



MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

January 23, 2018

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, January 23, 2018.

During their regular meeting, the Directors:
1. Approved the December membership report as presented and an amended version of the December regular meeting minutes.
2. Approved Survey and Ballot Systems as the Credentials Committee and Dalby Wendland & Co. PC as the ballot holding company for the 2018 Board election and annual meeting.
3. Postponed a vote on an Energy Efficiency On-Bill Financing Program to a future meeting.
4. Approved updates to Board Policy 2-11 (Director Districts and Elections of Directors) as presented.
5. Approved the December 2017 Safety and Occupational Health Report as presented.
6. Approved the Financial Report through November 2017 as presented.
7. Approved the January CEO Report and December 2017 SAIDI as presented.
8. Reviewed Board Representative Reports.
9. Approved a donation to fund the Operation Round Up audit.
10. Approved a retirement resolution for Mark Mooney.
11. Approved a retirement resolution for Sharon Smart.
12. Declined to send a representative to the CFC annual meeting.
13. Approved a donation to the Montrose County Historical Society from the unclaimed capital credit fund in the amount of \$12,000.00.

14. Reviewed a presentation proposal from the Colorado Outdoors Project.

15. Approved a \$350.00 monthly compensation for each DMEA Utilities Services, LLC (DMEAUS) Operating Manager, effective January 1, 2018, and ratified and approved all acts of DMEAUS Operating Managers and officers previously been taken in accordance with DMEA's Operating Manager compensation policy (OMP 2-3).

I. Call Meeting to Order. At 3:02 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 (left the meeting at 7:26 p.m.), Jim Elder (left the meeting at 6:20 p.m.), Damon Lockhart, John Gavan, Tony Prendergast

- **Directors Absent:** None

- **DMEA Staff Present:** Jasen Bronec, Virginia Harman, Wade Pynes, Steve Metheny, Amy Taylor, Mateusz Pena (left the meeting at 6:20 p.m.), Shelby Bear (left the meeting at 6:20 p.m.), Kent Davenport (left the meeting at 6:20 p.m.), Doug Cox (left the meeting at 5:44 p.m.), Jim Thate (left the meeting at 4:53 p.m.), Kent Blackwell (left the meeting at 4:53 p.m.).

- **Others Present:** Jeffrey Hurd (*General Counsel*), Zilla May Brown (*Montrose County Historical Society* (in at 5:00 p.m., left the meeting at 5:05 p.m.)) Scott Murphy (*City of Montrose* (in at 5:00 p.m., left the meeting at 6:00 p.m.)), Doug Dragoo (*Mayfly Outdoors* (in at 5:00 p.m., left the meeting at 6:00 p.m.)), David Dragoo (*Mayfly Outdoors* (in at 5:00 p.m., left the meeting at 6:00 p.m.))

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 the presence of a quorum.

V. Approval of Agenda. The Board approved the meeting agenda with the following amendments: 1) table planned agenda item VII-B-3, "Vote on Energy Efficiency On-Bill Financing Program," until a future meeting when further information can be presented; 2) amend agenda item VII-B-3 "Vote on Credential Committee for Board Election" to include voting on the ballot holding company for the Board election, 3) add under agenda item VII-B-3 an update on legislative matters, 4) move discussion of agenda item "Vote on Donation Request from Montrose County Historical Society" and agenda item "Colorado Outdoors Request" to before agenda item XII-Executive Session, 5) move agenda item "Discuss Changes to Board Compensation" out of executive session to be part of the discussion under agenda item XIII-B "Vote on DMEAUS Operating Manager Compensation"; and 6) add a power supply discussion item under agenda item XII-Executive Session.

VI. Introductions. Kent Blackwell, the new Chief Technical Officer, was introduced to the Board.

VII. General Business

A. Consent Agenda. Upon motion from Director Harding, seconded by Director Gavan, the Board unanimously approved the December 2017 membership report as presented and the December regular meeting minutes with the following amendment: 1) update item VII-G-1 (Tri-State Report) to reflect a clarification requested by Director Martinez relating to Tri-State power marketing "roadshows."

