



MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

February 26, 2019

Location: Montrose Headquarters Building

11925 6300 Rd, Montrose CO 81401

3:00 p.m.

Regular Board Session. The Board of Directors of the Delta-Montrose Electric Association met for its regular board meeting at the office of the cooperative in Montrose, Colorado, on Tuesday, February 26, 2019.

During their regular meeting, the Directors:
1. Appointed Stacia Cannon to the North Region Director seat vacated by John Gavan.
2. Approved the January 2019 membership report and the January 2019 regular meeting minutes as presented.
3. Authorized CEO Bronec to repair the mobile substation as a 2019 budget amendment for an amount not to exceed \$120,000.
4. Re-approved the Vegetation Management Board Policy.
5. Reviewed the existing director district guidelines and determined to not make any changes at this time.
6. Approved updates to the simplified parliamentary procedures for meeting governance.
7. Approved the January 2019 safety and occupational health report as presented.
8. Approved the financials through January 2019 as presented.
9. Approved the February 2019 CEO report and January 2019 SAIDI as presented.
10. Received a non-privileged legal report.
11. Reviewed Representative Board Reports.
12. Appointed Director Lockhart as the Tri-State Annual Meeting and Special Meeting voting delegate.
13. Reviewed the donations to date and the balance of the unclaimed capital credit fund.

14. Listened to member concerns regarding 3-phase power policies.
15. Denied a donation request from HopeWest.
16. Received a privileged legal report.

I. Call Meeting to Order. At 3:14 p.m., the Board convened and the meeting was called to order.

- **Directors Present:** Bill Patterson (President), Mark Eckhart (Vice-President), Brad Harding (Secretary/Treasurer), Tony Prendergast (Assistant Secretary/Treasurer), Kyle Martinez (*left at 7:19 p.m. prior to a power supply executive session discussion*), Chris Hauck, Ken Watson, Damon Lockhart, Stacia Cannon

- **Directors Absent:** None

- **DMEA Staff Present:** Jasen Bronec, Amy Taylor, Virginia Harman, Wade Pynes (*after the dinner recess, returned during VII-G (Representative Reports)*), Troy Hall (*left during VII-C, Committee Reports*), Mateusz Pena (*left after VIII-Member Comments*), Jim Heneghan, Shelby Bear (*left after VIII-Member Comments*)

- **Others Present:** Jeffrey Hurd (General Counsel) (*by phone*), Jason Byler (member) (*in for VIII-Member Comments, left at the conclusion of Member Comments*), Brett Aucker (member) (*in for VIII-Member Comments, left at the conclusion of Member Comments*), Jim Renfrow (member) (*in for VIII-Member Comments, left at the conclusion of Member Comments*), David White (member) (*left at the conclusion of member comments*), David Coker (member) (*in during VIII-Member Comments, left at the conclusion of Member Comments*), Nancy Hoganson (Representative from HopeWest) (*in for VIII-Member Comments, left at the conclusion of Member Comments*), Nancy Hovde (Representative from HopeWest) (*in for VIII-Member Comments, left at the conclusion of Member Comments*)

II. Pledge of Allegiance was led by President Patterson.

III. Opening Meeting Prayer was led by Director Hauck.

IV. Determination of Quorum. President Patterson announced the presence of a quorum.

V. Approval of Agenda. Upon motion from Director Hauck, seconded by Director Prendergast, the Board approved the meeting agenda as presented.

VI. Introductions. Those other than the Board and staff introduced themselves.

VII. General Business

A. Appointment of Board Director to North Region Seat. On February 15, 2019, the Board held interviews for seven applicants for the North Region Director's seat vacated by John Gavan. Upon motion from Director Prendergast, seconded by Director Watson, the Board unanimously appointed Stacia Cannon to fill that Director seat and complete the rest of John Gavan's term effective immediately.

B. Consent Agenda. Upon motion from Director Prendergast, seconded by Director Harding, the Board unanimously approved the January 2019 membership report and the January 2019 regular meeting minutes as presented.

C. Board Committees.

1. Finance – Audit – Rate Committee. Chair Harding noted the committee did not meet in February. There are committee meetings scheduled in both March and April. The committee meeting in April will focus primarily on the audit and the committee will meet with auditor Bolinger, Segars, Gilbert & Moss.

