



**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
November 15, 2022**

Regular Board Session. On November 15, 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 October 2022 Membership Report and adopted the October 2022 Regular Meeting Minutes
2. Adopted the 2023 Capital Budget and 2023 Operating Budget
3. Appointed Survey & Ballot Systems (SBS) as the credentials committee and Dalby Wendland & Co. as the ballot holding company for the 2023 Board of Directors election
4. Approved the November 2022 Interim CEO Report
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 future committee and board meeting dates
8. Received a member comment
9. Held a rate hearing and adopted revisions to Rate Tariff No. 4 (Industrial – Distribution – 12kV Voltage) as presented and as previously noticed to the membership
10. Entered executive session to: 1) discuss a privileged interim CEO report; 2) receive a privileged legal report, including information on corporate, litigation, and regulatory matters; 3) address the NRECA cybersecurity guidebook for Board members; 4) discuss a capital credit retirement methodology; 5) review

the Board self-assessment survey results; and 6) discuss updates in the search for a new CEO
11. Adopted DMEA Resolution No. 2022-22, regarding retirement of capital credits for the years 1991 and 1992, totaling \$3,445,914.03
12. Confirmed that DMEA will engage the firm FORVIS for 2022 auditing services for DMEA

Regular Board Session

- I. **Call Meeting to Order.** Board President Kyle Martinez called the meeting to order at 3:00 p.m.
 - **Directors present:** Kyle Martinez (President), Stacia Cannon (Vice-President), Kevin Williams (Assistant Secretary/Treasurer), Bill Patterson, Jacob Gray, Damon Lockhart, Ken Watson, and Enno Heuscher (via Zoom)
 - **Directors absent:** Jock Fleming (Secretary/Treasurer)
 - **DMEA staff present:** Amy Taylor, Mateusz Pena, Lindsay Forepaugh, Mateusz Pena, Kent Blackwell (via Zoom), Gayle Gouker (via Zoom), Bob Farmer (all staff left except Blackwell left the meeting during the portion of X-Executive Session addressing the Board's self-assessment)
 - **Others present:** Jeffrey Hurd (General Counsel), Gail Marvel (member, reporter for *The Montrose Mirror*) (left prior to X-Executive Session), Mike Atwood (member) (left prior to X-Executive Session), Kent Cloward (member) (left prior to X-Executive Session)
- II. **Pledge of Allegiance** was led by Director Patterson.
- III. **Opening meeting prayer** was led by President Martinez.

- IV. **Determination of a quorum.** President Martinez announced the presence of a quorum.
- V. **Approval of the agenda.** The Board unanimously approved the agenda posted on October 26, 2022.
- VI. **Introductions.** Board members, 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 October 2022 Membership Report and adopted the October 2022 Regular Meeting Minutes.

- B. **Board Committee Items.**

- 1. **Finance-Audit-Rate Committee.** Chair Watson reported that this committee had not met in November. He noted, however, that the committee had reviewed the proposed capital and operating budgets in depth during the committee's October meeting.

President Martinez briefly summarized the operating budget figures for each department. He noted that the proposed budget would not require a rate increase and also contemplated a retirement of capital credits. CFO Gouker highlighted minor changes to the budget from its initial presentation in October.

The Board inquired about various budget items, including payroll expenses, headcount, and how strategy initiatives factor into the budget. Budgeted margins are well above the Modified Debt Service coverage limit.

Upon motion from Director Williams, seconded by Director Cannon, the Board unanimously adopted the 2023 DMEA Operating Budget as presented.

President Martinez then briefly summarized DMEA's 2023 Capital Budget. The Board engaged in some discussion about the function and importance of the Read Service Center. It also had additional inquiries about how the non-site-specific budget is utilized, construction work plan matters, the cost of certain servers, and the impact of grants on the budget.

Upon motion from Director Lockhart, seconded by Director Watson, the Board unanimously adopted the 2023 DMEA Capital Budget as presented.

- 2. Engineering-Construction-Energy Services Committee.** Chair Cannon reported that the committee had not met since the last regular Board meeting.

- 3. Member Relations Committee.** Chair Patterson stated the committee had not met since the last Regular board meeting. However, the Board needs to review and approve a Credentials committee and a Ballot Holding Company for the 2023 Board of Directors election. In the past, DMEA has utilized Survey & Ballot Systems as the credentials committee and Dalby Wendland & Co. as the ballot holding company; staff recommends doing so again. The Board inquired about a request for proposal process for the credentials committee; Blackwell noted that DMEA staff has inquired about other potential firms but has determined that SBS provides effective services at a fair price point.

Upon motion from Director Patterson, seconded by Director Williams, the Board unanimously appointed Survey & Ballot Systems as the credentials committee and Dalby Wendland & Co. as the ballot holding company for the 2023 Board of Directors election.

4. Executive Committee – Kyle Martinez, Chair. Chair Martinez stated the committee had not met since the last regular Board meeting but would be meeting in December to conduct CEO candidate interviews. Chair Martinez deferred the rest of his report to Executive Session.

