



**MINUTES OF THE REGULAR MEETING OF THE
DELTA-MONTROSE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
March 28, 2023**

Regular Board Session. On March 28, 2023, 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 February 2023 membership report and adopted the February 2023 meeting minutes
2. Reviewed committee reports
3. Approved the March 2023 CEO report
4. Approved financials through February 2023
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. Addressed future regular and committee meeting dates
8. Adopted board policy 119 regarding the board recall process
9. Reviewed member comments
10. Reviewed donation request from the unclaimed capital credit fund
11. Entered executive session to discuss confidential and privileged matters as well as to discuss deferred revenue and the donation requests

<p>12. Approved DMEA board resolution 2023-4, relating to the deferral of 2022 DMEA revenue</p>
<p>13. Approved an allocation \$20,000 to area non-profit Montrose Veterans Memorial Coalition, from the unclaimed capital credit fund, to be used for a matching grant and consistent with the purposes requested in that entity's March 7, 2023, donation application</p>

Regular Board Session

I. **Call Meeting to Order.** President Kyle Martinez called the meeting to order at 3:01 p.m.

- **Directors present:** Kyle Martinez (President), Stacia Cannon (Vice-President), Jock Fleming (Secretary/Treasurer), Kevin Williams (Assistant Secretary/Treasurer), Jacob Gray (in during VII-B-1, Finance-Audit-Rate Committee Board Report), Damon Lockhart, Enno Heuscher
- **Directors absent:** Bill Patterson
- **DMEA staff present:** Mateusz Pena (Engineering & Power Resources Manager), Tim Vigil (COO), Lindsay Forepaugh (CRO), Kent Blackwell (CTO), Gayle Gouker (CFO), Amy Taylor (CoS), Jack Johnston (CEO), Rob Manders (Operations Manager)
- **Others present:** Sarah Abbott (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), Jeffrey Hurd (General Counsel), J. Bob Brueske, Les Williams & David Vergamini (representatives from the Montrose Veterans Memorial Coalition) (in during IX-Member Comments), Chrissy Simmons (Executive Director for Bright Beginnings/Maslow Academy) (in during IX-Member Comments), Astro Ball, Wade Ploussard & Mari Steinbach (representatives from the Montrose Recreation District) (in during IX-Member Comments)

- II. **Pledge of Allegiance** was led by Director Lockhart.
- III. **Opening meeting prayer** was led by General Counsel Hurd.
- 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 Cannon, seconded by Director Williams, the board unanimously approved the agenda posted on March 17, 2023, as presented.
- VI. **Introductions.** Board members, staff, and guests introduced themselves. President Martinez thanked COO Vigil for his service to DMEA as Vigil is leaving DMEA for an opportunity in Florida to be closer to family.
- VII. **General Business.**
 - A. **Consent Agenda.** Upon motion from Director Heuscher, seconded by Director Fleming, the board unanimously approved the February 2023 membership report and adopted the February 2023 meeting minutes as presented.
 - B. **Board Committee Items.**
 - 1. **Finance-Audit-Rate Committee.** Chair Lockhart reported the committee had not met since the last regular meeting. Jacob gray in
 - 2. **Engineering-Construction-Energy Services Committee.** Chair Cannon reported the committee had not met since the last regular meeting.

3. **Member Relations Committee.** Chair Patterson reported the committee had not met since the last regular meeting.

4. **Executive Committee.** Chair Martinez reported the committee met on March 22, 2023, along with other board members to review the 10 District 4 vacancy appointment applications. The applications were narrowed down to 4 candidates for interviews.

C. **CEO Report.** CEO Johnston presented the CEO report. He recently attended the NRECA Power Xchange annual meeting along with COO Vigil, Safety Manager Chad Stickler, and Director Cannon. The board and executive staff will be holding a strategy review session in August. Previously, it was tentatively planned to have CFC facilitate but, as this is a strategy review session not a refresh, it was the recommendation to have CRO Forepaugh facilitate. The board agreed overall with Director Fleming noting his preference generally to have an outside entity to facilitate meetings of that nature.

CREA will be hosting a town hall at DMEA on April 25, 2023, for the board and executive staff, prior to the board meeting. Engineering and Power Resources Manager Pena provided an updated on the Bullock substation updates. It was noted the building is set and, despite some supply chain issues, targets for completion should be met.

