



REGULAR (ORGANIZATIONAL) MEETING OF THE BOARD OF DIRECTORS

June 21, 2016, 9:00 A.M.

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

Minutes

Regular (Organizational) Board Session

I. Call Meeting to Order. At 8:59 a.m., the Board convened and the meeting was called to order.

Directors Present: Bill Patterson (left at 11:59 a.m.), Tony Prendergast, Kyle Martinez, Terry Brown, Jim Elder (left at 11:35 a.m.), Marshall Collins, Mark Eckhart, Brad Harding (by phone, in at 9:38 a.m., left at 10.33 a.m.), John Gavan

Staff Present: Jasen Bronec, Steve Metheny, Amy Gavell, Judy Moore, Jim Thate, Doug Cox, Corey Thurlow, John Monday.

Others Present: General Counsel Jeffrey Hurd, Destiny Chavez (Montrose High School)

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 there was a quorum present.

V. Approval of Agenda. The meeting began with Director Harding's absence. President Patterson proposed amending the agenda to postpone action items VII. B and VII.C until Director Harding was available to participate via phone. Director Gavan moved to revise the agenda accordingly, and President Patterson seconded; the motion was approved 7-1, with Director Collins voting in opposition.

During their Regular Organizational Meeting, the Directors:

1. Accepted the 2016 Election Report.
2. Elected new Board officers.
3. Adopted Resolutions to elect DMEA representatives to Tri-State Generation and Transmission, Western United Electrical Supply, Colorado Rural Electric Association, National Rural Electric Cooperative Association, National Rural Telecommunications Cooperative, National Bank for Cooperatives, Cooperative Finance Corporation, Federated Rural Insurance, and National Information Solution Cooperative.
4. Entered into a legal engagement letter with Beckner & Hurd, LLC for service as DMEA General Counsel.
5. Adopted a resolution for banking and wire account signatures.
6. Approved a Bill of Sale for the purchase of certain fiber assets from DMEAUS.
7. Adopted a Contract for Services with DMEAUS.
8. Adopted a resolution clarifying the 401k Pension Plan.
9. Authorized Director Collins to serve on a re-activated Tri-State contract committee and CEO Bronec to serve on a re-activated Tri-State rates committee.
10. Approved Director Martinez representing the Board at an upcoming FERC conference.

VI. Introductions. General Counsel Hurd introduced Destiny Chavez, a student at Montrose High School interested in a legal career and job shadowing Hurd for the day.

VII. General Business

- A. Election Report.** The Board reviewed the official election report generated by Survey and Ballot Systems as well as a DMEA staff summary of the election process. DMEA staff reported overall satisfaction with Survey and Ballot Systems' administration of the election. Director Prendergast noted the relatively small number of rejected ballots. Upon motion from Director Prendergast, seconded by Director Gavan, the Directors present in the room unanimously accepted the Election Report as presented.
- B. Election of Board Officers.** General Counsel Hurd explained the Board officer election process as outlined in the DMEA Bylaws, with elections occurring by secret ballot and officers assuming their offices immediately upon election. Director Harding, present via phone, sent his votes via direct message to Hurd.
- 1. Board President.** Hurd solicited nominations for Board President. Director Gavan nominated Director Patterson, and Director Collins nominated Director Martinez. Hurd tabulated the ballots and announced that Director Patterson had been elected Board President with five votes.
 - 2. Vice-President.** Hurd then solicited nominations for Vice-President. Director Elder nominated Director Collins for the position. Director Gavan nominated Director Eckhart for Vice-President. Hurd tabulated the ballots and announced Director Eckhart had been elected Board Vice-President with six votes.
 - 3. Secretary/Treasurer.** Hurd then solicited nominations for Secretary/Treasurer. Director Prendergast nominated Director Collins for the position. Director Gavan nominated Director Harding as Secretary/Treasurer. Hurd counted the ballots and announced that Director Harding had been elected Board Secretary/Treasurer with five votes.
 - 4. Assistant Secretary/Treasurer.** Hurd then solicited nominations for Assistant Secretary/Treasurer. Director Patterson nominated Director Collins. With no other nominations being made, Director Prendergast moved to dispense with a secret ballot and to elect Director Collins as Assistant Secretary/Treasurer. President Patterson seconded, and the motion carried unanimously.
- C. Election of Representatives.** General Counsel Hurd explained the process for selecting DMEA representatives to the boards of other organizations. Director Harding sent his votes via direct message to Hurd.
- 1. Tri-State Generation & Transmission Association (Tri-State).** General Counsel Hurd solicited nominations for DMEA's representative member on the Tri-State Board of Directors. Director Elder nominated Director Gavan to be the representative. With no other nominations being made, Director Prendergast moved to dispense with a secret ballot and to elect Director Gavan as the Tri-State Board Representative. President Patterson seconded, and the motion carried unanimously.

