



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

September 26, 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, September 26, 2017.

<b>During their regular meeting, the Directors:</b>
1. Approved the August membership report and the August regular meeting minutes as presented.
2. Approved the September 11, 2017 strategy execution planning meeting minutes as presented.
3. Determined to not hold a 2017 rate hearing.
4. Determined to not conduct a cost of service study at this time.
5. Reviewed the RUS Form 300.
6. Reviewed proposed Board Policy updates, approved updates to Board Policy 2-9, and adopted new Board Policy 2-15, as presented.
7. Approved the August 2017 Safety and Occupational Health Report.
8. Approved the Financial Report through August 2017.
9. Approved the September CEO report and August SAIDI figure.
10. Received a non-privileged legal update.
11. Received updates from representative board members on Tri-State, CREA, and Western United.
12. Approved the crisis fund.

**I. Call Meeting to Order.** At 3:00 p.m., the Board convened and the meeting was called to order.

- **Directors Present:** Mark Eckhart (*Vice-President*), Brad Harding (*Secretary/Treasurer*), Marshall Collins (*Assistant Secretary/Treasurer*), Kyle Martinez, Jim Elder (by phone), Damon Lockhart, John Gavan, Tony Prendergast (left at 3:33 p.m. during VII-B-4, returned at 4:07 p.m. during VII-E)
- **Directors Absent:** Bill Patterson (*President*)
- **DMEA Staff Present:** Jasen Bronec, Virginia Harman, Kent Davenport, Doug Cox, Wade Pynes, Amy Taylor, Jim Thate, Mateusz Pena
- **Others Present:** Jeffrey Hurd (*General Counsel* – by phone, in at 3:38 p.m. during VII-C)

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

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

**IV. Determination of Quorum.** Vice-President Eckhart announced the presence of a quorum.

**V. Approval of Agenda.** The Board reviewed the meeting agenda with one proposed addition: (1) add approval of the September 11, 2017 strategy execution planning minutes under agenda item VII-A. The Board unanimously approved the agenda as modified.

**VI. Introductions.** There were no visitors present for introductions.

## **VII. General Business**

**A. Consent Agenda.** Upon motion from Director Prendergast, seconded by Director Martinez, the Board unanimously approved the August 2017 membership report and the August 2017 regular meeting minutes as presented.

Upon motion from Director Gavan, seconded by Director Prendergast, the Board unanimously approved the September 11, 2017 strategy execution planning meeting minutes as presented. CEO Bronec stated that staff will develop strategy objectives and initiatives based upon the minutes from the strategy meeting.

## **B. Board Committees.**

- 1. Finance – Audit – Rate Committee.** Committee Chair Collins reported that the F/A/R committee had met on September 13, 2017. At this meeting, the committee discussed a joint pole audit and Tri-State patronage capital credits. The committee reviewed and determined not to recommend a 2017 rate hearing or to conduct a cost of service study at this time. The unclaimed capital credit fund was reviewed as required per Board Policy. There was also a presentation on new market tax credits. The information presented was discussed in greater detail, with Vice-President of Finance, Pynes, addressing questions presented by the Board.
- 2. Engineering – Construction – Renewable Energy Committee.** Committee Chair Gavan reported that E/C/R did not meet in September but is planning to meet in October. Vice-President of Engineering, Davenport, presented the Board with the results of the RUS Form 300. System Engineer Supervisor, Pena, stated this process must be completed every three years per Rural Utilities Services (RUS) borrower obligations. The items identified for improvement by RUS were areas that were already noted and ready to be addressed by staff. Davenport provided additional information on the audit and answered questions posed by the Board.
- 3. Member Relations – Energy Services Committee.** Committee Chair Prendergast reported that the Member Relations Committee did not meet in September but is planning to meet in October. Director Collins raised the issue of member concerns that come to the attention of the Board. There was discussion on how the Board should address those concerns procedurally.
- 4. Executive Committee.** Committee Chair Patterson was not present at the meeting so Vice-President Eckhart reported the committee did not meet in September. However, per the normal policy review cycle, Board Policy 2-9 (with attachments) are up for Board review. General Counsel Hurd alerted the Board on recommendations he had for policy modifications: separating out “dual” board responsibilities and committee appointments into two separate policy section. Hurd addressed inquiries from the Board on the policy separation and

specific portions of the modified policies. The Board agreed with Hurd's recommendations.

