dispense with voting and deem Director Harding as having been elected Secretary/Treasurer. Director Collins seconded the motion, and it carried unanimously.

4. **Assistant Secretary/Treasurer.** Hurd then solicited nominations for Assistant Secretary/Treasurer. Director Eckhart nominated Director Collins. With no other nominations made, Director Prendergast moved to dispense with voting and deem Director Collins as having been elected Assistant Secretary/Treasurer. Director Martinez seconded the motion, and it carried unanimously.

B. Election of Representatives (via Resolution)

1. **Tri-State Generation & Transmission Board.** General Counsel Hurd solicited nominations for DMEA's member on the Tri-State Board of Directors. Director Collins nominated Director Gavan, who declined the nomination. Director Eckhart then nominated Director Martinez. Director Lockhart nominated himself. After distributing and tabulating the ballots, Hurd announced that Director Martinez was elected the Tri-State Generation and Transmission board member with seven votes. The Board then adopted a resolution to this effect. There was a brief discussion on fiduciary responsibility for the new representative as well as the prior representative to Tri-State.

2. **Western United Electric Supply Corporation (WUES) Representative.** Hurd then solicited nominations for the WUES Board of Directors. Director Collins nominated Director Elder for the representative position. No other nominations were voiced. Director Prendergast moved to dispense with voting and to deem Director Elder as having been elected to the Western United Electric Supply board; the motion included that the WUES representative would serve as the alternate representative to CREA and vice-versa. Director Martinez seconded the motion, and it carried unanimously. The Board then adopted a resolution to this effect.

3. **Colorado Rural Electric Association (CREA) Representative.** Hurd then solicited nominations for the CREA Board representative. Director Elder nominated Director Lockhart. No other nominations

were voiced. Director Collins then moved to dispense with voting and to deem Director Lockhart as having been elected to the CREA Board. President Patterson seconded the motion, and it carried unanimously. Per the motion in the WUES election, Director Lockhart will act as alternate representative to WUES, and Director Elder will serve as alternate representative to CREA. The Board then adopted a resolution to this effect.

4. National Rural Electric Cooperative Association (NRECA), National Rural Telecommunications Cooperative (NRTC), National Bank for Cooperatives (CoBank), Cooperative Finance Corporation (CFC), Federated Rural Insurance (Federated), and National Information Solution Cooperative (NISC) Representative.

Nominations were then solicited for the NRECA, NRTC, Co-Bank, CFC, Federated and NISC representative. Director Prendergast nominated Director Collins as the representative of the aforementioned organizations, with Director Harding to act as the alternate representative. No other nominations were presented. Director Martinez seconded the motion, and it carried unanimously. The Board then adopted a resolution to this effect.

C. Appointment of Board Directors to Committees. President Patterson assigned Board Directors to Board committees. Directors Eckhart, Harding, and Collins will serve on the Finance/Audit/Rate committee, with Director Collins acting as committee chair. Directors Martinez, Elder, and Prendergast will serve on the Member Relations committee, with Director Prendergast acting as committee chair. Directors Lockhart, Patterson, and Gavan will serve on the Engineering/Construction/Renewable Energy Committee, with Director Gavan acting as committee chair. Directors Patterson, Eckhart, Harding, and Collins will serve on the Executive Committee in their capacities as elected Board officers.

D. Determine Bank Signatories. The Board then considered a resolution to update the bank signatories on DMEA banking accounts. As the DMEA officers did not change from the prior year, there was no need to adopt a new resolution.

VIII. General Business

A. Consent Agenda. Upon motion from Director Collins, seconded by Director Martinez, the Board approved the May 2017 membership report, and the May 2017 regular meeting minutes.

B. Board Committees.

1. Executive Committee. Committee Chair Patterson reported that the committee met on June 8, 2017 to discuss power supply matters, Webb Dairy litigation matters, and current strategic objectives and initiatives. The Executive Committee also conducted an initial discussion on an upcoming strategy retreat. The committee suggests holding an off-site retreat on a date to be determined.

C. Safety and Occupational Health Report. Safety, Training, and Compliance Director, Thate, presented his report for May 2017. Thate reviewed with the Board an accident he initially presented last month: a Serviceman received small second degree burns to the nose, left cheek and left ear while reconnecting a three-phase meter. The Serviceman is doing well and is back at work. Thate noted lessons learned from the incident and how safety procedures have been updated for the future; CEO Bronec expanded upon these safety changes. Thate then highlighted a car/pole accident with a damaged transformer and potential polychlorinated biphenyl (PCB) spill. The matter was addressed according to DMEA protocol, and the board engaged in an extended discussion of PCB mitigation and cleanup matters.