2. **Western United Electric Supply Corporation (WUES).** Hurd then solicited nominations for the WUES Board representative. Director Prendergast voiced his desire to have the same representative for both WUES and the Colorado Rural Electric Association boards, but none of the Directors made a motion to that effect. Director Collins nominated Director Elder for the WUES board, and Director Gavan nominated Director Brown for the board. Hurd tabulated the ballots and announced that Director Brown had been elected the WUES representative with five votes.
 3. **Colorado Rural Electric Association (CREA).** Hurd then solicited nominations for the CREA Board representative. Director Prendergast nominated Director Martinez. Director Eckhart declined a separate nomination. Director Prendergast then moved to dispense with a secret ballot and to elect Director Martinez as the CREA representative. President Patterson seconded, and the motion carried unanimously.
 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 representatives. Director Elder nominated Director Harding, and Director Collins nominated Director Prendergast. Hurd tabulated the ballots and announced that Director Prendergast had been elected representative to the organizations with five votes. The Directors then elected Director Harding as the alternate representative by acclamation.
- D. Legal Engagement Letter.** The Board excused General Counsel Hurd while it discussed the general counsel engagement letter with Beckner & Hurd, LLC. Directors discussed the firm's fees, attorney workload, quality of legal work, and relevant knowledge. DMEA staff recommended retaining Beckner & Hurd. Following this discussion, Director Elder moved to accept the engagement agreement and, following a second from Director Prendergast, the Directors present in the room unanimously reappointed Beckner & Hurd as DMEA general counsel.
- E. Resolution for Banking and Wire Account Signatures.** Upon motion from Director Prendergast, seconded by Director Collins, the Directors present in the room unanimously adopted a resolution authorizing certain officers and DMEA management to sign banking and wire account authorizations on behalf of DMEA.
- F. Other Business.**
1. **Vote on Certain Agreements with DMEA Utilities Services, LLC ("DMEAUS")**
 - i. **Bill of Sale.** Vice-President of Finance Thurlow discussed transfers of fiber ownership from DMEAUS to DMEA, and the general delineation of DMEA and DMEAUS-owned fiber. The Directors then discussed the purchase of certain fiber optic assets from DMEA, in particular certain stands stretching from DMEA headquarters to Anciano Towers in Montrose. Upon motion from Director Prendergast, seconded by Director Gavan, the Directors present in the room unanimously approved a resolution authorizing the

purchase of these fiber assets from DMEAUS (correcting the spelling for “Anciano”).

- ii. **Contract for Services.** General Counsel Hurd discussed with the Board the arm’s-length relationship between DMEA and DMEAUS, and how various administrative and support services performed on behalf of each entity would be accounted for and billed. This service and billing arrangement has been memorialized in a written contract for services, which Hurd then reviewed with the Board. Upon motion from Director Prendergast, seconded by Director Gavan, the Directors present in the room unanimously approved the contract for services as presented.
2. **Vote on Resolution for 401k Pension Plan Clarification Amendment.** Human Resources Director Moore and CEO Bronec discussed the need for an amendment to the 401k plan relating to DMEAUS so as to exclude from plan participation the individual serving as DMEAUS President. Upon motion from Director Prendergast, seconded by Director Eckhart, the Directors present in the room unanimously approved the amendment clarifying the 401k Pension Plan.
3. **Reactivated Tri-State Contract and Rates Committees.** Director Collins notified the Board that Tri-State Board Chairman, Rick Gordon, had contacted Collins about Tri-State reactivating its contract committee to address various Tri-State/member system issues. Gordon requested that Director Collins participate in these meetings. CEO Bronec then noted he may be asked to participate in a re-activated Tri-State rates committee as well. Upon motion from Director Prendergast, seconded by Director Elder, the Board unanimously authorized Director Collins to serve on a reactivated Tri-State contract committee, and CEO Bronec to serve on a reactivated Tri-State rates committee.
4. **FERC Technical Conference.** At the end of June, General Counsel Hurd, Director Martinez, and Renewable Energy Engineer Heneghan plan to attend the FERC Technical Conference addressing qualifying facilities and new developments in the implementation of the Public Utilities Regulatory Policy Act of 1978 (PURPA). Director Martinez requested that the DMEA Board authorize his attendance at the conference on behalf of the Board. Director Collins made a motion to that effect and, following a second by Director Gavan, the Board unanimously approved the motion.

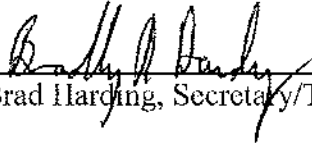
VIII. Member Comments. There were no members present for comment.

IX. Future Meetings

1. **Next Regular Meeting.** The next regular board meeting will be on June 28, 2016 at 3:00 p.m. Director Martinez and General Counsel Hurd will be in Washington, D.C., for the FERC technical conference and will appear by phone.
2. **Board Orientation Date.** The new board member orientation date was tentatively set for July 12 or 13, 2016. Executive Assistant Gavell will contact Director Harding and determine which date will work with his schedule. The rest of the Board is welcome to attend as well.

X. Executive Session. At 12:16 p.m. Director Martinez moved to enter into executive session to receive a legal update from the general counsel. Director Gavan seconded the motion, and the Board (absent President Patterson and Directors Elder and Harding) unanimously voted to enter executive session. The Board exited executive session at 12:40 p.m.

XI. Adjournment. The Board adjourned at 12:41 p.m.



Brad Harding, Secretary/Treasurer