Upon motion from Director Harding, seconded by Director Gavan, the Board unanimously approved revisions to Board Policy 2-9 regarding dual board responsibilities, and unanimously approved the creation and adoption of Board Policy 2-15 regarding committee appointments, with subsequent committee responsibility attachments to be reviewed at the committee level prior to Board approval.

**C. Safety and Occupational Health Report.** Safety, Training and Compliance Director, Thate, presented a general review of the Safety and Occupational Health Report for August 2017. A near-miss incident was highlighted and discussed in further detail. On August 14, 2017, as linemen were trying to restore power to a neighborhood after a lightning strike, a bayonet fuse blew out of a transformer hitting a pickup. No one was injured. Thate addressed methods on how to approach and prevent another similar situation in the future.

Upon motion from Director Martinez, seconded by Director Harding, the Board unanimously approved the August 2017 Safety and Occupational Health report as presented.

**D. Financial Report.** Vice-President of Finance, Pynes, presented the Financial Report through August 2017, and began by addressing certain items listed in the monthly variance report. CEO Bronec stated the financials are tracking close to budget, with Pynes providing additional detail. Net margins were addressed, in particular, Pynes' creation of a new line item in the statement of operations to track fiber expenses on a monthly basis. There was additional discussion and analysis on net margins regarding the internal cost of service for large commercial loads based on rate design. Pynes highlighted he would have draft budgets for F/A/R committee review, then Board approval, at the October committee and Board meetings. Directors Martinez and Harding expressed approval regarding the manner in which the financials are presented.

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

**E. CEO Report.** CEO Bronec highlighted various items contained in the September 2017 CEO Report, commenting on updates in various departments, and updating the board on key operational matters within the cooperative. Legislative endeavors and matters were addressed and discussed. Bronec alerted the Board about upcoming DMEA events.

The August 2017 SAIDI figure was presented and discussed.

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

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

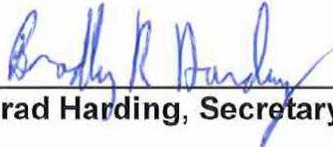
**G. Representative Board Reports.** Directors then presented their representative board reports.

1. **Tri-State Report.** Director Martinez reported on budget discussions that occurred during the last Tri-State meeting, including concerns he raised and addressed regarding certain purported cost recovery mechanisms. There was some discussion on Policy 102.
2. **WUES Report.** Director Elder reported that the next WUES meeting will be part of the CREA Energy Innovations Summit in October.
3. **CREA Report.** Director Lockhart reported there was not a meeting in September. He will attend the next meeting in October as well as the CREA Energy Innovations Summit. Other Directors will be attending the Summit as well.

**H. Action Item: Other Business.**

1. **Approve Crisis Fund.** Chief Operating Officer, Harman, noted to the Board the figures she had budgeted for the 2018 crisis fund. She reviewed why the fund was in place, and how the amount changed from the prior two years. Upon motion from Director Martinez, seconded by Director Harding, the Board unanimously approved the crisis fund amount of \$15,000 for the 2018 budget as presented.

- I. Informational Items.** The Directors discussed certain DMEA social media outreach initiatives.
- VIII. Member Comments.** There were no members present at the meeting to comment.
- IX. Future Meetings.** The next regular DMEA Board meeting will be on October 24, 2017 at 3:00 p.m.; CEO Bronec will not be in attendance so COO Harman will lead the meeting. Committee chairs for the Member Relations, Executive, and E/C/R committee will set committee meeting times for October if necessary.
- X. Executive Session.** General Counsel Hurd stated the agenda topic under executive session, middle mile alternative construction, had been resolved prior to the meeting. Hurd did not have additional items to discuss during executive session, nor did the Board, so there was no executive session convened during this regular Board meeting.
- XI. Vote on Middle Mile Alternative Construction.** This matter was resolved prior to the Board meeting, thus obviating any board action.
- XII. Adjournment.** The regular board meeting was adjourned at 5:09 p.m.



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**Brad Harding, Secretary/Treasurer**