



**MINUTES OF THE REGULAR MEETING OF THE
DELTA-MONTROSE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
December 20, 2022**

Regular Board Session. On December 20, 2022, the Board of Directors of Delta-Montrose Electric Association (DMEA) met for a regular meeting at the headquarters of the cooperative, at 11925 6300 Rd., Montrose, CO 81401.

During its regular meeting, the DMEA board:
1. Approved the November 2022 Membership Report and adopted the November 2022 Regular Meeting Minutes while also approving a correction to the previously approved October 2022 Regular Meeting Minutes
2. Received committee meeting reports
3. Approved the December 2022 Interim CEO Report
4. Approved the October 2022 and November 2022 Financial Reports
5. Received a non-privileged legal report
6. Received board representative reports from Western United Electric Supply (WUES) and the Colorado Rural Electric Association (CREA), and received reports from directors about DMEA-related meetings they had attended
7. Discussed the ReConnect 3 grant application
8. Discussed future committee and board meeting dates
9. Reviewed capital donation requests from non-profits Peer Kindness, Inc., and Maslow Academy/Bright Beginnings
10. Entered executive session to discuss confidential and privileged matters

<p>11. Approved an allocation of \$20,000 to area non-profit, Peer Kindness. Inc., from the unclaimed capital credit fund for the purpose requested in that organization's November 29, 2022, donation application</p>
<p>12. Unanimously approved the allocation of \$30,000 to area non-profit, Maslow Academy of Applied Learning, from the unclaimed capital credit fund for the purpose requested in that entity's December 2, 2022, donation application</p>
<p>13. Unanimously approved DMEA Board Resolution No. 2022-23, relating to the hiring of DMEA's new CEO</p>

Regular Board Session

I. **Call Meeting to Order.** Board President Kyle Martinez called the meeting to order at 2:04 p.m.

- **Directors present:** Kyle Martinez (President), Stacia Cannon (Vice-President), Jock Fleming (Secretary/Treasurer), Kevin Williams (Assistant Secretary/Treasurer), Bill Patterson, Jacob Gray, Damon Lockhart (via Zoom), Ken Watson, Enno Heuscher
- **Directors absent:** None
- **DMEA staff present:** Amy Taylor, Mateusz Pena, Lindsay Forepaugh, Mateusz Pena, Kent Blackwell, Gayle Gouker, Bob Farmer
- **Others present:** Jeffrey Hurd (General Counsel), Gail Marvel (member, reporter for *The Montrose Mirror*) (left prior to X-Executive Session), Kent Cloward (member) (left prior to X-Executive Session), Chrissy Simmons (Executive Director for Maslow Academy/Bright Beginnings) (present during XI-Member Comments), Lori Sharp (Grant Coordinator for Maslow Academy/Bright Beginnings) (present during XI-Member Comments), Joey Montoya Boese (Executive Director for Peer Kindness, Inc.) (present during XI-Member Comments), Todd Haynes (Peer Kindness, Inc. Founder) (present during XI-Member Comments), Karisa Pacheco (Board Member for Peer Kindness, Inc.) (present during XI-Member Comments)

- II. **Pledge of Allegiance** was led by Director Williams.
- III. **Opening meeting prayer** was led by President Martinez.
- IV. **Determination of a quorum.** President Martinez confirmed the presence of a quorum to conduct business.
- V. **Approval of the agenda.** Upon motion from Director Patterson, seconded by Director Gray, the Board unanimously approved the agenda posted on December 7, 2022, with these amendments: 1) change agenda item VII.H-a, Vote on ReConnect 3 Grant Resolutions, from an action item to an information item; 2) remove agenda item IX-C, CEO Search Update, from Executive Session; and 3) under action items from Executive Session, add a Vote on a CEO Appointment Resolution.
- VI. **Introductions.** Board members, staff, and guests introduced themselves.
- VII. **General Business.**

- A. **Consent Agenda.** Upon motion from Director Watson, seconded by Director Williams, the Board unanimously approved the November 2022 Membership Report and adopted the November 2022 Regular Meeting Minutes.

