



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

June 28, 2016

Location: Montrose Headquarters Building

11925 6300 Rd, Montrose CO 81401

3:00 P.M.

The Board of Directors of Delta-Montrose Electric Association met for its regular board meeting at the office of the Cooperative, Montrose, Colorado, on Tuesday, June 28, 2016.

### Regular Board Session

- I. Call Meeting to Order.** At 3:02 p.m., the Board convened and the meeting was called to order.

**Directors Present:** President Bill Patterson, Vice-President Mark Eckhart, Secretary/Treasurer Brad Harding, Assistant Secretary/Treasurer Marshall Collins, John Gavan, Jim Elder, Tony Prendergast, Terry Brown, Kyle Martinez (by phone)

**Staff Present:** Jasen Bronec, Steve Metheny, Corey Thurlow, Kent Davenport, Jim Thate, Doug Cox, Amy Gavell, Andy Penfield, Virginia Harman, John Monday (in at 3:38 p.m.)

**Others Present:** General Counsel Jeff Hurd (by phone), Elma Fondy (DMEA member), Chris Miller (Executive Director of the Interpretive Association of Western Colorado)

- 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 there was a quorum present.

- V. Approval of Agenda.** Upon motion from Director Prendergast, seconded by Director Gavan, the Board unanimously approved the agenda with an amendment under agenda section VII.H (Other Business) to include discussion of and a decision about an upcoming Rate Tariff Hearing. Director Brown was not present for the vote.

- VI. Introductions.** Those in attendance other than Board members were introduced. Newly appointed Director, Brad Harding, was introduced to the DMEA staff in attendance.

#### During their regular meeting, the Directors:

1. Adopted the May 2016 membership report and May 2016 regular meeting minutes.
2. Adopted a resolution naming Bolinger, Segars, Gilbert and Moss L.L.P. as DMEA auditor for 2016.
3. Approved the May 2016 Financial Report.
4. Approved the May 2016 Safety, Training, and Regulatory Compliance Report.
5. Accepted the June 28, 2016 CEO Report.
6. Approved a donation request from the Interpretive Association of Western Colorado for the Uncompahgre Living History Museum in the amount of \$5,000.00 from the Unclaimed Capital Credit Fund.

## VII. General Business.

A. **Consent Agenda.** Upon motion from Director Gavan, seconded by Director Prendergast, the Board approved the May 2016 membership report and the May regular meeting minutes as presented. Director Harding abstained from the vote, as he was not a DMEA director during (nor present for) the May 2016 meeting.

### B. Board Committees.

1. **Finance – Audit – Rate Committee.** Director Collins reported that the F/A/R committee met on June 21, 2016 to (1) receive a presentation from Vice-President of Finance Thurlow regarding potential revisions to Capital Credit Policy, and (2) discuss the 2016 audit and whether to reappoint DMEA's existing auditor. Collins then reported on the committee's deliberations regarding those two issues.

Upon motion from Director Collins, seconded by Director Elder, the Board unanimously voted to sign an engagement letter with the auditing firm of Bolinger, Segars, Gilbert and Moss L.L.P., and adopted a resolution to this effect.

2. **Engineering – Construction – Renewable Energy Committee.** Director Gavan reported that the E/C/R committee did not meet in June but will meet in July. The Board briefly discussed the status of the Grid Alternatives Income Qualified Community Solar Array project.

3. **Member Relations – Energy Services Committee.** Director Prendergast reported that the Member Relations committee did not meet in June but will meet in July. The Board then discussed matters relating to the DMEA Annual Meeting held on June 16, 2016, as well as DMEA advertising and community outreach.

4. **Executive Committee.** President Patterson reported that the Executive Committee did not meet in June but will meet in July.

C. **Financial Report.** Vice-President of Finance Thurlow reviewed the May 2016 financial report, highlighting various line items and important financial indicators. Thurlow noted a loan from RUS of money to be used for financing Phase 1 of the Fiber-to-the Premises project. This is the first financing DMEA has received since 2012, and it was secured at an advantageous interest rate. An invoice has been issued to Region 10 for reimbursement on some make-ready fiber work. Thurlow then reviewed certain other budgetary items, including the disbursement plan for tree-trimming/vegetation management over the coming year. He also touched upon the industrial rate structure, and how DMEA members were proactively addressing the Tri-State member coincident peak rate.

Thurlow concluded his report by noting that South Canal generation was under the 4.4 million kWh budget for May, with an actual generation of 3.7 million kWh; this was due in part to increased rain and reduced flow in the South Canal.

Upon motion from Director Gavan, seconded by Director Collins, the Board unanimously accepted the May 2016 Financial Report as presented.

D. **Safety, Training, and Regulatory Compliance Report.** Safety, Training and Compliance Director, Thate, presented his May 2016 Safety, Training, and Regulatory Compliance Report. Standard Operating Procedures (SOPs) and the safety manual continue to undergo revisions and are close to finalization. Apprentices in dispatch and system design are doing well. Thate gave an update on certain other staff trainings, as well as the status of the Americans with Disability Act website compliance process. DMEA continues work on ten pending property damage claims, with two of those claims close to resolution. Thate also updated the Board on crew and facility visits, insurance contracts for the Fiber-to-the-Premises business, and the Rural Electric Safety Achievement Program.

The Board then discussed an incident wherein two staff members in a DMEA vehicle hit a parked DMEA vehicle in the DMEA pool vehicle parking lot. There were no injuries, but some

damage to the vehicles. The involved parties have since undergone additional driver training. Board members inquired about DMEA vehicle safety policies, and provided input on possible future enhancements.