C. Interim CEO Report. Interim CEO Blackwell highlighted his attendance at the CREA Innovations Summit, noting the subject matter and contributors at the conference were impressive. Blackwell then touched upon future alternative member appreciation day opportunities in light of a Delta County cancellation.

Blackwell discussed safety matters within DMEA, including employee trainings, near miss reports, and the Rural Electric Safety Achievement Program (RESAP) audit. The SAIDI was highlighted with outages, primarily due to wind, being addressed. New vegetation management data graphs were presented and discussed. As of October 31, 2022, the South Canal hydro units are offline.

Supply chain issues, particularly chipset shortages for meters, were addressed, along with a stopgap solution involving manual meter use. The hybrid bucket truck DMEA received in part due to a grant was discussed.

October was Cyber Security Awareness month and CIO Farmer reviewed the different activities staff undertook to increase knowledge relating to cyber security safety.

The board and staff then discussed SmartHub service order data. Taylor also showed the Board and guests how to access the Board packet of public board meeting information the day after meetings through SmartHub.

D. Non-Privileged Legal Report. General Counsel Hurd reported there is no pending litigation. He also explained the process by which a hold is placed on certain documents and communications when DMEA anticipates litigation. He highlighted some ongoing work relating to disconnect issues. Hurd asked to defer the remainder of his report to Executive Session.

E. Representative Board Reports.

1. Western United Electric Supply (WUES) Report. No report.

2. Colorado Rural Electric Association (CREA) Report. Director Lockhart highlighted his attendance at the CREA Innovations Summit and Board meeting earlier this month. A major topic at the last board meeting was the budget. Lockhart noted 2024 CREA fees will increase for all CREA members, in large part because CORE has left CREA.

3. Conference, Webinar, etc. Attendance Reports. Director Patterson highlighted his attendance at the CREA Innovations Summit as well, including his attendance at a Board education class on board governance matters.

F. Informational Items. There were no additional informational items to address.

G. Action Item.

- 1. Retirement Resolution for Joe Crain.** Upon motion from Director Martinez, seconded by Director Lockhart, the Board unanimously approved DMEA Resolution No. 2022-21, recognizing the retirement of DMEA employee Joe Crain.

- 2. Retirement Resolution for Darleen Carron.** Upon motion from Director Cannon, seconded by Director Williams, the Board unanimously approved Resolution No. 2022-20, recognizing the retirement of DMEA employee Darleen Carron.

VIII. Future Meetings.

- A. Regular Board Meetings.** The next regular Board meeting will be the third Tuesday on December 20, 2022. It will start at 2:00 p.m.

- B. Committee Meetings.** The Executive Committee will meet in December for CEO candidate interviews.

IX. Rate Hearing regarding Tariff 4. At 4:38 p.m., President Martinez opened a rate hearing regarding proposed updates to Rate Tariff No. 4 (Industrial – Distribution – 12kV Voltage). Major changes to the rate include adding a Standby Demand Charge as well as clarification of the Access Fee and Member Demand Charge components of the tariff. There were no member comments. Upon motion from Director Patterson, Director Lockhart, the Board unanimously approved updates to Rate Tariff No. 4 (Industrial –Distribution – 12kV Voltage) as presented. President Martinez closed the rate hearing at 4:41

p.m.

- X. Member Comments.** Member Mike Atwood noted staff recently met with him regarding concerns he expressed at the October Regular Board meeting regarding net metering. He expressed his thanks for the care staff showed in addressing his inquiry.

The Board took a recess at 5:15 p.m., with the meeting resuming at 5:26 p.m.

- XI. Executive Session.** At 5:26 p.m., upon motion from Director Watson, seconded by Director Cannon, the Board voted unanimously to enter executive session to: 1) discuss a privileged interim CEO report; 2) receive a privileged legal report including information on corporate, litigation, and regulatory matters; 3) address the NRECA cybersecurity guidebook for Board members; and 4) discuss the capital credit retirement methodology. At 6:34 p.m., upon motion from Director Cannon, seconded by Director Watson, the Board unanimously exited executive session to address certain action items (see below). At 6:36 p.m., upon motion from Director Cannon, seconded by Director Watson, the Board voted unanimously to re-enter executive session to review the Board self-assessment survey results and discuss updates in the search for a new CEO. The Board exited executive session at 7:45 p.m.

XII. Action Items (from Executive Session).

A. Vote on Capital Credit Retirement Methodology. Upon motion from Director Cannon, seconded by Director Williams, the Board unanimously adopted DMEA Resolution No. 2022-22, regarding retirement of capital credits for the years 1991 and 1992, totaling \$3,445,914.03.

B. Formal Certification of 2022 Audit Firm. Upon motion from Director Williams, seconded by Director Lockhart, the Board unanimously confirmed

that DMEA will engage the firm FORVIS for 2022 auditing services for DMEA.

- XIII. Adjournment.** Having no further business to conduct, the board adjourned its regular meeting at 7:45 p.m.



Jock Fleming, Secretary/Treasurer