The ChargePoint EV charging station was discussed including the grant associated with the installation and net costs. James Benton, the Vegetation Management Supervisor, will present on the program at the April board meeting. There was a discussion on energy audits with it noted that they are not actively promoted at present due to staffing. As such, more high bill concerns are resolved with members simply chatting with Energy Service Specialist Rod Geiger.

The line crews participated in the Montrose Building Futures event; a career day event for Montrose schools. The DMEA annual meeting of members will be held on June 15, 2023, at Cedaredge High School. The deadline for election applications for Districts 6, 7, and the North Region is April 16, 2023. There was some discussion on the recent newsletter article "Oops, I overpaid". Sponsorships were addressed with noted sponsorship requests are processed by staff for events or activities that bring brand recognition to DMEA or Elevate.

The recent request by the board to have a card with general statistics for DMEA and Elevate is in process. Customer service statistics were reviewed with Director Fleming inquiring about the 45,000 payments when DMEA has a around 36,000 meters; it was noted that total is for DMEA and Elevate payments. The call answer rate is down due in part to internal attrition and building a new CSR team. Total FTEs at present is 126 with 131 being the goal for 2023 as CEO Johnston added in budget funds for an additional lineman position.

Upon motion from Director Lockhart, seconded by Director Heuscher, the board unanimously approved the March 2023 CEO report as presented.

D. Financial Report with Variance Report. CFO Gouker reviewed the financials for February 2023. Electric revenues are 1% lower than budgeted and other electric revenue (includes rental and grant revenue) is 4.8% lower than budget. Gouker is not concerned about the discrepancy at present, particularly due to timing and only being in the second month of 2023.

Purchased power is higher than budgeted and over the prior year. Gross margins are on par with this same time last year. Operating expenses are 8% under budget but higher than 12% from a year ago.

This is due to wage increases and the transition from sick leave/vacation to paid time off (PTO) as part of the union negotiations.

Tax expenses were reviewed with it stated that property and gross receipts continue to exceed the budget due to increased billed property taxes. Debt covenants continue to be above lender-required levels.

Director Gray inquired about line 18 on the balance sheet (temporary investments). This year there is \$0 in this account last year this was \$20 million in it this year; Gouker noted this amount was part of the special deposits line item previously. There was additional discussion about investments and insurance with the concern stemming from the recent Silicon Valley Bank matters. Lender CFC is not a bank, so that risk is not present but Alpine Bank, which houses DMEA's daily sweep account, is FDIC insured.

Director Cannon asked about line 23 on the balance sheet (materials and supplies – electric & other) with it noted Elevate construction heavily impacts this line item. This amount should be going down as materials have not been given to contractors for build out.

Upon motion from Director Williams, seconded by Director Cannon, the board unanimously approved the financials through February 2023.

- E. Non-Privileged Legal Report.** General Counsel Hurd has been assisting with the open District 4 board seat appointment application process. The board of directors narrowed the candidates down from 10 to 4 and will conduct interviews with the finalists on April 10, 2023. Hurd and General Counsel Abbott have also been aiding the senior team of various corporate matters including lease agreement for a new payment kiosk and master service agreements for backhaul services. Hurd also

noted his general review of proposed updates to board policy changes initially vetted by senior staff. Hurd asked to defer the remainder of her report to Executive Session.

F. Representative Board Reports.

- 1. Western United Electric Supply (WUES) Report.** Director Fleming reported the WUES board had not met since the last regular DMEA board meeting and therefore he had nothing to report.

- 2. Colorado Rural Electric Association (CREA) Report.** Director Lockhart reported the CREA board met on February 22, 2023, with the biggest topic of discussion being legislative matters. Director Lockhart also addressed how CREA is working with CFC and CoBank on investment opportunities for a portion of its cash reserve. The CREA directors also participated in a survey for CREA of what member cooperatives would like to see from CREA in terms of services in the future.

- 3. Conference, Webinar, etc. Attendance Reports.** Director Williams highlighted his attendance at an online NRECA director class on financial decision making. He noted he only has two director classes left to obtain his Credentialed Cooperative Director (CCD) certification. President Martinez notified the board he was interviewed by the publication *Successful Farming* to provide some quotes on opportunities on the electric side as it relates to farming. Director Cannon addressed her attendance at the NRECA annual meeting (Power Xchange) stating it was nice to have members of staff attend with her to help address technical matters relating to the cooperative during the expo portion of the Xchange. She highlighted a major topic of the Xchange was policy regarding

energy regulation.