B. Board Committees.

1. Finance – Audit – Rate Committee. Committee Chair Collins reported the F/A/R committee had met on January 15. At the meeting the committee received a pole attachment update, a C&I rate comparison presentation, information on possible refinancing options, and an update on New Market Tax Credits. There was also brief discussion on ways to obtain information on the Tri-State pension plan. Vice-President of Finance, Pynes, alerted the Board that he had received some additional information on the Tri-State Pension Plan modifier, and would like to present an update on this at the next F/A/R committee meeting. The F/A/R committee will also consider revenue deferral at its February meeting and this would be discussed by the full Board at the regular February meeting.

2. Engineering – Construction – Renewable Energy Committee.

Committee Chair Gavan reported that E/C/R committee had met on January 9. At the meeting the committee reviewed updates on the “solar in schools” program and discussed proposed updates to the net metering policy, with staff soliciting feedback from the committee on revisions. The meeting concluded with a review of certain loads within the DMEA system. System Design Supervisor, Bear, provided some additional updates on those loads.

3. Member Relations – Energy Services Committee.

Committee Chair Prendergast reported the Member Relations committee had met on January 19. Among other things, at this meeting Telephone Consumer Protection Act compliance matters were reviewed along with overall DMEA communication plan items. The Energy Efficiency On-Bill Financing Program was addressed, with a request from the committee to table action until additional information is presented. The annual meeting location and theme were discussed, and the Committee recommended that the location be the Montrose Pavilion and the theme be “Generation Next.” The format for candidate forums were also discussed, with the committee recommending against changing the traditional format. As part of the annual meeting discussion, the committee also reviewed possible entities to serve as the credentials committee and ballot holding company for the 2018 Board election. It was the recommendation of staff and the committee to have Survey and Ballot Systems serve as the Credentials Committee and Dalby Wendland & Co. to serve as the ballot holding company. CEO Bronec concluded the meeting by discussing legislative strategy matters and this was addressed further in the regular meeting.

Upon motion from Director Prendergast, seconded by Director Gavan, the Board unanimously designated Survey and Ballot Systems to serve as the credentials committee for the 2018 election and Dalby Wendland & Co. PC to serve as the ballot holding company for the 2018 Board election and annual meeting.

4. Executive Committee. Committee Chair Patterson reported the Executive committee had met on January 15 to, among other things, review possible updates to Board Policy 2-11. The committee settled

on recommendations to the Board for approval. The committee also discussed increased staff and Board attendance at public and community meetings within the service territory. The meeting concluded with a discussion on power supply matters.

Upon motion from Director Harding, seconded by Director Prendergast, the Board unanimously approved updates to Board Policy 2-11 regarding Director Districts and Elections of Directors as presented.

C. Safety and Occupational Health Report. Safety, Training and Compliance Director, Thate, presented a general review of the Safety and Occupational Health Report for December 2017. He highlighted an incident where a substation technician reported straining his left elbow while cleaning and moving equipment in his workshop. The employee has since reported his elbow has improved and he is aware of how to prevent a similar incident in the future. There were no near misses for the month of December. Thate noted the completion of the OSHA 300-A Accident/Incident report where the results show DMEA as one of the best performing cooperatives in the nation. Staff training, both in-person and online continue in 2018. Thate stated that air duct sampling was conducted at the Montrose Office, with the report showing this portion of the building is in good condition.

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

D. Financial Report. Vice-President of Finance, Pynes, presented the Financial Report through November 2017. He began by addressing certain items listed in the monthly variance report. He noted that electric sales are below projections on account of unexpectedly warm winter weather. Pynes led the Board in discussions about South Canal Hydro margins as well as idle services. Short-term investments through CFC were noted along with a line of credit from DMEA to DMEA Utilities Services, LLC (DMEAUS). Pynes concluded his oral report by noting that Tri-State capital credits were a significant revenue driver in December 2017, which will be accounted for in the December 2017 financials.

Upon motion from Director Harding, seconded by Director Lockhart, the Board unanimously approved the Financial Report through November 2017 as presented.

- E. CEO Report.** CEO Bronec highlighted various items contained in the January 2018 CEO Report, addressing departmental updates and informing the board on key operational matters within the cooperative. Among other things, Bronec noted the number of calls the customer service representatives answered as well as the number of 2017 system design jobs. Net metering applications and total rebates processed for 2017 were also discussed, along with new community outreach events for 2018. Bronec concluded the main update by noting 2017 hires and projected hires in 2018.