Montrose police have investigated and apprehended an individual who vandalized the Montrose office by throwing a trash can at the front lobby door. Director Elder then discussed his contact with DMEA following a pole that had been struck twice at one of the commercial properties in which Director Elder has an ownership interest.

Upon motion from Director Collins, seconded by Director Gavan, the Board unanimously approved the May 2017 Safety and Occupational Health report and the updated safety improvement plan as presented.

D. CEO Report. CEO Bronec highlighted various items contained in the June 2017 CEO Report, touching upon certain updates in various departments. Bronec briefly discussed union negotiations and management's approach to said negotiations. The Board then discussed HR ERISA compliance with the

pension plans. Bronec updated the Board on the progress of the CFO search, and then concluded his report discussing possible updates to DMEA's organizational chart.

The May 2017 SAIDI figure was presented and discussed. The inclement weather in May across the service territory resulted in several widespread outages that increased the SAIDI figure. Bronec noted that he anticipates the SAIDI number will level off throughout the remainder of the year.

Upon motion from Director Gavan, seconded by Director Harding, the Board unanimously approved the June CEO report and the May 2017 SAIDI number as presented.

E. Legal Report. General Counsel Hurd provided a brief non-privileged legal update, including a brief report that the Webb Dairy lawsuit had been resolved in court-ordered mediation. At this time, Director Lockhart noted a potential conflict of interest regarding the Webb Dairy plaintiffs—*i.e.*, Director Lockhart's spouse is related to the Webb family. Director Lockhart thus announced that he would excuse himself from the boardroom if/when Webb Dairy related matters are discussed in the future. Hurd then highlighted a portion of his legal report outlining topics discussed at the Spring 2017 CREA Attorney Conference. Hurd also noted for the Board that he had recently been hired as Town Attorney by the Town of Orchard City, and the board discussed potential conflicts given that the town is in DMEA's service territory. Hurd agreed that he would be cautious about all issues that could implicate the relationship between the Town of Orchard City and DMEA. Hurd then requested that the remainder of his report be deferred to executive session.

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

1. Tri-State Report. Director Gavan reported to the Board his attendance at a three-day Board session, two days of which focused on strategic planning. One of the major focuses going forward for Tri-State will be on improving member relations and communication efforts. Director Gavan highlighted Tri-State CEO Mike McInnes' succession plan for leadership in Tri-State following his eventual retirement.

2. WUES Report. Newly appointed WUES Representative, Director Elder, will be attending the next WUES meeting on June 29.

3. **CREA Report.** President Patterson attended the last CREA meeting on behalf of Director Martinez and discussed his email report on that meeting (previously sent to the Board for review).

G. Action Item: Other Business.

1. **Determine Attendees at County Fairs Live Stock Auctions (Delta County Fair August 12, 2017/Montrose County Fair July 29, 2017).**

Director Martinez will attend the Montrose County Fair Livestock Auction. Directors Lockhart and Prendergast will attend the Delta County Fair Livestock Auction. Executive Assistant Gavell will provide the Directors with a budget. All the livestock purchased will be processed and donated to local food banks in the area.

H. Informational Items. There were no additional informational items.

IX. Member Comments. There were no member comments presented.

X. Future Meetings. The next regular DMEA Board meeting will be on July 25, 2017 at 3:00 p.m. Director Lockhart will work with Gavell to set a new Board Director orientation date (and all directors are all welcome to attend).

The Board took a brief recess at 10:40 a.m. The meeting resumed at 10:50 a.m.

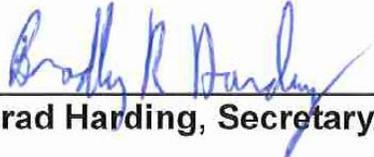
XI. Executive Session. At 10:50 a.m., Director Prendergast moved to enter executive session to receive a privileged legal update, to discuss strategy execution, and to address the development of social media/network guidelines. Director Gavan seconded the motion, and it carried unanimously. The board exited executive session at 11:29 a.m.

At 11:31 a.m., Director Prendergast moved to enter into another executive session to discuss power supply matters. Director Elder seconded the motion, and it carried. Newly appointed Tri-State Board Representative, Director Martinez, did not participate in the vote and excused himself from the boardroom during this executive session. The board exited this executive session at 12:07 p.m.

At 12:07 p.m., Director Harding moved to enter into a third executive session to discuss the Webb Diary litigation. Director Eckhart seconded the motion,

and it carried. Director Lockhart did not participate in the vote and excused himself from the boardroom during this executive session. The Board exited its final executive session at 12:21 p.m.

XII. Adjournment. The regular board meeting was adjourned at 12:21 p.m.



Brad Harding, Secretary/Treasurer