



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

Regular Board Session. On March 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 for February 2022 and adopted the February 2022 Regular Meeting Minutes
2. Received reports from DMEA board committees
3. Adopted DMEA Resolution No. 2022-4 (regarding deferred revenue)
4. Allocated DMEA's 2021 operating margins to capital credits using an allocation by revenue methodology
5. Adopted an updated Board Policy Index, pending final review by DMEA's General Counsel
6. Revised DMEA Board Policy 304 (Whistleblower Policy)
7. Revised DMEA Board Policy 115 (Political Activities) pending final review by DMEA's General Counsel
8. Revised DMEA Board Policy 113 (Board Self-Evaluation)
9. Postponed revisions to DMEA's Board Policy regarding board committees
10. Approved the March 2022 CEO Report and the System Average Interruption Duration Index (SAIDI) outage statistics through February 2022
11. Approved the January 2022 Financial Reports
12. Received a non-privileged legal report from the General Counsel

13. 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
14. Reviewed an information disclosure request that had been approved by the Chief Operating Officer
15. Addressed future regular, committee, and strategy planning meetings
16. Entered executive session to receive a privileged CEO report containing confidential information and a privileged legal report concerning corporate, litigation, and regulatory matters

Regular operating manager session

I. **Call Meeting to Order.** The meeting was called to order at 3:01 p.m.

- **Directors present:** Kyle Martinez (President), Stacia Cannon (Vice-President), Jock Fleming (Secretary/Treasurer), Enno Heuscher (Assistant Secretary/Treasurer), Bill Patterson, Ken Watson, Jacob Gray, Kevin Williams, Damon Lockhart
- **Directors absent:** None
- **DMEA staff present:** Alyssa Clemsen Roberts, Becky Mashburn, Kent Blackwell, Gayle Gouker, Tim Vigil, Amy Taylor, Mateusz Pena
- **Others present:** Jeffrey Hurd (General Counsel), Gail Marvel (member, reporter for *The Montrose Mirror*) (left prior to agenda item X (Executive Session)), Kent Cloward (member) (left prior to agenda item X (Executive Session))

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

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

IV. **Determination of a quorum.** President Martinez announced the presence of a quorum.

V. **Approval of the agenda.** Upon motion from Director Watson, seconded by Director Lockhart, the board adopted the meeting agenda posted on March 11, 2022, with a single amendment that would add a vote on changes to DMEA's Board Policy Index as new agenda item under VII.B.4.

VI. **Introductions.** Board members, staff, and guests introduced themselves.

VII. **General Business.**

A. **Consent Agenda.** Upon motion from Director Patterson, seconded by Director Cannon, the board unanimously approved the February 2022 Membership Report and adopted the February 2022 Regular Meeting Minutes.

B. **Board Committee Items.**

1. **Finance-Audit-Rate Committee – Ken Watson, Chair.** Watson reported that the committee met on March 21 to review DMEA's 2020 IRS Form 990, to discuss deferred revenue matters, and to review allocation methodologies for DMEA's 2021 capital credits.

Watson noted that review of the 2020 Form 990 had been delayed on account of the 2021 cyber-attack but that the document will soon be posted to DMEA's website.

The board then considered DMEA Resolution No. 2022-4, which would direct the deferral of \$750,000 in revenue for the year 2021 for funding and subsequent recognition in a future year pursuant to

an amended DMEA revenue deferral plan. CFO Gouker provided context and background for the resolution and Watson reported that the Finance-Audit-Rate Committee had recommended its adoption by the full board. Upon motion from Director Lockhart, seconded by Director Cannon, the board unanimously adopted DMEA Resolution No. 2022-4.

Gouker led a discussion about allocating DMEA's 2021 operating margins to capital credits. The Finance-Audit-Rate Committee had reviewed allocation options and recommended DMEA adopt an allocation by revenue methodology for 2021. Upon motion from Director Lockhart, seconded by Director Williams, the board voted unanimously to allocate DMEA's 2021 operating margins to capital credits using an allocation by revenue methodology.

2. **Engineering-Construction-Energy Services Committee – Stacia Cannon, Chair.** Cannon reported that the committee had not met in March.
3. **Member Relations Committee – Bill Patterson, Chair.** Patterson reported the committee had not met in March.
4. **Executive Committee – Kyle Martinez, Chair.** President Martinez reported the committee met on February 28 to discuss organizational matters and on March 18 to discuss proposed DMEA policy updates. At the March committee meeting, staff recommended certain changes to DMEA's Board Policies, including removing certain policies from board purview on account of their subject matter. These subject matter-related changes would be reflected in an updated DMEA Board Policy Index. The Executive Committee also reviewed proposed revisions to DMEA's

Whistleblower Policy, its Board Self-Evaluation Policy, its Board Committees Policy, and its Political Activities Policy.

The revisions to the DMEA Board Policy Index and these specific policies were then presented to the board for review (except for the Board Committees Policy, which will be discussed in more detail as part of the board's strategic planning meeting in April). The board discussed the index and various policies, as well as the desirability of input from the DMEA General Counsel on certain of the changes.

Upon motion from Director Gray, seconded by Director Patterson, the board unanimously approved updating the DMEA Board Policy Index pending final review by DMEA's General Counsel.

