



## MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

February 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, February 28, 2017.

<b>During their regular meeting, the Directors:</b>
1. Approved the January membership report, and the January regular meeting minutes as presented.
2. Adopted a resolution approving an amendment to the 2017 Operating Budget.
3. Adopted a resolution deferring revenue from 2016.
4. Appointed the 2017 Election Credentials Committee.
5. Approved the January 2017 Safety and Occupational Health Report.
6. Approved the January 2017 financials.
7. Adopted the February 28, 2017 CEO Report and January 2017 SAIDI figure.
8. Received a legal update.
9. Appointed Director Eckhart as the DMEA voting delegate to the 2017 Tri-State Annual Meeting.
10. Approved a donation from the unclaimed capital credit fund of \$15,000.00 to Habitat for Humanity of the San Juans.
11. Approved an in-kind donation to Habitat for Humanity of the San Juans in the amount of \$1,764.21.
12. Approved a member's request to review the DMEA Cost of Service Study, with certain conditions.
13. Approved a donation request from the unclaimed capital credit fund of \$2,500.00 to the Friends of the Paradise Theater in Paonia.

**I. Call Meeting to Order.** At 2:59 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*), Kyle Martinez, Jim Elder, Terry Brown, John Gavan, Tony Prendergast (in at 3:05 p.m.)
- **Directors Absent:** Marshall Collins (*Assistant Secretary/Treasurer*)
- **DMEA Staff Present:** Jasen Bronec, Virginia Harman, Jim Thate, Doug Cox, Kent Davenport, Jim Heneghan, Amy Gavell, Shawnita Caswell
- **Elevate Staff Present:** Mark Kurtz
- **Others Present:** Jeffrey Hurd (*General Counsel*); Member Glen Black; Colleen Burke and Mark McHale (Habitat for Humanity of the San Juans)

**II. Pledge of Allegiance** was led by Director Martinez.

**III. Opening Meeting Prayer** was led by Director Elder.

**IV. Determination of Quorum.** President Patterson announced the presence of a quorum.

**V. Approval of Agenda.** The Board unanimously approved the agenda as presented.

**VI. Introductions.** Those in attendance other than Board members were introduced.

**VII. General Business.**

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

**B. Board Committees.**

- 1. Finance – Audit – Rate Committee.** CEO Bronec reported that the committee had met on February 24 to discuss a proposal to defer

revenue from 2016 (ultimately recommending to the full board that such deferral take place); strategic initiatives; an Operations and Maintenance budget amendment (ultimately recommending to the full board that it adopt the amendment); current investment funds; and the structure of financial reports. Following this summary, President Patterson noted it would be prudent to address capital credits and have a discussion on retirements at the next F/A/R committee meeting. The full board then discussed the F/A/R committee's recommendation to defer 2016 revenue and to amend the Operations and Maintenance budget amendment.

Upon motion from Director Eckhart, seconded by Director Harding, the Board unanimously adopted a resolution to defer 2016 revenue.

Upon motion from Director Martinez, seconded by Director Harding, the Board unanimously adopted a resolution amending the 2017 Operations and Management Budget.

**2. Engineering – Construction – Renewable Energy Committee.**

Committee Chair Gavan presented his report from the last committee meeting on February 24. During this meeting the committee received a vegetation management update; toured the Bullock substation; and discussed the upcoming hosting capacity study. There was also a presentation from Zack Krapfl from Clean Slate Energy on a Silverleaf housing project in Paonia, as well as a presentation from Akira Morise from Toshiba addressing the solar battery storage aspect of the project. A discussion ensued about possible DMEA participation in the project and the role/responsibilities related to such participation.

**3. Member Relations – Energy Services Committee.** Committee Chair Prendergast noted that the committee met on February 24 to receive an update on preparations for the annual meeting (including theme, pre-meeting workshops, and the annual meeting gift); discussed volunteer opportunities; reviewed upcoming DMEA sponsored events; and recommended that the Board appoint Survey and Ballot Systems (SBS) to serve as the 2017 election credentials committee.

Upon motion from Director Prendergast, seconded by Director Elder, the Board unanimously voted to appoint SBS to serve as the 2017 annual meeting election credentials committee.

**4. Executive Committee.** Committee Chair Patterson presented his report from the committee meeting that took place on February 17. At its meeting the committee discussed the unclaimed capital credit policy and possible modifications to the policy to streamline the future donation process. No committee action was taken on the policy at the meeting but will be further addressed at the next executive committee meeting. Patterson requested to defer the remainder of his executive committee meeting report to executive session.

