



MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

October 24, 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, October 24, 2017.

During their regular meeting, the Directors:
1. Approved the September membership report and the September regular meeting minutes as presented.
2. Approved the capital budget (with subsequent approval for outdoor signage to be considered before the expenditure is authorized), and the O&M budget as presented.
3. Engaged Ryan & Co. for assistance with New Market Tax Credit issues.
4. Adopted updates to Board Policy 2-15E (regarding responsibilities of the Finance/Audit/Rates committee)
5. Approved the Cyber Security Policy (10-6) as presented.
6. Approved a resolution for payment of \$427,500 to DMEA and to the Uncompahgre Valley Water Users Association from the South Canal Hydro Reserve Fund.
7. Approved updates to Board Policy 2-15C (regarding responsibilities of the Engineering/Construction/Renewables committee)
8. Reviewed best practices for addressing member/customer concerns.
9. Approved the September 2017 Safety and Occupational Health Report as presented.
10. Approved the Financial Report through September 2017.
11. Approved the October CEO report and September SAIDI figure.
12. Received a non-privileged legal update.

13. Received updates from representative board members of Tri-State, CREA, and Western United.

14. Approved the NRECA Retirement Security Plan Billing Rates Resolution as presented.

I. Call Meeting to Order. At 3:01 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, Damon Lockhart, John Gavan, Tony Prendergast

- **Directors Absent:** None

- **DMEA Staff Present:** Jasen Bronec, Virginia Harman, Kent Davenport, Doug Cox, Wade Pynes, Amy Taylor, Jim Thate, Judy Moore (in at 5:08 p.m., during VII-G-1)

- **Others Present:** Jeffrey Hurd (*General Counsel*), Seth Hart (*CoBank*) (left at 4:28 p.m. prior to VII-C), Member Carole London (*Citizens' Climate Lobby*) (left at 4:28 p.m. prior to VII-C)

II. Pledge of Allegiance was led by Director Martinez.

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 amended meeting agenda as presented.

VI. Introductions. Seth Hart from CoBank was introduced to the Board. Carole London, DMEA member and representative of the Citizen's Climate Lobby, introduced herself to the Board and staff.

VII. General Business

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

B. Board Committees.

- 1. Finance – Audit – Rate Committee.** Committee Chair Collins reported the F/A/R committee met on October 5 and October 20 to review the draft 2018 capital budget, International Brotherhood of Electrical Workers (IBEW) contract negotiations, the draft 2018 operations and maintenance (O&M) budget, telecommunications acquisition matters, the Form 990, and DMEA's cost of service study. Collins also reported that on October 5, Randy Robbins from DMEA auditor Bolinger, Segars, Gilbert, and Moss, provided the committee with a pre-audit presentation and discussion. Melissa Munoz from Ryan and Co. was also present at both meetings to address and discuss New Market Tax Credits (NMTC) and the potential role Ryan and Co. may have in this endeavor.

Mr. Hart addressed the Board regarding CoBank collaboration, and briefly noted his experience with DMEA. He provided the Board with a packet of information on making financial decisions relating to broadband.

Director Collins moved to approve the 2018 capital budget as presented, and Director Eckhart seconded the motion. During discussion of the motion, Director Martinez raised a concern about a \$36,000.00 outdoor signage line item, and Director Eckhart raised a concern about a \$50,000.00 line item for facilities expansion. Following discussion of these items, Director Lockhart moved to amend the original motion to approve the capital budget but to make approval of the line items raised by Directors Martinez and Eckhart contingent on additional Board discussion and prior approval before those expenditures are made. Director Collins seconded this amendment, and the amendment and motion as amended were unanimously approved by the Board.

Following discussion of the 2018 O&M budget, Director Collins moved for its approval as presented. Director Harding seconded the motion, and the Board then unanimously the 2018 O&M budget as presented.

Vice President of Finance, Pynes, reviewed the due diligence process informing the NMTC analysis and possible facilitators of such an NMTC program. Based upon this due diligence process, Pynes recommended Ryan and Co. The directors then generally discussed possible future modifications to the request for proposal (RFP) procurement process.

Upon motion from Director Collins, seconded by Director Lockhart, the Board unanimously approved engaging Ryan & Co. to assist with the NMTC process. Director Gavan noted casting his vote with the expectation that the RFP process will be reviewed going forward.