Bronec then presented and discussed the December 2017 SAIDI figure, noting that even the relatively high 2017 number falls below state and national averages.

Upon motion from Director Prendergast, seconded by Director Eckhart, the Board unanimously approved the January CEO report as presented

Upon motion from Director Martinez, seconded by Director Gavan, the Board unanimously approved the December 2017 SAIDI number 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 Martinez highlighted aspects of a written report he had previously e-mailed to the Board. Directors discussed Tri-State's position of holding rates steady for the next five years.
- 2. WUES Report.** Director Lockhart reported he would be attending the next meeting on Wednesday, 1/24. CEO Bronec provided an update on CCT cable matters in relation to Western United supply.
- 3. CREA Report.** Director Lockhart stated he would be attending the next meeting on Thursday, 1/25, and would have a report for the next regular meeting.

H. Action Item: Other Business.

- 1. Approve Donation for Operation Round Up Audit.** Upon motion from Director Gavan, seconded by Director Collins, the Board approved a donation to pay for the Operation Round Up audit.
- 2. Approve Mark Mooney Retirement Resolution.** Upon motion from Director Martinez, seconded by Director Prendergast, the Board unanimously approved a retirement resolution for Mark Mooney.
- 3. Approve Sharon Smart Retirement Resolution.** Upon motion from Director Prendergast, seconded by Director Gavan, the Board unanimously approved a retirement resolution for Sharon Smart.
- 4. Vote on Voting Delegate for CFC Annual Meeting.** There will be no Board Directors attending the CFC Annual Meeting.

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

The Board took a brief recess at 4:53 p.m. The meeting resumed at 5:00 p.m.

X. Member Comments.

A. Review Donation Request from Montrose County Historical Society.

The Board reviewed a donation request from the Montrose County Historical Society from the unclaimed capital credit fund for \$24,000.00. Zilla May Brown, representative from the Montrose County Historical Society, answered questions posed by the Board, including ways the donation could contribute to educational endeavors. Ms. Brown also addressed the timeline and amounts of other fundraising the organization has conducted.

B. Presentation from Colorado Outdoors.

Scott Murphy from the City of Montrose along with David and Doug Dragoo from Mayfly Outdoors presented to the Board on the Colorado Outdoors project. The presentation focused on the Colorado Outdoors project, what has been accomplished thus far, and future plans. The presenters outlined a proposal wherein DMEA would work as a regional partner on this project.

XI. Future Meetings. The next regular DMEA Board meeting will February 27, 2018 at 3:00 p.m.

The Board broke for dinner at 6:20 p.m. Director Elder left the meeting at this time and was not present for Executive Sessions. The meeting resumed at 7:00 p.m.

XII. Executive Session. At 7:00 p.m., Director Harding moved to enter into executive session to receive a privileged legal update on non-Tri-State matters. Director Eckhart seconded the motion, and the Board entered executive session. At 7:26 p.m., the Board exited executive session.

At 7:26 p.m., Director Collins moved to enter into executive session for a power supply discussion. Director Martinez excused himself from the boardroom at this time. Director Eckhart seconded the motion, and the Board entered executive session. At 7:59 p.m., the Board exited executive session. At this point Director Martinez returned to the boardroom.

XIII. Other Action Items.

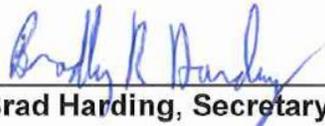
A. Vote on Donation Request from Montrose County Historical Society.

Director Collins moved to donate \$12,000.00 from the unclaimed capital credit fund to the Montrose County Historical Society. The motion was seconded by Director Martinez, and it carried unanimously.

B. Vote on Changes to DMEAUS Operating Manager Compensation.

The Board then discussed time commitments and responsibilities incumbent on operating managers serving DMEAUS. Upon motion from Director Collins, seconded by Director Prendergast, the Board ratified and approved a \$350.00 monthly compensation for each DMEAUS Operating Manager, effective January 1, 2018, and ratified and approved all acts of DMEAUS Operating Managers and officers previously been taken in accordance with DMEA's Operating Manager compensation policy (OMP2-3).

XIV. Adjournment. The regular board meeting was adjourned at 7:59 p.m.



Brad Harding, Secretary/Treasurer