



**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
February 22, 2022**

Regular board session. On February 22, 2022, the board of directors of Delta-Montrose Electric Association (DMEA) met for its regular board meeting at the headquarters of the cooperative at 11925 6300 Rd. Montrose, CO 81401.

During its regular meeting the DMEA board:
1. Approved the membership report through January 2022 and the January 2022 Regular Meeting Minutes
2. Received board committee reports
3. Approved allocation of the 2017, 2019, and 2020 capital credits using the methodology in the existing Board Policy 203
4. Adopted revisions to Board Policy 203 (capital credits) for prospective application regarding capital credit matters
5. Adopted updates to Board Policy 701 (disclosure of cooperative information)
6. Confirmed the start time, location, and format for the 2022 DMEA annual meeting of members
7. Approved the February 2022 CEO Report and the System Average Interruption Duration Index (SAIDI) outage statistics through January 2022
8. Approved the Financial Reports through December 2021
9. Received a non-privileged update from the General Counsel.
10. Received board representative reports from Western United Electric Supply (WUES) and the Colorado Rural Electric Association (CREA)
11. Reviewed the unclaimed capital credit fund balance
12. Appointed Steven Harper to serve on the Operation Round Up Board of Trustees, effective April 2022

<p>13. Authorized an engagement for 2021 audit and tax filing services for Operation Round Up, and directed that the Operation Round Up trustees request bids for these services in 2022</p>
<p>14. Updated signatories on the RUS grant financial form, including adding CFO Gayle Gouker</p>
<p>15. Reviewed regular board meeting dates for the upcoming months as well as committee meetings for March 2022</p>
<p>16. Entered executive session to: (1) receive a privileged legal report on corporate, litigation, and regulatory matters, (2) receive a privileged CEO report, and (3) review member survey results</p>

Regular board session

- I. **Call Meeting to Order.** The meeting was called to order at 2:01 p.m.
 - **Directors present:** Stacia Cannon (Vice-President), Jock Fleming (Secretary/Treasurer), Enno Heuscher (Assistant Secretary/Treasurer), Bill Patterson (via Zoom), Ken Watson, Jacob Gray (via Zoom), Kevin Williams, Damon Lockhart
 - **Directors absent:** Kyle Martinez (President)
 - **DMEA staff present:** Becky Mashburn, Kent Blackwell, Gayle Gouker, Tim Vigil, Mateusz Pena, Amy Taylor, Alyssa Clemens Roberts
 - **Others present:** Jeffrey Hurd (General Counsel), Gail Marvel (member, reporter for *The Montrose Mirror*) (left prior to agenda item X (Executive Session))

- II. **Pledge of Allegiance** was led by Director Williams.

- III. **Opening meeting prayer** was led by Director Lockhart.

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

- V. **Approval of the agenda.** Upon motion from Director Lockhart, seconded by Director Williams, the board adopted the meeting agenda posted on February 10, 2022, with a single amendment to omit agenda item VIII-H-D (privileged information request).

- VI. **Introductions.** The board, staff, and guests introduced themselves.

- VII. **General Business.**
 - A. **Consent Agenda.** Upon motion from Director Patterson, seconded by Director Lockhart, the board unanimously approved the membership report through January 2022 and the January 2022 Regular Meeting Minutes. The board expressed appreciation for the additional meter count information provided in the membership report

 - B. **Board Committee Items.**
 - 1. **Finance-Audit-Rate Committee – Ken Watson, Chair.** Watson reported that the committee met on February 7 to address patronage (capital) credit matters, including past allocations and proposed updates to Board Policy 203 (capital credits). The committee recommended to the board that 2017, 2019, and 2020 capital credits be allocated and that such allocations be reflected on future 2022 billings. The committee also recommended that the DMEA board adopt certain changes to Board Policy 203 that will address capital credit issues going forward.

Following discussion and upon motion from Director Watson, seconded by Director Fleming, the board unanimously voted to allocate 2017, 2019, and 2020 capital credits using the methodology in the existing Board Policy 203, with members being notified of such allocations in their April, May, and June billings.

The board then considered the Finance-Audit-Rate committee's recommended changes to Board Policy 203. Upon motion from Director Lockhart, seconded by Director Watson, the board unanimously adopted revisions to Board Policy 203 for prospective application regarding capital credit matters.

Watson concluded his report by noting the committee will meet in March to discuss 2021 capital credit allocation options, deferred revenue, and matters relating to DMEA's Form 990.

2. **Engineering-Construction-Energy Services Committee – Stacia Cannon, Chair.** Cannon noted the committee met immediately before the regular board meeting. At its meeting the committee discussed interconnection matters, reviewed the construction work plan, and reviewed updates to Board Policy 701 (disclosure of cooperative information). The committee recommended a set of proposed updates to Board Policy 701 to the full board for approval.

Upon motion from Director Fleming, seconded by Director Heuscher, the board unanimously approved the recommended updates to Board Policy 701.

3. **Member Relations Committee – Bill Patterson, Chair.** Patterson reported the committee met on February 10 to review the annual member survey results, discuss the timing, format, and location of

the 2022 annual meeting of members, and to address DMEA scholarship awardee recognition. The committee recommends that the meeting (which was previously set for June 16, 2022) be held in person at the Montrose Community Recreation Center from 4:30 p.m. to 8:00 p.m., and that it be a family-friendly event.

Upon motion from Director Patterson, seconded by Director Lockhart, the board unanimously approved the timing, location, and format for the 2022 annual meeting of members as recommended by the committee.

4. **Executive Committee – Kyle Martinez, Chair.** Vice-President Cannon stated the committee met on February 21 to address certain organizational matters.

