



**MINUTES OF THE REGULAR MEETINGS OF THE
DELTA-MONTROSE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
July 25, 2023**

Regular Board Session. On July 25, 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. Congratulated Director Lockhart on obtaining his Board Leadership Certificate (BLC) through the National Rural Electric Cooperative Association (NRECA).
2. Elected Board officers: as President; as Vice-President; as Secretary/Treasurer; and as Assistant Secretary/Treasurer
3. Adopted resolution 2023-7 updating banking signatory authority to the newly elected officers and key chief staff.
4. Reviewed the vacant District 2 seat appointment process.
5. Approved the June membership and meter report as well as the June 2023 Organizational & Regular Board Meeting minutes.
6. Reviewed committee reports.
7. Received a CEO report.
8. Received a legal report.
9. Received board representative reports from WUES and the CREA as well as reports on other conferences, webinar, and training attendance.
10. Appointed Ann Morgenthaler to service as a trustee on the Operation Round Up Board.
11. Reviewed a donation request presentation from the Western Slope Conservation Center.

<p>12. Entered executive session to receive a confidential corporate, litigation, and regulatory updates, to review the donation request for unclaimed capital credits, and to review proposed policy updates for policies regarding: Board Compensation; Director Responsibilities, Duties, and Standards of Conduct; Board Relationship to CEO; and Roles of Designated Dual Directors.</p>
<p>13. Approved an allocation \$25,000 to area non-profit Western Slope Conservation Center, from the unclaimed capital credit fund, to be used for purposes consistent with the request in that entity's July 1, 2023, donation application.</p>
<p>14. Approved updates to Board Policy 102, Fiduciary Duties and Designated Dual Directors as presented. Approved updates to Board Policy 107, Board Compensation and Board Policy 101, Director Responsibilities, Duties, and Standards of Conduct with minor amendments. Action on Board Policy 104, Board Relationship to CEO was tabled to a future meeting.</p>

Regular Board Session

- I. **Call Meeting to Order.** Vice-President Stacia Cannon called the meeting to order at 3:00 p.m.
- **Directors present:** Stacia Cannon, Damon Lockhart, Enno Heuscher, Jock Fleming (virtually via Zoom), Emily Sanchez (in at 4:56 p.m. during XIV-Executive Session), Jacob Gray, Bill Patterson
 - **Directors absent:** Kevin Williams
 - **DMEA staff present:** Mateusz Pena (Engineering & Power Resources Manager), Lindsay Forepaugh (CRO), Kent Blackwell (CTO), Gayle Gouker (CFO), Amy Taylor (CoS), Jack Johnston (CEO), Bob Farmer (CIO), Spencer Barnes (Journeyman) (left after XI-3-CEO Report), Wade Rowley (Line Foreman) (left after XI-3-CEO Report), Chad Stickler (Safety Director) (left after XI-3-CEO Report), Cody Manganello (left after XI-3-CEO Report), Jessica Forrest (Controller) (in during X-District 2 Appointment)

** All staff remaining left during XIV-Executive Session sans CEO Johnston*

- **Others present:** Gail Marvel (member, reporter for *The Montrose Mirror*) (left prior to XIV-Executive Session), Jeffrey Hurd (General Counsel), Sarah Abbott (Attorney), Joseph McGill (member) (via Zoom) (left prior to XIV-Executive Session), Kathy Swartz (representative from the Western Slope Conversation Center (in during XII-Member Comments), Jake Hartter (representative from the Western Slope Conservation Center) (in during XII-Member Comments)

- II. **Pledge of Allegiance** was led by Director Heuscher.
- III. **Opening meeting prayer** was led by Director Lockhart.
- IV. **Determination of a quorum.** Vice-President Cannon confirmed the presence of a quorum to conduct business.
- V. **Approval of the agenda.** Upon a motion from Director Lockhart, seconded by Director Patterson, the Board unanimously approved the agenda posted on July 14, 2023, with the following amendments: 1) Add in a special director recognition after Introductions and 2) Add in an action item for a banking signatory resolution 2023-7 after Officer Elections.
- VI. **Introductions.** Board members, staff, and guests introduced themselves.
- VII. **Special Director Recognition.** CEO Johnston wanted to recognize Director Lockhart on his receipt of his Board Leadership Certificate (BLC) through the National Rural Electric Cooperative Association (NRECA).
- VIII. **Officer Elections.** It was noted with the recent resignation of Board President Martinez, new officers need to be determined. General Counsel Hurd outlined the officer election process in DMEA's Bylaws, including the nomination and

secret ballot voting procedures.

