



MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

November 15, 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 November 15, 2016.

Rate Hearing

Board Directors Present: President Bill Patterson, Vice-President Mark Eckhart, Assistant Secretary/Treasurer Marshall Collins, Tony Prendergast, Terry Brown, Kyle Martinez, John Gavan and Jim Elder

Board Directors Absent: Secretary/Treasurer Brad Harding

Staff Present: Jasen Bronec, Steve Metheny, Jim Heneghan, Corey Thurlow, Kent Davenport, Amy Gavell, Virginia Harman, Doug Cox

Others Present: General Counsel Jeffrey Hurd, Members Tom Cheney and Daniel Stright, Katharhynn Heidelberg from the Montrose Daily Press

President Patterson opened the hearing at 3:04 p.m. Prior to the hearing, the membership had been given notice of the proposed rate tariff changes as well as a 30-day comment period for the proposed changes. Hurd provided a brief presentation to those members in attendance about general rate hearing procedures, and then Thurlow gave a presentation containing the recommendations of DMEA staff for the revised tariffs and their effect. The Board then solicited comments or concerns from the membership. Member Tom Cheney expressed concerns about the proposed increase to the access fee, and the impact it would have on members with a fixed income. Member Daniel Stright posed questions on how the proposed rates were determined, and staff addressed those inquiries. There were no additional member comments or concerns presented. President Patterson thanked those in attendance and closed the hearing at 3:36 p.m.

Regular Board Session

- I. **Call Meeting to Order.** At 3:39 p.m., the Board convened and the meeting was called to order.

Directors Present: President Bill Patterson, Vice-President Mark Eckhart, Secretary/Treasurer Terry Brown, Assistant Secretary/Treasurer Marshall Collins, John Gavan, Jim Elder, Tony Prendergast, Kyle Martinez

Directors Absent: Secretary/Treasurer Brad Harding

Staff Present: Jasen Bronec, Corey Thurlow, Virginia Harman, Doug Cox, Steve Metheny, Amy Gavell

Others Present: General Counsel Jeffrey Hurd, Susan Beyda - Development Officer from History Colorado (on behalf of the Ute Indian Museum)

- II. **Pledge of Allegiance** was led by President Patterson.

- 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.

During their regular meeting, the Directors:

1. Approved a donation request to the History Colorado Center for the Ute Indian Museum in the amount of \$5,000.00.
2. Adopted the October 2016 membership report and the October 2016 regular meeting minutes.
3. Approved a date for the 2017 annual meeting.
4. Approved the October 2016 Safety, Training, and Regulatory Compliance Report.
5. Accepted the November 15, 2016 CEO Report.
6. Received a legal update.
7. Approved the rate tariffs as presented to take effect on January 1, 2017.

- VII. **Donation Request: History Colorado Center Donation Request for the Ute Indian Museum.** Susan Beyda, Development Officer from History Colorado, presented a \$15,000.00 donation request on behalf of the Ute Indian Museum. The presentation covered the mission and goals of the museum expansion, the history of the Ute Indian Museum, collaboration with the involved tribes, the new building concept, design, and layout, overall project budget and timeline, and how donation monies would be utilized.

After additional discussion on the proposed donation request by the Board, Director Elder moved to donate \$5,000.00 from the unclaimed capital credit fund to the History Colorado Ute Indian Museum. Director Gavan seconded the motion, and it carried unanimously.

- VIII. **General Business.**

- A. **Consent Agenda.** Upon motion from Director Collins, seconded by Director Elder, the Board approved the October 2016 membership report as well as the October regular meeting minutes as presented.

- B. **Board Committees.**

1. **Finance – Audit – Rate Committee.** Director Collins reported the F/A/R committee had not met since the last regular board meeting in October. The committee plans to convene on December 8 for discussion of the operating budget, among other items.
2. **Engineering – Construction – Renewable Energy Committee.** Director Gavan reported the E/C/R committee had not met since the last regular board meeting in October but will meet on December 9.
3. **Member Relations – Energy Services Committee.** Director Elder reported the Member Relations committee had met prior to the regular board meeting (committee chair Prendergast had been unable to attend). The member relations committee discussed potential dates and venues for the 2017 annual meeting, and conducted a review of the third-quarter member survey results. Member and press concerns were also addressed. Upon consideration of various dates and locales, the Member Relations committee recommended that DMEA hold its 2017 annual meeting on June 15 at a venue to be determined in the Hotchkiss area.

Upon motion from Director Gavan, seconded by Director Elder, the Board unanimously agreed to set the 2017 annual meeting for June 15, 2017, at a venue to be determined in the Hotchkiss area.

4. **Executive Committee.** President Patterson reported the Executive committee had not met since the last regular board meeting in October. There will be an Executive committee meeting on December 9, which will follow the E/C/R committee meeting.
- C. **Safety, Training, and Regulatory Compliance Report.** CEO Bronec presented the October 2016 Safety, Training, and Regulatory Compliance Report as prepared by Safety, Training, and Compliance Director Jim Thate. An accident/injury matter and two near miss incidents were addressed. It was noted that a previous workers' compensation claim stemming from a back strain has resulted in a lost-time incident for the year. Thate continues to work on safety training for new DMEA staff. Bronec also discussed RESAP and DMEA workers' compensation rating in relation to overall cost. Bronec reported that random drug and alcohol testing throughout 2016 has been performed, with all tests returning negative. The Board engaged in a brief discussion on the use of mule tape, which was brought to the Board's attention by Director Martinez, and Vice-President of Operations, Cox, addressed the issue.