C. CEO Report. CEO Clemens Roberts updated the board on key administrative and operational matters within the cooperative. Among other things, Clemens Roberts reported there has been a change in DMEA's business agent within the IBEW union. Additionally, DMEA is working with the union to develop a code of excellence for the bargaining group. Certain IT-related matters include discontinuing support of desktop clients and the need to upgrade to alternatives. The Read service center is re-opening in April. Scholarships deadlines are approaching soon. "Spark Sessions," a community event to introduce DMEA's new leadership team to the membership, will start in March. Clemens Roberts also announced a change in certain internal controls relating to check signees to ensure conformance with best practices.

The SAIDI report through January 2022 was reviewed. January 2022 is higher than the same time last year because of severe weather as well as vehicle-hit pole accidents.

Upon motion from Director Lockhart, seconded by Director Watson, the board unanimously approved the February 2022 CEO Report and the System Average Interruption Duration Index (SAIDI) outage statistics through January 2022.

D. Financial Report with Variance Report. CFO Gouker presented the Financial Reports through December 2021. Among other things, Gouker touched upon unbudgeted revenue from a large commercial and industrial member, the cost savings relating to DMEA's having switched wholesale power suppliers in mid-2020, and operations and maintenance expenses being below budget. With respect to year-end financials, Gouker did note for the board that 2016's deferred revenue of \$750,000 will be recognized in 2022. Gouker also discussed recognition of revenue from the forgiven Paycheck Protection Program.

The board asked for some clarification on some key metrics provided in the associated variance report relating to debt service coverage. Gouker addressed these questions.

Upon motion from Director Watson, seconded by Director Fleming, the board unanimously approved the December 2021 Financials as presented.

E. Non-privileged Legal Report. General Counsel Hurd touched on pending litigation and regulatory matters relating to DMEA's settlement on the Tri-State Generation & Transmission open access transmission tariff before FERC, as well as Tri-State's electric resource plan before the Colorado Public Utilities Commission. He also noted work on the upcoming fiber grants as well as general guidance to DMEA staff on

corporate matters. Hurd asked to defer the remainder of his legal report to executive session.

F. Representative Board Reports.

1. **Western United Electric Supply (WUES) Report.** Director Fleming stated he attended two WUES meetings since the last regular DMEA meeting—a regular board meeting in January and the annual meeting in February. WUES continues to have record sales notwithstanding supply chain issues (mainly relating to transformers). Director Fleming also reviewed board representation within WUES, highlighting that not all WUES members have board seats and the requirements for having such representation.

2. **Colorado Rural Electric Association (CREA) Report.** Director Lockhart stated he attend the CREA annual meeting in February. He highlighted the new officers along with pending legislative matters that CREA is monitoring.

G. Informational Items.

1. **Review Unclaimed Capital Credit Fund.** Executive Assistant Taylor reviewed the balance of the unclaimed capital credit fund with the board and answered questions from directors regarding budgets for slated annual donations.

H. Action Item.

- a. **Vote on Operation Round Up Trustee Appointment.** Current Operation Round Up (ORU) trustee Diane Reddin's term ends in April 2022. The ORU trustees reviewed and recommended an

application from Steven Harper from Hotchkiss to fill the seat to be vacated by Ms. Reddin. Director Fleming, a former ORU trustee prior to serving on the DMEA board of directors, noted Mr. Harper would do well in this position. Upon motion from Director Williams, seconded by Director Fleming, the board unanimously appointed Steven Harper to serve on the ORU board of trustees following the expiration of Reddin's term.

- b. **Vote on Operation Round Up Audit.** Staff provided information to the board regarding audit and tax services to ORU.

Following discussion, and upon motion from Director Fleming, seconded by Director Watson, the board unanimously authorized signing an engagement for 2021 audit and tax filing services for Operation Round Up, with such funds to come from the unclaimed capital credit fund, and directed that the Operation Round Up trustees request bids for these services beginning in 2022.

- c. **Update Signatories on RUS Grant Financial Forms.** Upon motion from Director Lockhart, seconded by Director Watson, the board unanimously adopted an updated slate of signatories on the RUS grant financial form, including adding CFO Gayle Gouker.

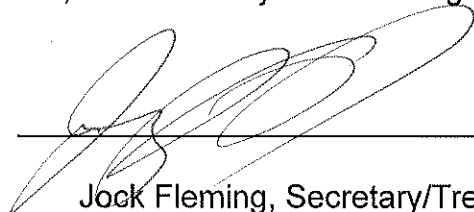
VIII. Future Meetings.

- A. **Regular Board Meetings.** The next two regular board meetings are March 22, 2022, at 3:00 p.m., and April 19, 2022, at 3:00 p.m.

B. Committee Meetings. There will be an executive committee on March 18, 2022, to address policy updates. A finance-audit-rate committee meeting will be scheduled in March.

The board took a brief recess at 3:33 p.m. The meeting resumed at 3:42 p.m.

- IX. Member comments.** There were no member comments.
- X. Executive session.** At 3:42 p.m., upon motion from Director Watson, seconded by Director Fleming, the board unanimously voted to enter executive session to: receive a privileged legal report on corporate, litigation, and regulatory matters; receive a privileged CEO report; and to review the member survey results. At 4:43 p.m., upon motion from Director Fleming, seconded by Director Watson, the board unanimously voted to exit executive session.
- XI. Action Items (from Executive Session).** There were no action items from executive session to address.
- XII. Adjournment.** Having no further business, the board adjourned its regular meeting at 4:45 p.m.



Jock Fleming, Secretary/Treasurer