- 1. President.** Hurd solicited nominations for Board President. Director Fleming nominated Director Cannon. With no other nominations having been made, Director Lockhart moved to dispense with the secret ballot and to elect Director Cannon as President by acclamation. Director Patterson seconded the motion, and it was carried unanimously.
 - 2. Vice-President.** President Cannon solicited nominations for Board Vice-President. President Cannon nominated Director Fleming. With no other nominations having been made, Director Gray moved to dispense with the secret ballot and to elect Director Fleming as Vice-President by acclamation. Director Heuscher seconded the motion, and it was carried unanimously.
 - 3. Secretary/Treasurer.** President Cannon then solicited nominations for Board Secretary/Treasurer. Director Patterson nominated Director Williams. With no other nominations having been made, Director Gray moved to dispense with the secret ballot and to elect Director Williams as Secretary/Treasurer by acclamation. Director Patterson seconded the motion, and it was carried unanimously.
 - 4. Assistant Secretary/Treasurer.** President Cannon then solicited nominations for Board Assistant Secretary/Treasurer. Director Patterson nominated Director Gray. With no other nominations having been made, Director Lockhart moved to dispense with the secret ballot and to elect Director Gray as Assistant Secretary/Treasurer by acclamation. Director Patterson seconded the motion, and it was carried unanimously.
- IX. Banking Signatory Resolution.** Upon motion from Director Patterson, seconded by Director Gray, the Board unanimously adopted resolution 2023-7

updating banking signatory authority to the newly elected officers and key chief staff.

- X. District 2 Appointment.** The press release announcing the District 2 appointment process went out yesterday. It will also be translated into Spanish per the request of the Executive Committee. The application period will be August 1, 2023, through August 31, 2023. The application process must be completed online. Interviews will occur in September/early October with appointment at the October Board meeting. This will meet the four-month appointment timeline noted in the Bylaws. As Director Martinez had less than half his term left, the appointee will complete his remaining term and then may run again on a full-term timeline (four, 3-year terms prior to term limitation).

XI. General Business.

- 1. Consent Agenda.** Upon motion from Director Patterson, seconded by Director Heuscher, the Board approved the June 2023 membership report as presented and adopted the June 2023 Organizational and Regular Meeting minutes as presented.

2. Committee Chair Reports.

- a. Finance, Audit & Rates.** Chair Lockhart reported the committee had not met since the last regular meeting. There will be a meeting in September to review tax returns and key ratio trend analysis (KRTA) information. In October there will be a meeting to review the 2024 budgets.
- b. Engineering, Construction & Energy Services.** Chair Cannon reported the committee had not met since the last regular meeting. A committee meeting was scheduled in July to discuss a possible vegetation management budget amendment but that was

postponed. Staff hoped to reschedule this meeting in September.

- c. **Member Relations Committee.** Chair Patterson reported the committee had not met since the last regular meeting. The committee will need to meet in November or December of this year to set an annual meeting date and to appoint a credentials committee and ballot holding company for 2024 elections.

 - d. **Executive Committee.** Chair Cannon reported the committee met on July 18, 2023, to discuss two Board policies regarding information security and acceptable use of technology. These will come before the full board in August for review and possible approval.
3. **CEO Report.** CEO Johnston presented the CEO report. The SAIDI graph will be revamped next month to include monthly comparative data from the last three years. Vegetation management will now be part of the CEO report with overall figures from in-house and contract crews highlighted. Director Cannon asked for clarification on the definitions of removal, trim, etc. which will be addressed at the next meeting.

The operations crews completed crane safety training. Outage notifications will no longer be publicized on social media. As of August 1, 2023, members can go onto Smart Hub and customize their outage notification settings. Director Cannon inquired if there is a text message option for notifications of restoration of service which staff will look research. It was also asked that notifications be done system-wide and not just by residence to accommodate those members with both business and personal accounts. There is also a campaign push to donate to the Operation Round Up trust. The Board reviewed a video summarizing the 2023 Annual Meeting of Members. It was noted work is starting by staff to

change website platforms which will also impact the Board portal. Elevate currently has over 13,000 subscribers.

Financials through June 2023 were discussed. CFO Gouker presented a new graph on the correlation between weather and kWh sales. There was a variance in overtime actual to budget due to increased overtime from the line crews participating in the Light Up Navajo Project. However, the Light Up Navajo Project was a success. Some of those who attended spoke to the Board about their positive experience, noting their interest in participating again in the future.

Director Heuscher inquired about the revenue drop in commercial service revenue with staff noting the Montrose Cold Storage facility went offline recently. That revenue was not budgeted for (as staff anticipated it would go offline this year) so, although there was a decrease, the budget was not impacted. Director Cannon inquired about the modified debt service coverage with CFO Gouker noting the slight decrease is on trend and still meets debt service coverage lender requirements.

An Equipment Tech Foreman volunteered to do volunteer work in Guatemala but that was put on pause for now due to civil unrest in the country. DMEA/Elevate staff recently took an all-employee photo; its first one since 2019. The next Board onboarding/orientation session to review operations, safety, engineering, and vegetation management departmental information will be on August 3, 2023.

- 4. Legal Report.** Attorney Abbott provided the legal report. Work continues reviewing and revamping Board policies. Both Abbott and General Counsel Hurd participated in the initial Director onboarding presentation, highlighting Board Director fiduciary duties and standards of conduct. There will be an upcoming review of intercompany agreements between DMEA and Elevate. The last review of these documents was in 2016.

Abbott noted work on various contracts for staff, the Tri-State Meter Agent Agreement, and a used pole purchase agreement, as well as power supply related to Garnet Mesa Solar. There are no pending litigation matters. Abbott asked to defer the remainder of her report to executive session.

