



MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

November 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, November 28, 2017.

During their regular meeting, the Directors:
1. Approved the October membership report and an amended version of the October regular meeting minutes.
2. Set the 2018 annual member meeting for June 14, 2018.
3. Revised Board Policy 2-15D and the statement of functions for the Member Relations committee.
4. Adopted updated Board Self-Assessment form.
5. Revised Board Policy 2-15A regarding overall Board committee governance.
6. Revised Board Policy 2-15B and the statement of functions for the Executive Committee.
7. Approved the October 2017 Safety and Occupational Health Report as presented.
8. Approved the Financial Report through October 2017.
9. Approved the November CEO report and October SAIDI figure.
10. Received a non-privileged legal update.
11. Reviewed Board representative reports.
12. Received a privileged legal update.
13. Publically censured Director Elder for a breach of confidentiality, violation of director duties, and misrepresentation of a Board position.
14. Provided CEO Bronec with a 2017 performance evaluation and elected to increase his existing salary of \$219,350.56 by 5% for 2018.

I. Call Meeting to Order. The Board convened at 3:02 p.m. 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, left at 7:07 p.m. during the executive session confidentiality matters discussion), Damon Lockhart, John Gavan, Tony Prendergast

- **Directors Absent:** None

- **DMEA Staff Present:** Doug Cox (left at 5:45 p.m. prior to executive session), Wade Pynes (left at 6:41 p.m. following completion of an executive session concerning power supply matters), Steve Metheny (left at 6:41 p.m. following completion of an executive session concerning power supply matters), Virginia Harman (left at 7:53 p.m. prior to the executive session CEO evaluation), Jim Thate (left at 5:45 p.m. prior to executive session), Jasen Bronec, Amy Taylor, Jim Heneghan (left at 6:41 p.m. following completion of an executive session concerning power supply matters)

- **Others Present:** Jeffrey Hurd (*General Counsel*)

II. Pledge of Allegiance was led by Director Lockhart.

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 amendments: (1) under agenda item X – Executive Session, add a new item D (“Discussion of Confidentiality Matters”); (2) eliminate agenda item XII.B.3 – Vote on Education Trailer. Director Martinez will also discuss his attendance at the CREA Energy Innovation Summit under agenda item XII.G.3 – CREA Report.

VI. Introductions. There were no visitors present.

VII. General Business

A. Consent Agenda. Upon motion from Director Collins, seconded by Director Harding, the Board unanimously approved the October 2017 membership report. Prompted by a question from Director Eckhart, the Board discussed a necessary revision to the October 2017 meeting minutes. Director Collins moved to amend agenda item VII.B.1 of the October 2017 minutes to show that the Board discussed a \$36,000.00 office signage line item and a \$50,000.00 facility expenditure that were approved as part of the budget but the monies will only be allocated upon additional Board discussion and approval. Director Harding seconded the motion, and the Board unanimously approved the October 2017 minutes as revised.

B. Board Committees.

- 1. Finance – Audit – Rate Committee.** Committee Chair Collins reported the F/A/R committee met on November 17 to receive updates regarding Federal Reserve rate issues, information on the changes to the pole attachment policy, a review of KRTA ratios, and IBEW contract negotiations. Director Eckhart raised concerns about pension matters within Tri-State Generation & Transmission (“Tri-State”) and how that financially impacts the cooperative. The Board discussed methods of how to advance Director Eckhart’s concern within Tri-State.

- 2. Engineering – Construction – Renewable Energy Committee.** Committee Chair Gavan reported that E/C/R committee had also met on November 17 to receive a vegetation management program update and as well as an update on potential language changes to the net metering policy. Chair Gavan then briefly presented information on the Agile Fractal Grid Project. At this point Vice President of Power Supply and Management Services, Metheny, discussed strategic initiatives related to solar and the possibility of combining initiatives. The Board then briefly discussed the resource plan in relation to an already completed baseline hosting capacity study.