The Board then turned to certain proposed policy modifications. Upon motion from Director Collins, seconded by Director Eckhart, the Board unanimously approved updates to Board Policy 2-15E regarding the Statement of Functions of the Finance, Audit, and Rate committee.

2. Engineering – Construction – Renewable Energy Committee.

Committee Chair Gavan reported that E/C/R committee had met on October 20 to address a new Board policy regarding cyber security, a potential \$427,500 proceed distribution request from the South Canal Hydro Reserve Fund to the Uncompahgre Valley Water Users Association (UVWUA), and possible revisions to Board Policy 19. The E/C/R committee also reviewed the status of various initiatives, the existing construction work plan, committee tasks, various requests to DMEA, and issues relating to fiber cable.

Upon motion from Director Martinez, seconded by Director Lockhart, the Board unanimously adopted Board Policy 10-6 regarding Cyber Security as presented.

The Board then turned to the South Hydro Reserve Fund payment issue, and the proposal to pay DMEA and UVWUA \$427,500 each

from this fund. After some discussion about whether to increase the distribution amount to UVWUA above \$427,500, Director Harding moved to approve the resolution as presented. President Patterson seconded the motion, and it carried unanimously.

Upon motion from Director Harding, seconded by Director Collins, the Board unanimously approved updates as presented to Board Policy 2-15C, which outlines a statement of functions for the Engineering, Construction, and Renewable Energy committee.

- 3. Member Relations – Energy Services Committee.** Committee Chair Prendergast reported the Member Relations committee did not meet in October. COO Harman did draft a best practices document for addressing member/customer questions and concerns, and this document was presented to the Board for informal feedback. CEO Bronec noted that measures are being implemented to address communications/posts on Facebook deemed aggressive or vulgar.
- 4. Executive Committee.** Committee Chair Patterson reported the Executive Committee did not meet in October.

The Board took a brief recess at 4:28 p.m. The meeting resumed at 4:45 p.m.

- C. Safety and Occupational Health Report.** Safety, Training and Compliance Director, Thate, presented a general review of the Safety and Occupational Health Report for September 2017. Thate highlighted one near-miss incident that occurred over Labor Day relating to the 46 kV line between Hotchkiss and Crawford.

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

- D. Financial Report.** Vice-President of Finance, Pynes, presented the Financial Report through September 2017, and began by addressing certain items listed in the monthly variance report. Pynes also addressed some additional analysis not included in the written report. Pynes noted that the December

F/A/R committee meeting will need to discuss revenue deferral and capital credit allocation for 2018.

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

E. CEO Report. CEO Bronec highlighted select items contained in the October 2017 CEO Report, commenting on updates in various departments and updating the board on key operational matters within the cooperative. He addressed DMEA's presence at a recent event for the Olathe schools. Bronec also apprised the Board on the search for a Chief Technology Officer. He also discussed his attendance at NRECA Region 7 meeting and noted updates to the DMEA organizational chart.

The September 2017 SAIDI figure was presented and discussed.

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

F. Legal Report. General Counsel Hurd provided a brief non-privileged legal update.

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

1. **Tri-State Report.** Director Martinez highlighted various aspects of the report he previously e-mailed to the Board. He also addressed certain matters relating to Tri-State Board Policy 102.
2. **WUES Report.** Director Elder reported he would be attending the CREA Energy Innovations Summit this weekend; the next Western United meeting will be incorporated into this event.
3. **CREA Report.** Director Lockhart reported that he will be attending the upcoming CREA Energy Innovations Summit. He also circulated the October CREA newsletter to the Board.

H. Action Item: Other Business.

1. Vote on NRECA Retirement Security Plan Billing Rates

Resolution. Human Resources Director, Moore, and CEO Bronec reviewed this matter with the Board and the need to complete this process annually to reestablish how much the employees need to contribute. Bronec also addressed the pending issues regarding compliance testing with the capped pension plan.

Upon motion from Director Lockhart, seconded by Director Prendergast, the Board unanimously approved the NRECA Retirement Security Plan Billing Rates Resolution as presented.

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 be November 28, 2017 at 3:00 p.m. The regular DMEA Board meeting in December will be held on December 19, 2017 at 2:00 p.m.

X. Executive Session. The Board did not enter into executive session during the regular meeting.

XI. Other Action Items. There were no additional action items.

XII. Adjournment. The regular board meeting was adjourned at 5:40 p.m.



Brad Harding, Secretary/Treasurer