Director Cannon noted that the October 2022 Regular Meeting Minutes, which had been previously approved, should be corrected to reflect that the meeting location was DMEA's Read Service Center facility, located at 21191 H 75 Rd., in Delta, CO 81416. The Board unanimously agreed that the meeting location would be corrected.

- B. **Board Committee Items.**

1. **Finance-Audit-Rate Committee.** Chair Watson reported that the committee did not meet in December.
 2. **Engineering-Construction-Energy Services Committee.** Chair Cannon reported that the committee did not meet in December.
 3. **Member Relations Committee.** Chair Patterson reported the committee did not meet in December.
 4. **Executive Committee – Kyle Martinez, Chair.** Chair Martinez reported the committee had met several times since the last Regular Board Meeting for the purpose of conducting DMEA's CEO search, including interviews. Martinez noted that DMEA has announced that Jack Johnston, previously CEO at Southeast Colorado Power Association, has accepted the position as DMEA's new CEO. Johnston will start at DMEA on January 9, 2023.
- C. Interim CEO Report.** Interim CEO Blackwell began his report by noting this would be his last report as interim CEO, and by expressing appreciation for the board's confidence in him during the leadership transition. President Martinez recognized Blackwell for his service as Interim CEO and thanked him both for his willingness to take on the position and for his capable interim leadership.

Blackwell noted several meetings he had attended on behalf of DMEA, including with the City of Delta regarding fiber matters, the City of Montrose regarding the Montrose Veterans Coalition's Veterans Memorial project, and the CREA Managers' meeting.

The board was then updated on accidents and near misses. Blackwell also noted that system design projects are slowing down for the

season. In response to an inquiry from Director Williams about supply chain issues with automatic meter reading (AMR) meters, Blackwell updated the board on DMEA's plan to deploy some analog meters—which will require manual reading—until new AMR meters can be sourced.

The interim CEO report continued with an update on net metering, status on the Garnet Mesa Solar Project, and a report on the 2022 audit process with the new auditor, FORVIS. Cyber security and customer service statistics were covered. The board noted its appreciation of DMEA's efforts to introduce more Spanish language materials in member communications. Public versions of the Board meeting packets are now available through SmartHub for members to view.

COO Tim Vigil and Engineering and Power Resource Manager, Matuesz Pena, then presented information on the cooperative's vegetation management program and fielded questions from the board. DMEA has applied for grant funding through the Inflation Reduction Act to assist with vegetation management matters.

Upon motion from Director Cannon, seconded by Director Fleming, the Board unanimously approved the December 2022 Interim CEO report as presented.

D. Financial Report with Variance Report. CFO Gouker reviewed the DMEA's October 2022 and November 2022 financials, highlighting key financial metrics for the cooperative during those months.

Among other things, Gouker touched on margins generated in October, billed an accrued revenues during the month, and year-to-date revenue numbers through the end of the month.

With respect to November 2022's financials, Gouker highlighted total margins exceeding \$880,000 for the month and year-to-date margins in excess of \$11 million. She also reviewed year-to-date operating and maintenance expenses, operating margins, and balance sheet variances over the year. She concluded her presentation by noting all debt covenants are well above the lender-required levels for debt service coverage and equity percentage.

In response to a question from Director Gray, Gouker reviewed what is included in other the "electric revenue and equity investments" line item. She also addressed a question from Director Cannon about information in the October and November reports compared to information in the September report.

Upon motion from Director Heuscher, seconded by Director Watson, the Board unanimously approved the October 2022 and November 2022 Financial Reports.

E. Non-Privileged Legal Report. General Counsel Hurd updated the board on work done regarding the Garnet Mesa Solar Project interconnection agreement, the ReConnect 3 grant application, and pole attachment matters. Hurd also highlighted rate pressures that other distribution cooperatives are experiencing across the state, with many having to raise rates in the face of wholesale increases. Hurd asked to defer the remainder of his report to Executive Session.

F. Representative Board Reports.

1. Western United Electric Supply (WUES) Report. Director Fleming noted there was no WUES meeting since the last DMEA Board

meeting. The next WUES meeting will be on January 26, 2023.

