



MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

March 27, 2018

Location: Montrose Headquarters Building

11925 6300 Rd, Montrose CO 81401

3:00 p.m.

Regular Board Session. The Board of Directors of Delta-Montrose Electric Association met for its regular board meeting at the office of the cooperative in Montrose, Colorado, on Tuesday, March 27, 2018.

During their regular meeting, the Directors:
1. Approved the February 2018 membership report, the February 2018 regular meeting minutes, and the March 23, 2018 special meeting minutes as presented.
2. Revised the cooperative's strategic plan initiative by removing an on-bill energy efficiency financing program.
3. Approved a 2018 crisis fund amount totaling \$15,000.
4. Elected to submit a bid for naming rights for the Montrose County Events Center.
5. Approved a letter of support for the Colorado Outdoors/MURA project.
6. Approved a \$50,000.00 allocation to engage a design/architecture planning firm to start on plan execution for facilities upgrades.
7. Approved the February 2018 Safety and Occupational Health Report.
8. Approved the Financial Report through January 2018.
9. Approved the March 2018 CEO report and February 2018 SAIDI figure.
10. Approved a resolution regarding Tri-State power supply issues and potential exit.

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, Damon Lockhart, Tony Prendergast

- **Directors Absent:** John Gavan (at NRECA Directors' Conference)
- **DMEA Staff Present:** Jasen Bronec, Wade Pynes, Amy Taylor, Mateusz Pena (departed prior to Executive Session), Virginia Harman, Doug Cox (departed prior to Executive Session), Kent Blackwell (departed prior to Executive Session), Steve Metheny
- **Others Present:** Jeffrey Hurd (*General Counsel*) (by phone)

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. Upon motion from Director Harding, seconded by Director Collins, the Board approved the meeting agenda with the following amendments: (1) under agenda item VII-B-4 (Executive Committee) add an action item to vote on the letter to Colorado Outdoors; (2) under agenda item VII-B-4 (Executive Committee) add an action to vote on the DMEA facilities plan; and (3) under agenda item XI (Other Action Items), add an action item to vote on a power supply resolution relating to Tri-State.

VI. Introductions. Those present, other than the Board Directors and Staff, were introduced.

VII. General Business

A. Consent Agenda. Upon motion from Director Prendergast, seconded by Lockhart, the Board approved the February 2018 membership report, the February 2018 regular meeting minutes, and the March 23, 2018 special meeting minutes as presented.

B. Board Committees.

1. **Finance – Audit – Rate Committee.** Committee Chair Collins reported the committee had not met since the last regular Board meeting.
2. **Engineering – Construction – Renewable Energy Committee.** President Patterson reported that the E/C/R committee had not met in March.
3. **Member Relations – Energy Services Committee.** Committee Chair Prendergast reported the Member Relations committee met on March 13 to review upcoming member education efforts, events, and strategic initiative updates. As part of this initiative update, staff recommended to the committee that the Board consider removing an initiative related to an on-bill energy financing program and look to implementing other more impactful initiatives to replace it.

The Member Relations Committee also reviewed the 2018 crisis fund and recommended full Board approval of the \$15,000 budgeted amount. Harman noted that future approvals for the crisis fund will occur in the court of the ordinary budgeting cycle, not after. The committee also reviewed a possible naming opportunity for the new Montrose County Events Center and requested that staff prepare various options for a possible bid. Board members then engaged in an in-depth discussion of a potential bid, with Chief Operating Officer Harman addressing various questions posed by the Board.

Upon motion from Director Harding, seconded by Director Eckhart, the Board unanimously voted to remove the DMEA strategic plan initiative relating to an on-bill energy efficiency financing program.

Upon motion from Director Martinez, seconded by Director Harding, the Board unanimously approved a \$15,000 crisis fund allocation to the 2018 budget.

Upon motion from Director Prendergast, seconded by Director Harding, the Board approved submitting a sealed bid for naming rights for the Montrose County Events Center. Directors Martinez, Collins, and Eckhart cast dissenting votes.

4. Executive Committee. Committee Chair Patterson reported the Executive committee met on March 23. At its meeting, the committee: received a facilities update, received a Colorado Outdoors update, received a franchise agreement update, and addressed an upcoming visit from Senator Bennett and staff to DMEA headquarters. The committee also discussed Tri-State Power Supply issues (in Director Martinez's absence) and Patterson deferred discussion on that topic to Executive Session. Patterson also reported on discussions relating to the Colorado Outdoors/MURA project. The Board then engaged in a brief discussion on the vacated District 4 Board Director seat.

Upon motion from Director Collins, seconded by Director Lockhart, the Board approved submitting a letter to Colorado Outdoors/MURA regarding DMEA's support of its project.