**C. Safety and Occupational Health Report.** Safety, Training, and Compliance Director, Thate, presented his report for January 2017, highlighting one accident where a lineman strained his back; the strain resulted in no lost or restricted time, and the employee is back at work. Thate also highlighted a near-miss incident regarding buried cable by a landscaping contractor, and how the incident underscores the importance of electrical safety education for the membership. CEO Bronec highlighted the internal safety committee at DMEA, and the important role it has in the cooperative for employee safety. The report concluded with a discussion on the SCADA system and the updated process for patrolling lines when faults occur.

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

**D. Financial Report.** Vice-President of Finance, Thurlow, was not in attendance so CEO Bronec presented the January 2017 DMEA financial report on his behalf. Bronec reviewed key metrics on the Statement of Operations, including electric revenue, other electric revenues, and purchased power. He also touched upon budget variances for customer accounts, customer service expenses, and administrative expenses. Bronec then discussed DMEA's cash and cash equivalents, and construction work-in-process matters. President Patterson inquired about director expenses for the year thus far.

Upon motion from Director Gavan, seconded by Director Prendergast, the Board unanimously approved the January 2017 Financial Report as presented.

**E. CEO Report.** CEO Bronec highlighted key components in his February CEO report, including Region 10 matters and communications from a member regarding the recent rate increase within the large commercial rate class. Director Harding inquired about community engagement, and Bronec

addressed the question by noting, among other things, that Morning Buzz was taking place again this year, with the second event in Hotchkiss scheduled for later that week. Director Martinez commented on DMEA's KRTA ratios and expressed approval of DMEA's performance in various areas. Elevate Project Manager, Kurtz, then provided a brief update on middle mile easement work. The Board then addressed scholarship applications.

The January 2017 SAIDI figure was presented and discussed.

Upon motion from Director Gavan, seconded by Director Elder, the Board unanimously approved the February CEO report and the January 2017 SAIDI number as presented.

**F. Legal Report.** General Counsel Hurd provided a brief non-privileged update on a Delta County easement matter and 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 Report.** Director Gavan addressed a survey Tri-State would like the Boards and General Managers/CEOs of its member cooperatives to complete in advance of Tri-State's June strategic planning session. The Board also discussed various member cooperatives within Tri-State having requested buyout numbers and an update on Tri-State's possibly joining a regional transmission organization (RTO). Tri-State's annual meeting will occur in April and DMEA must select a voting delegate.

Upon motion from Director Gavan, seconded by Director Martinez, the Board unanimously appointed Director Eckhart as the DMEA voting delegate at the 2017 Tri-State Annual Meeting.

**2. WUES Report.** Director Brown did not attend the last meeting and had nothing to report. WUES is still considering changing its board meeting frequency to quarterly.

**3. CREA Report.** Director Martinez had attended several CREA meetings since the last regular DMEA meeting and highlighted certain items from his written reports, including matters regarding retail choice legislation and United's battery storage project.

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

**I. Informational Items.** There were no additional informational items.

**VIII. Member Comments.**

**A. Habitat for Humanity In-Kind and Cash Donation Request.** Colleen Burke and Mark McHale from Habitat for Humanity of the San Juans presented and in-kind and cash donation request to the Board. Board and staff then discussed the request and the fact that DMEA employees would be volunteering to assist with the project build. Upon review of the presentation and the information provided, Director Prendergast moved to approve an in-kind donation of \$1,764.21 as well as a cash donation of \$15,000.00 (\$5,000 per house for the new three-home project) from the unclaimed capital credit fund. Director Gavan seconded the motion, and it carried unanimously.

**B. Member Review Request-Cost of Service Study.** The Board reviewed a member's written request to review the Cost of Service Study. Director Martinez moved to allow the member to review the Cost of Service Study at the Montrose office with DMEA staff present to answer questions and on condition that the study not be reproduced. Director Gavan seconded the motion, and it carried unanimously.

**C. Paradise Theater of Paonia Donation Request.** The Board reviewed a written request from the Friends of the Paradise Theater for a donation of \$2,500.00 as a capital expense to update electrical work in the theater. Upon motion from Director Martinez, seconded by Director Gavan, the Board unanimously approved the full \$2,500.00 donation request to the Friends of the Paradise Theater from the unclaimed capital credit fund.

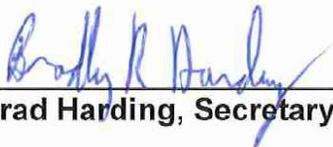
**IX. Future Meetings.** The next regular board meeting will be March 28, 2017 at 3:00 p.m. Committee meeting dates and times will be determined later.

The Board broke for dinner at 5:38 p.m.

**X. Executive Session.** At 6:10 p.m., Director Elder moved to enter executive session to receive a privileged legal update and for potential contract discussions (not related to Tri-State). Director Martinez seconded the motion

and it carried unanimously. The Board voted unanimously to exit executive session at 6:43.

**XI. Adjournment.** The regular board meeting was adjourned at 6:43 p.m.



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**Brad Harding, Secretary/Treasurer**