



**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
October 25, 2022**

Regular Board Session. On October 25, 2022, the Board of Directors of the Delta-Montrose Electric Association (DMEA) met for its 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 September 2022 Membership Report and adopted the September Regular Meeting Minutes.
2. Reviewed committee reports.
3. Approved the 2023 annual meeting date as June 15, 2023.
4. Approved a \$10,000 allocation to the 2023 Crisis Fund.
5. Approved the membership voting methods for the 2023 Board election.
6. Approved the October 2022 Interim CEO Report.
7. Approved the September 2022 Financial Report.
8. 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.
9. Discussed future committee and board meeting dates.
10. Received a member comment.
11. Reviewed and discussed an in-kind donation request from the Montrose Veterans Memorial Coalition for a Veterans Plaza in Montrose.
12. Entered executive session to 1) discuss a privileged interim CEO report; 2) review DMEA's strategy plan; 3) receive a privileged legal report, including information on corporate, litigation, and regulatory matters; 4) discuss audit firm

requests for proposals (RFPs); and 5) discuss the upcoming board self-assessment.
13. Adopted the 2022-2025 DMEA strategy plan.
14. Authorized DMEA to engage with the firm FORVIS for auditing services for DMEA for 2022, subject to final review by DMEA's Finance, Audit, and Rate committee
15. Authorized the retirement of allocated 1991-1992 capital credits, subject to applicable provisions under DMEA bylaws and board policies.

Regular board session

- I. **Call Meeting to Order.** The meeting was called to order at 3:00 p.m.
- **Directors present:** Kyle Martinez (President), Stacia Cannon (Vice-President), Jock Fleming (Secretary/Treasurer) (in at 4:15 p.m. during IX-Member Comments), Kevin Williams (Assistant Secretary/Treasurer), Bill Patterson, Jacob Gray, Damon Lockhart (left at 6:00 p.m. during X-Executive Session), Ken Watson, Enno Heuscher
 - **Directors absent:** None
 - **DMEA staff present:** Gayle Gouker, Amy Taylor, Mateusz Pena, Lindsay Forepaugh, Mateusz Pena, Kent Blackwell, Bob Farmer (all staff left meeting at 7:50 p.m. during X-Executive Session)
 - **Others present:** Jeffrey Hurd (General Counsel), Gail Marvel (member, reporter for *The Montrose Mirror*) (left prior to X-Executive Session at 5:14 p.m.), Mike Atwood (member) (left prior to X-Executive Session at 5:14 p.m.), Phillip Stinnett (member) (left prior to X-Executive Session at 5:14 p.m.), Dave Powers (member) (left prior to X-Executive Session at 5:14 p.m.), Les Williams (member) (in at 5:11 p.m. and left at 5:14 p.m. prior to X-Executive Session), Jay Bob Brewskie (in at 5:11 p.m. and left at 5:14 p.m. prior to X-Executive Session)

- II. **Pledge of Allegiance** was led by Director Cannon.
- 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.** Upon motion from Director Patterson, seconded by Director Lockhart, the Board unanimously approved the agenda initially posted on October 14, 2022, with one amendment: (1) move agenda item VII-B-1-a, Vote on Capital Credit Retirement, under Committee Reports, to under Executive Session Action Items as agenda item XI-C.
- VI. **Introductions.** Board members, staff, and guests introduced themselves.
- VII. **General Business.**
 - A. **Consent Agenda.** Upon motion from Director Watson, seconded by Director Patterson, the Board unanimously approved the September 2022 Membership Report and adopted the September 2022 Regular Meeting Minutes.
 - B. **Board Committee Items.**
 - 1. **Finance-Audit-Rate Committee.** Chair Watson reported that the committee met on October 11, 2022, with the meeting focused primarily on budget matters as well as a possible capital credit retirement. CFO Gouker also presented information on the auditor request for proposal process.

Voting on the operating and capital budgets will occur during the November regular Board meeting.

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 met on October 20, 2022. At this meeting, the committee discussed the 2023 annual meeting, reviewed the crisis relief fund, addressed 2023 Board election voting methods, and discussed potential changes to director districts.

Upon motion from Director Patterson, seconded by Director Lockhart, the Board unanimously set the 2023 annual meeting date as June 15, 2023. Upon motion from Director Patterson, seconded by Director Gray, the Board unanimously approved a 2023 Crisis Fund Donation amount of \$10,000. Upon motion from Director Patterson, seconded by Director Lockhart, the Board unanimously decided that the 2023 Board election will occur through mail-in ballots and by in-person voting at the annual meeting.

At the November regular Board meeting, the Board will review and vote on the 2023 Board Director election credentials committee and ballot holding company.

4. Executive Committee – Kyle Martinez, Chair. Chair Martinez stated the committee met on October 13, 2022 with the CEO search firm, Carter Baldwin, to address next steps in the CEO search.

C. Interim CEO Report. Interim CEO Blackwell highlighted a recent visit between senior staff and Senator Rankin at the DMEA office which included a substation and communication building tour at Bullock.

System reliability and electronic vehicle (EV) charging statistics at the Montrose facilities for September were reviewed. An upcoming change in tree trimming contractors was addressed.

Safety near misses were discussed with one at a substation having reports from both an operations and dispatching perspective.

Updates on the CoBank Sharing Success Grants donations and the upcoming Youth Tour events were discussed. Internally all employees are going through a branding training to encourage consistency in all outward facing materials, documents, messaging, etc.