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

H. Action Item.

- 1. Board Recall Policy.** Hurd briefly reviewed the history behind the need for the development of this policy. A member approached Directors Williams and Fleming in January of this year for clarification on the board recall process as stated in the bylaws. Hurd, in conjunction with executive staff, developed this policy to clarify the recall process and brought a draft to the board at the February meeting for review and feedback. Hurd reviewed the feedback from the board that he incorporated into this final version of the policy for board adoption.

Upon motion from Director Williams, seconded by Director Heuscher, the board adopted board policy 119 regarding the board recall process.

VIII. Future Meetings.

A. Regular Board Meetings. The next regular board meeting will April 25, 2023, at 3:00 p.m.

B. Committee Meetings. There will be a finance-audit-rate committee meeting on April 24, 2023, where the form 7, capital credit allocation process, and the 2022 audit will be reviewed.

The board took a brief recess at 4:29 p.m. The meeting resumed at 4:47 p.m.

IX. Member Comments.

- a. **Thank you from Bright Beginnings/Maslow Academy.** Maslow Academy and Bright Beginnings Executive Director, Chrissy Simmons, came in to thank the board for its donation in December 2022. The donation of \$30,000 went toward a new facility that was able to serve 70 kids which daycare/pre-school options.

- b. **Donation Request from Montrose Recreation District.** Representatives from the Montrose Recreation District came to present their donation request for capital funding for their new extension facility. Dubbed “Flex Rec” and located at the new Colorado Outdoors flex facility, this 5,000 square foot facility emphasizes functional performance-based exercise. When asked what functional performance-based exercise entailed by the board, it was noted it is essentially a gentler version of cross fit. Director Fleming asked about scholarship funding for those that cannot afford a recreation center pass to utilize these facilities, with it noted scholarship options are available to those in need.

- c. **Donation Request from Veteran Memorial Plaza.** Representatives from this organization previously came to the board with an in-kind donation request in October 2022 for the movement of facilities to aid with this project. Although supportive of the project, that initial request was denied by the board with the caveat that more information needs to be presented on the project scope including financials, timelines, other sources of funding, etc. The board encouraged them to return to the board once that information was obtained. Since that initial request, the movement of facilities is no longer needed. The group is now coming back with a monetary request. They reviewed funding opportunities, the different ways that would be recognized, financials and existing donations, etc. General Hurd inquired if the group still had an MOU with the City of Montrose, which they noted they did. Per that MOU, it was clarified that construction

cannot commence, as the group would have a long-term lease on the land from the City, until all the funding had been raised.

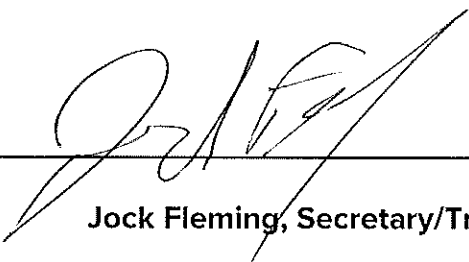
X. Executive Session. At 6:00 p.m., upon motion from Director Fleming, seconded by Director Lockhart, the board unanimously approved to enter executive session to receive a privileged CEO report; to review a privileged legal report highlighting key corporate, litigation, and regulatory matters including review of the legal bill; to discuss deferred revenue; and to review the donation requests from member comments. At 7:47 p.m., upon motion from Director Gray, seconded by Director Fleming, the board unanimously approved exiting executive session.

XI. Action Items (from Executive Session).

A. Vote on Deferred Revenue. Upon motion from Director Gray, seconded by Director Fleming, the board unanimously approved DMEA board resolution 2023-4, relating to the deferral of 2022 DMEA revenue.

B. Vote on Donation Requests. Upon motion from Director Cannon, seconded by Director Williams, the board unanimously approved an allocation \$20,000 to area non-profit Montrose Veterans Memorial Coalition, from the unclaimed capital credit fund, to be used for a matching grant and consistent with the purposes requested in that entity's March 7, 2023, donation application.

XII. Adjournment. Having no further business to conduct, the board adjourned its regular meeting at 7:47 p.m.



Jock Fleming, Secretary/Treasurer