3. Member Relations – Energy Services Committee. Committee Chair Prendergast reported that the Member Relations committee met on November 20 to review the latest survey results from the TSE Consulting Survey and to discuss 2018 surveying. The committee also discussed potential meeting dates and locations for the 2018 annual meeting, as the Bylaws require approval and posting of the date and location six months prior to the event. The committee recommended June 14, 2018 as the annual meeting date for 2018. Meeting formats and locations were also discussed for final approval at a future committee meeting. The committee also reviewed revisions to Board Policy 2-15D and recommended them to the full Board for approval. The committee also reviewed a proposal to purchase an education trailer using monies from the unclaimed capital credit fund but did not recommend that the Board make the expenditure.

Upon motion from Director Prendergast, seconded by Director Martinez, the Board unanimously approved June 14, 2018 as the annual member meeting date for 2018.

Upon motion from Director Prendergast, seconded by Director Harding, the Board unanimously approved revisions to Board Policy 2-15D, including the statement of functions for the Member Relations committee.

4. Executive Committee. Committee Chair Patterson reported the Executive committee had met on November 8. At this meeting the committee received an update on Power Supply matters as well as the status of the IBEW contract negotiations. The committee also reviewed revisions to the Board Self-Evaluation form, as well as updates to Board Policy 2-15A and 2-15B (regarding overall committee governance and Executive committee functions, respectively). The committee recommended that the full Board approve the updated Self-Assessment form and the revised Board Policy 2-15A and 2-15B. The committee also discussed procedures for the upcoming CEO evaluation and salary determination. There was also a brief discussion during the committee meeting about the ClearNetworkx acquisition.

Upon motion from Director Harding, seconded by Director Gavan, the Board unanimously approved revisions to Board Policy 2-15A, concerning overall Board committee governance.

Upon motion from Director Collins, seconded by Director Gavan, the Board unanimously approved revisions to Board Policy 2-15B, concerning the functions of the Executive committee.

General Counsel, Hurd, briefly discussed the proposed changes to the annual Board Self-Assessment form. Director Gavan moved to approve the revised Board Self-Assessment form as presented. Director Prendergast seconded the motion, and the Board voted to unanimously approve the updated assessment form. The results of the Board Self-Assessment will be discussed during executive session at the December regular Board meeting.

- C. Safety and Occupational Health Report.** Safety, Training and Compliance Director, Thate, reviewed the Safety and Occupational Health Report for October 2017. He highlighted a minor incident where an employee was returning a BBQ grill from a member appreciation event and broke a taillight. No injuries were reported, and the employee is aware of how to handle a similar situation in the future. A field service representative reported a strained right elbow while standing on a short ladder and pulling a meter that was well above his head. The employee has since recovered and is aware of steps to take in the future to avoid a similar strain. Thate concluded his report with a brief update on insurance claims and boundary dispute issues.

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

- D. Financial Report.** Vice-President of Finance, Pynes, presented the Financial Report through October 2017, beginning with a review of certain items listed in the monthly variance report. Pynes addressed a legal bill that had been erroneously paid twice; upon notification of the duplicate payment, staff isolated the problem and Pynes noted that a new electronic approval process should eliminate these errors going forward. Electric revenue year-to-date is at budgeted levels. Pynes provided an update on rate class revenue generation, and the status of the purchase power budget. The Board discussed how the financials would look if Tri-State completes a patronage

capital retirement this year. Pynes noted that he anticipated an overall financially healthy year in 2017 for DMEA.

Upon motion from Director Collins, seconded by Director Gavan, the Board unanimously approved the Financial Report through October 2017 as presented.

- E. CEO Report.** CEO Bronec highlighted various items contained in the November 2017 CEO Report, commenting on updates in various departments and updating the board on key operational matters within the cooperative. Bronec highlighted additional discussions on dark fiber network agreement matters. He also addressed current system design jobs, meter sets, and updated processes with the design department. Current call volumes were noted along with company events and new job positions for 2018. Bronec concluded his report by noting that by year end, the City of Delta will be receiving meters from DMEA that were annexed into the City. The remainder of CEO Bronec's report will be deferred to executive session.