Upon motion from Director Martinez, seconded by Director Prendergast, the Board approved the facilities plan as presented by staff and approved a \$50,000.00 allocation to engage a design/architecture planning firm to start on plan execution for facilities upgrades. Additional changes on facilities matters will go through the executive committee.

C. Safety and Occupational Health Report. DMEA's Vice-President of Operations, Cox, presented the February 2018 Safety and Occupational Health Report prepared by Safety, Compliance, and Training Director Jim Thate. Cox highlighted an incident where an Elevate employee was backing his bucket truck on a sidewalk to gain closer access to a pole and hit the pole with the passenger side truck mirror, causing minor damage to the mirror. Corrective action has been taken with the employee to prevent a similar incident from occurring in the future. Director Eckhart emphasized the importance of having a spotter when backing up. It was noted that several employees have stressed concerns about the general public driving too fast and too close to our cooperative employees and flaggers working along roadsides. Cox stated the plan for how this will be addressed in the future. Continued staff trainings and workers compensation office ergonomic evaluations were also highlighted.

Upon motion from Director Harding, seconded by Director Prendergast, the Board unanimously approved the February 2018 Safety and Occupational Health report as presented.

D. Financial Report. Pynes presented the Financial Report through January 2018, and began by addressing certain items listed in the monthly variance report. (Pynes noted that for the April Board meeting, the Board will have the February and March financials for review and approval.)

January electric revenues were lower than budgeted primarily due to warmer than projected weather; this particularly impacted residential sales. Other electric revenue was also lower than budgeted, as DMEA has not yet received a renewable generation incentive payment that was to have been received in December 2017. Purchased power unit costs were 2.2% higher than budgeted, with Pynes highlighting administrative expenses, legal fees, and the increase in labor costs due to three payroll periods in January.

Upon motion from Director Collins, seconded by Director Prendergast, the Board unanimously approved the Financial Report through January 2018 as presented.

E. CEO Report. CEO Bronec highlighted various items contained in the March 2018 CEO Report, commenting on updates in various departments, and updating the board on key operational matters within the cooperative. Bronec addressed the bidding process for the right-of-way clearing contract, which has been awarded. Bronec also noted his attendance at the San Miguel Electric Association Board strategy planning meeting, in particular to discuss Elevate-related matters. Bronec also announced that Mateusz Pena had replaced the now-retired Kent Davenport as V.P. of Engineering. The February 2018 SAIDI figure was presented and discussed.

Upon motion from Director Prendergast, seconded by Director Lockhart, the Board approved the March CEO report and February 2018 SAIDI figure as presented.

F. Legal Report. General Counsel Hurd gave a non-privileged legal update addressing various ongoing legal matters and tasks in process. Hurd requested to defer the remainder of his legal report to executive session.

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

1. **Tri-State.** Director Martinez highlighted aspects of a written report he had previously e-mailed to the Board. He that noted Ernst and Young has completed the audit process for Tri-State. There was also a discussion on RTOs and the Economic Load Policy. Tri-State's 10-K was recently completed and Director Martinez e-mailed a link to the report to the entire DMEA Board.
2. **Western United Electrical Supply.** Director Lockhart reported that meetings have been moved to each quarter, and the next meeting will occur at the end of April. CCT cable quality issues were addressed, and staff is working to resolve these issues with WUES and to ensure DMEA's rights are protected.
3. **CREA.** Director Lockhart stated he would be attending the next CREA meeting the end of this week and would provide a report at the next regular Board meeting.

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

I. Informational Items. There were no additional information items or other business at this time.

VIII. Member Comments. There were no members present for member comments.

IX. Future Meetings. The next regular DMEA Board meeting will be April 24, 2018 at 3:00 p.m.

The Board then took a brief recess and broke for dinner at 5:09 p.m., the meeting resumed at 5:55 p.m.

X. Executive Session. At 5:55 p.m., Director Harding moved to enter into executive session to receive a non-power supply related privileged legal update. Director Martinez seconded the motion, and the Board entered executive session. At 6:08 p.m., the Board exited executive session.

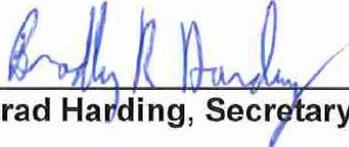
At 6:08 p.m., Director Eckhart moved to enter into executive session for a power supply-related privileged legal update. Director Martinez excused himself from the meeting at this time. Director Prendergast seconded the

motion, and the Board entered executive session. At 6:29 p.m., the Board exited executive session.

XI. Other Action Items.

- A. Upon motion from Director Eckhart, seconded by Director Prendergast, the Board approved a resolution regarding Tri-State exit matters, including financing matters and authorizing requests for information from Tri-State. Director Martinez was not present for this discussion and did not vote on the resolution.

XII. Adjournment. The regular board meeting was adjourned at 6:30 p.m.



Brad Harding, Secretary/Treasurer