5. Director Reports.

- a. **Western United Electric Supply (WUES) Report.** Director Fleming stated the WUES Board did not meet since the June 2023 DMEA Board meeting. The next WUES Board meeting will be at the end of August along with WUES annual fish fry.
- b. **Colorado Rural Electric Association (CREA) Report.** Director Lockhart noted the CREA audit review will be pushed back one month due to a change in accounting software. Kent Singer, the Executive Director of CREA, will be the head of the national statewide association as a liaison to NRECA.

Major topics of conversation at the meeting were: Grand Valley Power and Yampa Valley Electric Association switching power suppliers to Guzman Energy and net metering including Holy Cross Energy's proposed four-part rate for net metering customers.

- c. **Conference, Webinars, & Meetings.** Director Fleming addressed his attendance at NRECA Summer School for Directors in Santa Fe. He noted it had interesting classes and was a great event for networking. He will do a formal write-up to the Board soon. Director Patterson attended a CFC webinar on KRTA ratios.

6. **Informational Items.** There were no general business additional information items to address.

7. Action Items.

a. Operation Round Up Trustee Application – Ann Morgenthaler.

Upon motion from Director Patterson, seconded by Director Lockhart, the Board unanimously appointed Ann Morgenthaler to serve on the Operation Round Up Board of Trustees. Director Fleming stated he knows Ms. Morgenthaler and feels she would make a great addition to the trustees.

The Board took a brief recess at 4:27 p.m. The meeting resumed at 4:40 p.m.

XII. Member Comments.

- 1. Unclaimed Capital Credit Fund Donation Request: Western Slope Conservation Center (WSCC).** Kathy Swartz and Jake Hartter presented a donation request on behalf of the Western Slope Conservation Center. Located at the Paonia River Park, the park has seen considerable damage this year due to inclement weather and flooding.

The history and background of the WSCC was addressed. The details of the restoration project were discussed including fundraising efforts to date. Director Patterson inquired if the restoration would include preventative measures from future flooding damage. It was noted that the restoration plan will include some measures to mitigate future damage. Director Heuscher inquired about the parking lot as it is dirt and gets muddy when it rains. The WSCC received a grant from Union Pacific, along with a Memorandum of Understanding (MOU) with Delta County, to update the parking lot to include gravel and native plant restoration.

- XIII. Future Meetings.** The next regular Board meeting will be on August 22, 2023, at 3:00 p.m. with member comments at 5:00 p.m. The Board will hold a

strategy planning session on August 16-17, 2023, at an off-site location in Cedaredge.

XIV. Executive Session. At 4:54 p.m., upon motion from Director Lockhart, seconded by Director Gray, the Board unanimously approved to enter executive session to receive confidential corporate, litigation, and regulatory updates, to review the donation request for unclaimed capital credits, and to review proposed policy updates for policies regarding: Board Compensation; Director Responsibilities, Duties, and Standards of Conduct; Board Relationship to CEO; and Roles of Designated Dual Directors. At 4:56 p.m. Director Sanchez entered the meeting. At 7:07 p.m., upon motion from Director Gray, seconded by Director Heuscher, the Board unanimously approved exiting executive session.

XV. Reconvened Regular Meeting.

- 1. Policy Updates.** Director Fleming moved that DMEA not increase director compensation or reimbursement, that staff calculate the amount of money that would have been saved absent any increase, and that this amount be used to pay electric bills for those who are unable to afford them. The motion died for lack of a second.

Upon motion of Director of motion Director Gray, seconded by Director Lockhart, the Board adopted a revised Board Policy 107 (Director Compensation) as presented with a single exception, which would be keep monthly compensation at \$760 rather than increasing it to \$810. Director Fleming voted against the motion.

Upon motion of Director Patterson, seconded by Director Heuscher, the Board voted unanimously to adopt revisions to Board Policy 101 (Director Duties and Responsibilities) as presented, with certain non-substantive

typographical corrections and changing the word "pursue" to "encourage" in Section 2(d),

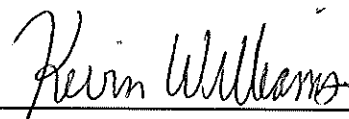
Upon motion of Director Patterson, seconded by Director Lockhart, the Board voted unanimously to adopt proposed revisions to Board Policy 102 (Fiduciary Duties and Designated Dual Directors) as presented.

Action on Board Policy 104 (Board Relationship to CEO) was tabled to a future meeting.

2. Unclaimed Capital Credit Fund Donation Request. Upon motion from Director Gray, seconded by Director Patterson, the Board approved an allocation \$25,000 to area non-profit Western Slope Conservation Center, from the unclaimed capital credit fund, to be used for purposes consistent with the request in that entity's July 1, 2023, donation application. Director Fleming objected to the motion on the grounds that the allocation would result in an amount that would exceed the project budget. Director Fleming cast a dissenting vote.

3. Other Executive Session Items (if required). There were no additional items from executive session to address.

XVI. Adjournment. Having no further business to conduct, the Board adjourned its regular meeting at 7:31 p.m.



Kevin Williams, Secretary/Treasurer