2. Engineering – Construction – Renewable Energy Committee. Chair Lockhart reported the committee had met on February 26 to discuss the DMEA mobile substation, DMEA's vegetation management policy, a net metering letter to the membership, standard operating procedures for the South Canal, and an update on worker's compensation reporting.

After reviewing and discussing various options for the DMEA mobile substation, upon motion from Director Lockhart, seconded by Director Hauck, the Board authorized CEO Bronec to repair the mobile

substation as a 2019 budget amendment for an amount not to exceed \$120,000.

The vegetation management policy was scheduled for Board review and no changes were presented by staff or were recommended by the E/C/R Committee. Upon motion from Director Hauck, seconded by Director Prendergast, the Board re-approved the vegetation management policy as presented.

3. **Member Relations – Energy Services Committee.** Chair Prendergast stated the committee had met on February 12 to discuss the annual meeting timeline, Telephone Consumer Protection Act compliance issues, the updated communications strategy plan, and director districts. The committee also participated in a mini-branding session for DMEA and received an update on search engine optimization. COO Harman then presented a summary of the mini-branding session for full Board review and discussed the process. The branding will have a final review by the committee at a meeting next month before going before the Board for final approval.

The Board then considered whether to modify director district boundaries. Chair Prendergast reviewed the process the Board went through the last time the director district boundaries were reviewed. After additional discussion, upon motion from Director Martinez, seconded by Director Lockhart, the Board voted to keep the current director district boundaries.

4. **Executive Committee.** Committee Chair Patterson reported the Executive Committee had met earlier that day. At its meeting the committee met with the Uncompahgre Valley Water Users Association to discuss various matters related to the South Canal Hydro. The committee also reviewed the DMEA strategy process and updates in advance of an April strategic planning session. Chairman Patterson then reviewed minor proposed changes to parliamentary procedures governing Board meetings.

Upon motion from President Patterson, seconded by Director Prendergast, the Board approved the updates to the simplified parliamentary procedures as presented.

D. Safety and Occupational Health Report. Harman presented the Safety and Occupational Health Report for January 2019. There was one accident in January when an employee cut a finger while stripping wire with a knife. The employee went to the hospital and received stitches. The employee received additional training on safe work practices and completed a job hazard assessment on knife safety. Harman then provided an update on different trainings staff has recently completed—both online and hands-on. It was noted the Safety Improvement Plan (SIP), which is a multi-year safety plan required from RESAP, has been completed and approved by Bronec. Harman concluded by reporting the safety team had met with Pinnacol, DMEA's workers compensation provider, about some issues that were discovered recently with earlier reporting. These issues will not impact DMEA's rates.

Upon motion from Director Martinez, seconded by Director Harding, the Board unanimously approved the January 2019 Safety and Occupational Health report with an amendment noting the safety committee had last met in January.

D. Financial Report. CFO Pynes presented the Financial Report through January 2019, and began by addressing certain items listed in the monthly variance report. Pynes noted DMEA received a renewable generation incentive payment. This was not budgeted for and will help position DMEA for a strong financial start in 2019. Pynes discussed sales numbers in January. Pynes also stated the the general counsel legal bills have not yet been received for the last part of January, so this amount will be reflected in next month's financial report. CEO Bronec addressed operating costs, rate structures, and power supply matters for the future that will need to be discussed by the Finance-Audit-Rate committee at its next meeting.

Upon motion from Director Harding, seconded by Director Cannon, the Board unanimously approved the financials through January 2019 as presented.

E. CEO Report. Bronec highlighted various items contained in the February 2019 CEO Report, commenting on updates in various departments, and updating the board on key operational matters within the cooperative. Bronec gave a brief update on the infrastructure grant application process through the Department of Regulatory Agencies, noting that earlier in the day DMEA had successfully defended a \$2.3 million grant. The Solar in Schools program funded by the unclaimed capital credit fund was also discussed. Bronec then discussed the amount of system design jobs along with the overall monthly

call volume, as well as the IVR and FCC compliance. Budgeted positions for 2019 were highlighted, including which positions are in the next stages of hiring.