The October 2017 SAIDI figure was presented and discussed.

Upon motion from Director Collins, seconded by Director Martinez, the Board unanimously approved the November CEO report, and the October 2017 SAIDI number, as presented.

- F. Legal Report.** General Counsel Hurd provided a brief non-privileged legal update to the Board. Hurd then briefly reviewed his legal invoices for the past month. The remainder of his report was deferred to executive session.

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

1. **Tri-State Report.** Director Martinez highlighted portions of the report he previously e-mailed to the Board. He addressed Tri-State patronage capital credits and this prompted a discussion on the process used for Tri-State's credit ratings. There was a brief discussion on dark fiber easement matters and financial forecasts. Martinez and the Board also addressed certain aspects of the La Plata wholesale power supply requirements contract.

2. WUES Report. Director Elder reported he anticipated attending the next Western United meeting on Thursday, December 7, 2017. He forwarded financial information from Western United to the Board for review.

3. CREA Report. Director Lockhart noted he previously e-mailed the Board a committee and budget report to review. He discussed his attendance at the CREA Energy Innovations Summit, which Directors Elder and Martinez also attended, and stated that he had started to take Board Leadership classes through NRECA. At this time, Director Martinez provided a brief review of his observations at the Summit. Director Lockhart concluded his report by noting the next CREA Board meeting is next week, which he will be attending.

H. Action Item: Other Business. There were no additional action items.

I. Informational Items. There were no additional informational items to discuss.

VIII. Member Comments. There were no member comments.

IX. Future Meetings. The next regular DMEA Board meeting will December 19, 2017, at 1:00 p.m.

The Board broke for dinner at 5:06 p.m. The meeting resumed at 5:45 p.m.

X. Executive Session. At 5:46 p.m., Director Martinez excused himself from the meeting. At 5:46 p.m., Director Harding moved to enter into executive session to receive a power supply update. Director Collins seconded the motion, and the Board unanimously entered executive session. The Board exited executive session at 6:41 p.m.

At 6:41 p.m., Director Martinez re-entered the meeting. At 6:41 p.m., Director Prendergast moved to enter another executive session to receive a privileged legal update and to discuss confidentiality matters. Director Collins seconded the motion, and the Board unanimously entered into a second executive session. Director Elder excused himself from the meeting at 7:07 p.m. during the confidentiality matter discussion. The Board exited executive session at 7:41 p.m.

Following a discussion in executive session that included Director Elder, and after the Board members exited executive session and, with Director Elder having previously agreed to exclude himself from the Board's further deliberation and vote, the Board discussed Director Elder's violation of director duties under Board Policy 2-5, including breach of confidentiality and misrepresentation of Board discussions in a manner harmful to Delta-Montrose Electric Association. Upon motion of Director Gavan, seconded by Director Eckhart, the Board unanimously voted, pursuant to Board Policy 2-5(6), to publicly censure Director Elder, issue a written admonition, remove Director Elder from representation as Western United Electric Supply representative, and to indefinitely exclude director Elder from all DMEA committee meetings and DMEA executive sessions. Director Elder did not participate in the vote on this matter, and did not participate in any further discussions or vote in this meeting.

Upon motion from Director Harding, seconded by Director Gavan, the Board approved the appointment of Director Lockhart as the Western United Representative replacement for Director Elder.

At 7:53p.m. Director Gavan moved to enter into another executive session for the annual CEO evaluation. Director Harding seconded this motion, and the Board unanimously voted to go into executive session. At 8:15, the Board exited executive session.

XI. Other Action Items.

A. Vote on CEO Evaluation and Salary Review. Upon motion from Director Collins, seconded by Director Lockhart, the Board approved the 2017 CEO evaluation as discussed in executive session and determined CEO Bronec will receive a 5% increase to his base salary (currently \$219,350.56) in 2018. .

XII. Adjournment. The regular board meeting was adjourned at 8:16 p.m.



Brad Harding, Secretary/Treasurer