The board also discussed the need to carefully review DMEA's Whistleblower Policy (Policy 304) for potential changes. Noting that anonymous reporting providers had recently changed, staff requested that certain policy revisions, which were minor in nature, be adopted as presented and that the policy be reviewed more carefully for more substantive changes at a later time. Upon motion from Director Cannon, seconded by Director Fleming, the board unanimously adopted revisions to the DMEA Whistleblower Policy (Board Policy 304) as presented. A more thorough review of the policy will occur later this year.

Upon motion from Director Fleming, seconded by Director Cannon, the board unanimously approved revisions to DMEA Board Policy 115 (Political Activities), pending final review by the DMEA General Counsel.

Upon motion from Director Fleming, seconded by Director Williams, the board unanimously approved updates to DMEA Board Policy 113 (Board Self-Evaluations) as presented.

- C. CEO Report.** CEO Clemesen Roberts updated the board on key administrative and operational matters within the cooperative, including personnel/staffing, network matters, community/peer outreach, and board engagement.

Clemesen Roberts highlighted a recent DMEA “Spark Session” event in Delta and reported that members were focused on broadband expansion, the Garnet Mesa Solar Project, and whether geopolitical events will impact power supply. DMEA’s phone monitoring system is functional again after being out of service following the 2021 cyber-attack. The Read service center will reopen in April for one day a week. The communication team won six awards as part of the NRECA spotlight program. DMEA scholarship applications have been submitted and are being reviewed by the Montrose Community Foundation. Staff addressed various questions from the board, including “click” and “open” rates associated with DMEA e-newsletters as well as DMEA internal staffing for vegetation management. Staff also reviewed close calls/near misses in the previous month, including one resulting from a member installing a sign adjacent to a power line.

Staff then reviewed SAIDI numbers through January 2022, noting a large outage resulting from a 46kV insulator breaking during high winds near Cedaredge. Approximately 3,000 members lost service for approximately two hours. Following discussion about the historical precedence for separately addressing SAIDI numbers as a DMEA board agenda item, the board agreed that going forward SAIDI can be combined with the CEO Report itself.

Upon motion from Director Heuscher, seconded by Director Watson, the board unanimously approved the March 2022 CEO Report and the SAIDI outage statistics through February 2022.

D. Financial Report with Variance Report. CFO Gouker presented DMEA's financials through January 2022. Among other things, Gouker noted that total revenues and total margins exceeded both budget and the numbers in prior years. Gouker also highlighted various financial metrics, including DMEA's rolling 12-month debt service coverage ratio and its Times Interest Earned Ratio. Gouker's report also highlighted key items on the DMEA Balance Sheet. At the request of Directors Cannon and Fleming, future Income Statements will include monthly actual-to-budget variance numbers.

Upon motion from Director Lockhart, seconded by Director Patterson, the board unanimously approved the January 2022 Financial Reports.

E. Non-Privileged Legal Report. General Counsel Hurd presented his non-privileged legal report, which included a status update on approval of a settlement agreement relating to Tri-State Generation & Transmission's open access transmission tariff before FERC. Hurd also presented a brief overview of DMEA's ongoing corporate organization under Title 7, Article 55 of the Colorado Revised Statutes, but its governance under Article 56.

F. Representative Board Reports.

1. Western United Electric Supply (WUES) Report. Director Fleming reported the WUES board had not met since the last DMEA board meeting.

2. Colorado Rural Electric Association (CREA) Report. Director Lockhart reported that CREA's next board meeting will be held later in the week, and noted that he had circulated some materials from CREA relating to legislative matters before the 2022 Colorado General Assembly.

3. Conference, Webinar, etc. Attendance Reports. Director Cannon reported on her attendance at the NRECA Power Xchange meeting and summarized information from a written report about the conference that she had previously sent the board.

Directors Patterson and Williams highlighted their attendance at a Cooperative Finance Corporation (CFC) Q1 2022 economic outlook webinar. Director Williams also reported on his attendance at a CFC webinar on distributed energy resources and Director Gray discussed his attendance at a CoBank webinar on financial issues.

G. Informational Items.

1. COO Approved Information Request per Policy 701 Update.

COO Vigil reported on an information request from Del-Mont Consultants that he had approved under DMEA Board Policy 701. The board reviewed the approved request and had no questions.

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

VIII. Future Meetings.

A. Regular Board Meetings. The next regular board meeting is April 19, 2022. There will be a board strategy session April 26-27, 2022.

- B. Committee Meetings.** There will be a member relations committee meeting on April 8, 2022.
- IX. Board Group Photo.** The board took a brief recess at 4:32 p.m. followed by a board group photo. The meeting resumed at 4:53 p.m.
- X. Member comments.** There were no member comments.
- XI. Executive session.** At 4:53 p.m., upon motion from Director Watson, seconded by Director Williams, the board unanimously voted to enter executive session to receive (1) a privileged CEO report, and (2) a privileged legal report regarding corporate, litigation, and regulatory matters. Director Gray exited executive session at 4:55 p.m. during the board discussion on certain power supply matters in Delta County and re-entered executive session at 5:58 p.m. Upon motion from Director Watson, seconded by Director Patterson, the board exited executive session at 6:33 p.m.
- XII. Action Items (from Executive Session).** There were no action items from executive session.
- XIII. Adjournment.** Having no further business to conduct, the board adjourned its regular meeting at 6:33 p.m.



Jock Fleming, Secretary/Treasurer