The January 2019 SAIDI figure was presented and discussed. Engineering Manager, Pena, detailed a major event in January (total outage time, cause, etc.).

Upon motion from Director Lockhart, seconded by Director Harding, the Board unanimously approved the February CEO report and January 2019 SAIDI figure as presented.

At this time, the Board moved to agenda item VIII (Member Comments) A & B.

After member comments, the Board took a recess for dinner at 5:49 p.m. The meeting resumed at 6:20 p.m. with agenda item VII (General Business)-F (Legal Report)

F. Legal Report. General Counsel Hurd presented a non-privileged legal update about a new lawsuit within Delta County. Hurd requested that the remainder of his report be deferred to executive session.

G. Representative Board Reports. Directors then presented their representative board reports.

1. Tri-State Report. Director Martinez highlighted aspects of his previously circulated written report and discussed the hiring of a new Tri-State CEO. Director Martinez also briefly addressed the Tri-State integrated resource planning meeting he attended along with Pynes.

The Board reviewed a draft resolution from San Isabel Electric Association to Tri-State regarding rates and competitiveness. Upon review of the resolution, the Board determined not to proceed with supporting the resolution as presented at this time.

2. WUES Report. Director Lockhart reported there was no February meeting and answered questions posed by the Board on Mike Prom's upcoming retirement and his successor.

3. **CREA Report.** Director Lockhart reported he had sent out a written report to the Board via e-mail earlier in the week and answered questions posed by the Board. He noted he would be attending the next CREA directors' meeting in Denver on Thursday.

H. Action Item: Other Business.

1. **Tri-State Annual Meeting Voting Delegate.** Upon motion from Director Prendergast, seconded by Director Cannon, the Board approved Director Lockhart to serve as the Tri-State Annual Meeting and the Tri-State Special Meeting voting delegate.
2. **Tri-State Special Meeting Voting Delegate.** This was determined at the same time as the Tri-State Annual Meeting voting delegate.

I. Informational Items.

1. **Unclaimed Capital Credit Fund Review.** The Board reviewed the donations to date and the current balance of the unclaimed capital credit fund.

VIII. Member Comments.

- A. **3-Phase Power Discussion.** Members Jason Byler, Brett Auker, and Jim Renfrow addressed their cost concerns relating to new construction builds for subdivisions and the installation of 3-phase power. Staff answered inquiries posed by the members and by the Board. It was determined that to get exact costs associated with a build, a specific design would have to be drafted. It was noted that staff and the Board both appreciated the input from the members and encouraged them to keep in contact with DMEA's system design department on questions on costs related to builds.
- B. **HopeWest Donation Request Follow-Up.** HopeWest Representatives Nancy Hoganson and Nancy Hovde presented their amended donation request for \$50,000 toward capital improvements to both its Montrose and Delta facilities. After a review of the donation request from HopeWest, discussion on the remaining balance in the unclaimed capital credit fund, and a review of the current obligations the Board has from the fund, upon motion from Director Prendergast, seconded by Director Lockhart, the Board denied the request. Director Martinez abstained from voting.

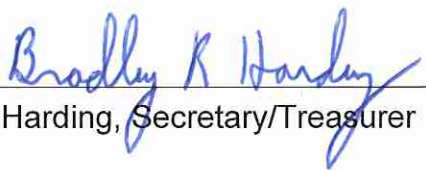
IX. Future Meetings. The next regular DMEA Board meeting will March 26, 2019 at 3:00 p.m.

X. Executive Session. At 7:17 p.m. Director Prendergast moved to enter into executive session to receive a non-power supply related privileged legal update. Director Harding seconded the motion, and the Board entered executive session. At 7:19 p.m. upon motion from Director Harding, seconded by Director Watson, the Board exited executive session.

At 7:19 p.m., Director Prendergast moved to enter into executive session to receive a privileged power supply update. Director Martinez excused himself at this time. Director Watson seconded the motion, and the Board entered executive session. At 8:11 p.m., upon motion from Director Harding, seconded by Director Lockhart, the Board exited executive session.

XI. Other Action Items. There were no additional action items.

XII. Adjournment. The regular board meeting was adjourned at 8:11 p.m.



Brad Harding, Secretary/Treasurer