The Board is tentatively set to have a retreat in August 2023.

Director Gray inquired about how the recent aerial patrol. Engineering and Power Resources Manager Pena noted the patrol went well.

Upon motion from Director Watson, seconded by Director Cannon, the Board unanimously approved the October 2022 Interim CEO Report as presented.

D. Financial Report with Variance Report. CFO Gouker highlighted total margins for the month and year-to-date with it noted overall margins are \$6.6 million better than budget expectations. Billed and accrued revenue for September declined from August by 17%; low temperatures in September dropped by an average of 5 degrees per day, and irrigation usage declined slightly, resulting in lower kWh usage.

Revenue increased by nearly \$700,000, due to the receipt of the annual hydro incentive payment. Gross margins excluding this hydro incentive payment remain consistent with the year-to-date average approximating 50%.

On a year-to-date basis, total operating and maintenance expenses are 3.8% under budget. Year-to-date depreciation expense is running at 10.5% under budgeted expectations, primarily due to construction work orders not being started, completed, and closed out on the timeline that was budgeted.

Non-operating margins year-to-date exceed budgeted projections. All debt covenants are well above the lender-required levels for debt service coverage and equity percentage.

Upon motion from Director Lockhart, seconded by Director Williams, the Board unanimously approved the September 2022 Financial Reports as presented.

E. Non-Privileged Legal Report. General Counsel Hurd asked to defer his legal report to Executive Session.

F. Representative Board Reports.

1. Western United Electric Supply (WUES) Report. Director Fleming reported he had attended a WUES Board meeting since the last regular DMEA Board meeting but had nothing noteworthy to report.

2. Colorado Rural Electric Association (CREA) Report. Director Lockhart stated he had attended a virtual budget committee meeting this past Friday. The next Board meeting will be on November 5, 2022, in conjunction with the CREA Energy Innovations Summit.

3. Conference, Webinar, etc. Attendance Reports. Director Gray highlighted his (and Director Cannon's) attendance at the NRECA

Regional Meeting in Portland, OR.

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

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

VIII. Future Meetings.

A. Regular Board Meetings. The next regular Board meeting will be in November on the third Tuesday on November 15, 2022, as to not conflict with the Thanksgiving holiday. The December meeting will be the third Tuesday on December 20, 2022, as to not conflict with the Christmas holiday.

B. Committee Meetings. None were set at this time. The Executive Committee will most likely meet to address the CEO search.

IX. Member Comments. Member Mike Atwood addressed the Board regarding a personal experience he had with net metering and plant upgrades.

A. Montrose Veterans Memorial Coalition – Montrose Veterans Plaza

Donation Request. Member, Dave Powers, presented an in-kind donation request on behalf of the Montrose Veterans Memorial Coalition for the construction of a Veterans Plaza in Montrose.

He reviewed the scope of the project including the location, project goals, current support, etc. The amount of the in-kind request, \$31,288.49, would entail significant work on DMEA's part, including moving significant underground plant and upgrading a transformer, to facilitate the project.

The Board thanked Mr. Powers for his presentation and passion for the project. The Board noted it would discuss this more as part of Executive Session and would decide on the request after Executive Session. Mr. Powers would be notified of the Board's decision by the end of the week.

The Board took a brief recess at 4:52 p.m. The meeting resumed at 5:11 p.m.

X. Executive Session. At 5:14 p.m., upon motion from Director Heuscher, seconded by Director Cannon, the Board unanimously entered into executive session to 1) discuss a privileged interim CEO report; 2) review the strategy plan; 3) receive a privileged legal report including information on corporate, litigation, and regulatory matters; 4) discuss audit firm requests for proposals (RFPs); and 5) discuss the upcoming board self-assessment. Director Lockhart left at 6:00 p.m. The Board took a brief recess at 6:25 p.m. with the meeting resuming at 6:40 p.m. At 7:43 p.m., upon motion from Director Williams, seconded by Director Heuscher, the Board unanimously exited executive session to address action items. At 7:50 p.m., upon motion from Director Cannon, seconded by Director Gray, the Board unanimously re-entered executive session to address the CEO search update with staff vacating the meeting at this time. Upon motion from Director Watson, seconded by Director Williams, the Board unanimously exited executive session at 7:57 p.m.

XI. Action Items (from Executive Session).

A. Vote on Strategy Plan. Upon motion from President Patterson, seconded by Director Fleming, the Board unanimously adopted the 2022-2025 DMEA Strategy Plan, subject to staff's finalization of details, and sharing of said details of that strategic plan with DMEA's members as appropriate.

B. Vote on Audit Firm RFP. Upon motion from Director Fleming, seconded by Director Watson, the Board unanimously authorized DMEA to engage with

the firm FORVIS for auditing services for 2022, subject to final review by DMEA's finance audit and rate committee.

C. Vote on Capital Credit Retirement. Upon motion from Director Cannon, seconded by Director Patterson, the Board unanimously authorized the retirement of allocated 1991-1992 capital credits subject to applicable provisions under DMEA bylaws and board policies.

The Board reviewed and discussed the in-kind donation request from the Montrose Veterans Memorial Coalition for a Veterans Plaza in Montrose. The Board is supportive of the project and will reach out to the Coalition with additional information regarding said support.

XII. Adjournment. Having no further business to conduct, the board adjourned its regular meeting at 7:57 p.m.



Kevin Williams, Assistant Secretary/Treasurer