Upon motion from Director Collins, seconded by Director Eckhart, the Board unanimously approved the May 2016 Safety, Training, and Regulatory Compliance Report.

- E. CEO Report.** CEO Bronec then gave his monthly CEO report, noting that he welcomed questions on the previously provided written report, but would be discussing topics not included in that document. Bronec, along with Renewable Energy Engineer Heneghan, had recently met with representatives from the Uncompahgre Valley Waters Users Association (UVWUA) to discuss matters relating to the South Canal hydro facilities; Bronec updated the Board on those discussions. Bronec reported that Director Martinez, Heneghan, and General Counsel Hurd are present at the FERC technical conference in Washington D.C. on PURPA issues and qualifying facilities. Bronec anticipates that DMEA's presence at the technical conference will provide insight into current regulatory issues as well as the varied approaches that electric cooperatives are taking to power supply issues. Bronec then addressed the need for a Board Strategic Planning session, noting that by the end of July staff will have more strategic information to present to the Board (*i.e.*, survey data and completed strategic initiatives). Bronec then discussed recent interruptions in telephone and Internet service in western Colorado due to sliced fiber optic cables.

Bronec concluded his report by addressing the SAIDI number for May. He observed that while the number is higher than it was at the same point in the past two years (mostly due to inclement weather issues this year), it is still low overall and the DMEA system is performing well.

Upon motion from Director Prendergast, seconded by Director Gavan, the Board unanimously approved the May 2016 CEO Report.

- F. Legal Report.** General Counsel Hurd requested to defer his legal report to executive session.

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

- 1. Tri State Report.** Director Gavan presented his report on his attendance at the last Tri-State Board meeting, noting that he had previously distributed a report on the meeting to the Board via e-mail. Gavan highlighted the discussion about Tri-State's Policy 115 revisions, and his sole dissenting vote. The next Tri-State Board meeting will be July 6 and 7, 2016.
- 2. WUES Report.** Director Brown did not attend the latest meeting due to prior commitments. He will attend the next meeting.
- 3. CREA Report.** Director Martinez reported that he attended a short CREA board meeting via conference call on July 24, 2016, and had distributed via an email to the Board containing his written report.

- H. Action Item: Other Business.**

- 1. Montrose County Fair Auction.** Director Martinez expressed an interest in attending the Livestock Auction on behalf of DMEA at the Montrose County Fair. The Board then appointed Director Martinez as the DMEA representative by acclamation.
- 2. Rate Tariff/Hearing.** CEO Bronec noted that construction of the Income Qualified Community Solar Array is nearing completion, and that it is now appropriate to address a rate tariff for the program. Vice-President of Power Supply and Management Services Metheny noted that a draft tariff (#17A) has been developed and that a rate hearing will need to be set. DMEA staff recommends public notice of the hearing date and time, to occur at the next regularly scheduled DMEA board meeting on July 26, 2016, at 3:00 p.m. Following input from DMEA membership at the hearing, the Board may elect to approve the new rate tariff and, if approved, such

tariff will take effect 30 days after the adoption date. The Board inquired about various aspects of the rate tariff and noted the importance of effectively communicating all aspects of the tariff to the membership. Upon motion from Director Martinez, seconded by Director Gavan, the Board unanimously approved a resolution to establish a rate hearing for Tariff #17A, Income Qualified Community Solar Array, for the July 26, 2016 regular board meeting at 3:00 p.m.

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

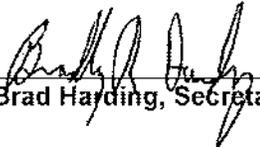
**VIII. Member Comments.**

1. Elma Fondy addressed the Board about concern over a capital credit estate issue. After some discussion, Ms. Fondy was directed to the appropriate DMEA staff member to resolve the matter. Ms. Fondy also had a question about the structure of the annual meeting and the ability of members to ask public questions.
2. **Donation Request from Uncompahgre Living History Museum in Delta.** Chris Miller, Executive Director of the Interpretive Association of Western Colorado, presented a \$10,000.00 donation request for the Uncompahgre Living History Museum. Following the presentation and discussion, Director Prendergast moved to donate \$10,000.00 from the Unclaimed Capital Credit Fund to the Interpretive Association of Western Colorado to use for the Uncompahgre Living History Museum. Director Gavan seconded the motion, and there was Board discussion. After discussion, Director Elder moved to amend the previous motion and reduce the amount of the donation to \$5,000.00. Director Collins seconded, and the motion to amend was approved 6-3, with Directors Martinez, Prendergast and Eckhart casting dissenting votes. The Board then unanimously approved the \$5,000.00 donation.

**IX. Future Meetings.** The next regular board meeting will be July 26, 2016 at 3:00 p.m. An E/C/R committee meeting will be held on July 22, 2016 at 9:00 a.m. A Member Relations committee meeting will also be held on July 22, 2016 to follow the E/C/R committee meeting with a tentative start time of 10:30 a.m. An Executive committee meeting will be held on July 25, 2016 at 1:30 p.m. A F/A/R committee meeting will be held in July with the date and time to be determined by Vice-President of Finance Thurlow and Committee Chair Collins.

**X. Executive Session.** The DMEA Board had time prior to the member comments portion of its agenda to receive a legal update from the General Counsel in executive session. At 4:49 p.m., Director Collins moved to enter executive session to receive a legal update. Director Gavan seconded the motion, and it carried unanimously. At 5:12 p.m. the Board exited its executive session.

**XI. Adjournment.** The regular board meeting was adjourned at 5:52 p.m.

  
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Brad Harding, Secretary/Treasurer