2. **Colorado Rural Electric Association (CREA) Report.** Director Lockhart noted that he sent out several e-mails prior to the board meeting with information from his CREA committee and regular meeting attendance. Lockhart specifically highlighted ongoing resource adequacy issues in the state legislature.
3. **Conference, Webinar, etc. Attendance Reports.** Directors Patterson and Williams noted their attendance at a CREA Resource Adequacy webinar. Director Williams also spoke on his attendance at a CFC webinar on the Inflation Reduction Act.

G. Informational Items.

1. **ReConnect 3 Grant Resolutions.** This item was changed to informational to review the process with the board prior to formal approval of the resolutions, which will take place at the January 2023 board meeting. A draft resolution was reviewed, with staff noting that DMEA is awaiting certain documents and edits from the Rural Utilities Service (RUS).

H. Action Item. There were no action items to address.

VIII. Future Meetings.

- A. **Regular Board Meetings.** The next regular Board meeting will be the third Tuesday on January 24, 2023, at 3:00 p.m.
- B. **Committee Meetings.** There were no committee meetings set at this time.

The Board took a brief recess at 4:07 p.m. The meeting resumed at 4:15 p.m. with the Board moving up Member Comments, Agenda Item XI, prior to Executive Session.

IX. Executive Session. At 4:44 p.m., upon motion from Director Fleming, seconded by Director Williams, the Board unanimously entered executive session to: (1) discuss donation requests from the unclaimed capital credit fund for non-profits Peer Kindness, Inc., and Maslow Academy of Applied Learning; (2) review a privileged Interim CEO update; (3) review a privileged legal report regarding corporate, litigation, and regulatory matters; and (4) review a draft CEO appointment resolution. At 5:44 p.m., upon motion from Director Patterson, seconded by Director Williams, the Board unanimously exited executive session.

X. Action Items (from Executive Session). Upon motion from Director Cannon, seconded by Director Heuscher, the Board approved an allocation of \$20,000 to area non-profit, Peer Kindness, Inc., from the unclaimed capital credit fund for the purpose requested in that organization's November 29, 2022, donation application. Director Patterson disclosed he has a relative on the Peer Kindness Board of Directors and, as such, abstained from any discussion of the application as well as the vote. Director Fleming cast a dissenting vote; he expressed his support for the goals of the organization and its mission but indicated he had concerns about whether the organization requires a permanent facility to facilitate its mission.

Upon motion from Director Watson, seconded by Director Fleming, the Board unanimously approved the allocation of \$30,000 to area non-profit, Maslow Academy of Applied Learning, from the unclaimed capital credit fund for the purpose requested in that entity's December 2, 2022, donation application.

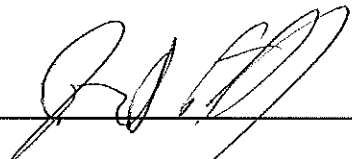
Upon motion from President Martinez, seconded by Director Patterson, the board unanimously adopted DMEA Board Resolution No. 2022-23, relating to the hiring of DMEA's new CEO, Jack Johnston.

XI. Member Comments.

A. Peer Kindness Capital Campaign Donation Request. Peer Kindness, Inc. Executive Director, Joey Montoya Boese, Founder, Todd Haynes, and Board Member, Karisa Pacheco, presented a capital campaign donation request for its permanent facility. The amount requested was for \$20,000. The financials, including a matching donor, for the capital project were reviewed. Questions posed by the board were addressed with directors thanking Haynes, Montoya Boese, and Pacheco for their time and presentation.

B. Maslow Academy/Bright Beginnings Capital Campaign Donation Request. Maslow Academy/Bright Beginnings Executive Director, Chrissy Simmons, and Grant Coordinator, Lori Sharp, presented a capital campaign donation request for its new facility located at the Colorado Outdoors complex. The amount requested was for \$50,000. Simmons and Sharp highlighted the limitations of the current facility for childcare noting data for the lack of childcare in the area. They addressed how many additional children could be served at the new facility, how many of those children come from low-income families, the financials of project, etc. Questions posed by the board were addressed, with directors thanking Simmons and Sharp for their time and presentation.

XII. Adjournment. Having no further business to conduct, the board adjourned its regular meeting at 5:46 p.m.



Jock Fleming, Secretary/Treasurer