Upon motion from Director Elder, seconded by Director Gavan, the Board unanimously approved the October 2016 Safety, Training, and Regulatory Compliance Report.

- D. **CEO Report.** CEO Bronec presented his monthly CEO report to the Board. Bronec noted there was no financial report at this Board meeting due to the earlier meeting date this month. However, Vice-President of Finance, Thurlow, did address a billing discrepancy with Tri-State (which had been reported to the Board at the last regular meeting); the discrepancy has been resolved, and a credit to DMEA has been received. Bronec updated the Board on fiber construction and requested to review the budget reconciliation of this project at an upcoming E/C/R committee meeting. There was also a brief conversation on scheduling for certain drops at the South Canal. System design jobs were also covered. For October, member services had a 92.7% answer rate. Bronec noted the current number of members on the MyChoice program and how many of those member received Energy Outreach Colorado assistance. Bronec also relayed that the Energy Services department had its first focus group with the agricultural rate class, which went well. There will be an additional meeting, after which staff will develop a presentation to update the Board on new information received and recommendations going forward. Bronec touched on the number of energy efficiency rebates processed year-to-date, as well as scholarships and youth program events. He concluded the CEO report by covering the October SAIDI report.

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

- E. **Legal Report.** General Counsel Hurd requested to defer his legal report to executive session.
- F. **Representative Board Reports.** Directors then presented the representative board reports.
 1. **Tri-State Report.** Director Gavan referred the board to his written report, and provided additional updates on his attendance at the last Tri-State Board meeting in early November. Director Gavan noted the main focus of the meeting was on RTO opportunities—particularly on transmission aspects of RTOs. There was also a discussion of the Clean Power Plan.
 2. **WUES Report.** Director Brown reported on his attendance at the Western United Electrical Supply Board meeting on October 27. Director Brown updated the Board on his visit to a rubber glove testing facility and discussed various other matters, including the fiber supply work that WUES is doing.
 3. **CREA Report.** Director Martinez noted he had distributed a written report earlier in the day via e-mail and covered some of the topics discussed at the last CREA meeting, including the budget. Among other matters, Director Martinez noted that CREA's resolution process has been dissolved.

G. Action Item: Other Business.

1. Vote on Rate Changes. Upon completion of the rate hearing, the Board discussed the member comments given at the hearing as well as six written comments received from the membership during the 30-day notice period. Each written member comment was read aloud and reviewed by the Board. The Board then engaged in extended conversation on fixed costs, the access fee amount, other cost matters, the appropriateness of a tariff change at this point in time, as well as an organizational assessment. The Board also reviewed the structure of the rate hearing and discussed whether it should be modified. Marketing, promotions, and an increase in community involvement were also addressed. Strategic initiatives were touched upon as well, including the primary goals of the cooperative moving forward. After this discussion, President Patterson read the resolution to approve modifications to rate tariff #1, #1A, #1B, #1C, #2, #2A, #3, #3B, #4, #5A, #6, #7, #8, #13, #17, #17A, #18, #18B, #19, and #21, and to eliminate tariffs #3A, #13A, #15, and #16.

Upon motion from Director Collins, seconded by Director Prendergast, the Board approved the resolution as presented, to take effect on January 1, 2017. Directors Brown and Elder dissented from the vote.

H. Informational Item. There were no additional informational items.

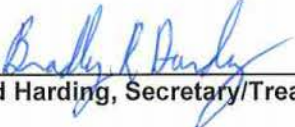
IX. Member Comments. There were no members present during the comment period.

X. Future Meetings. The next regular board meeting will be December 15, 2016 at 2:00 p.m. There will be a F/A/R committee meeting on December 8, and E/C/R and Executive committee meetings on December 9.

XI. Executive Session. At 5:42 p.m., Director Prendergast moved to enter executive session to receive a legal update, to discuss the CEO evaluation process, and to review the Board self-evaluations under Board Policy 2-6. Director Gavan seconded the motion, and it carried unanimously. At 7:38 p.m., the Board exited Executive Session.

XII. Additional Business Under Board Policy 2, Section 8. Given his status as a Tri-State director, Director Gavan will continue to refrain from participating in deliberations or decisions regarding a potential Tri-State exit following DMEA's request for a buyout number from Tri-State. Additionally, Director Gavan reported to the full Board that earlier this year he had resigned his position from board of directors at Solar Energy International (SEI). SEI's activities in relation to DMEA will be discussed further during the December meeting. Finally, Director Gavan disclosed to the Board that he serves on the board of Delta County Economic Development (DCED) along with one of the named plaintiffs in the *Webb Dairy* lawsuit; his relationship with that individual, however, is strictly professional and confined to service in the DCED context.

XIII. Adjournment. The regular board meeting was adjourned at 7:41 p.m.



Brad Hardy, Secretary/Treasurer