



**MINUTES OF THE REGULAR MEETING OF THE
DELTA-MONTROSE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
April 25, 2023**

Regular Board Session. On April 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. Approved the March 2023 membership report and adopted the March 2023 meeting minutes
2. Entered executive session to review the appointment of a director to the District 4 board seat
3. Appointed Emily Sanchez to the District 4 board seat.
4. Reviewed committee reports
5. Approved using the revenue method for the 2022 capital credit allocation
6. Approved the April 2023 CEO report which include the financial statements
7. Approved a budget amendment for the purchase of two XT70 pro-lift 33,000 GVWR trucks for in-house vegetation management crew use
8. Received a non-privileged legal report
9. 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
10. Reviewed the unclaimed capital credit fund balance and recent donations
11. Review the Operation Round-Up bylaws and trustee status updates

12. Approved the appointment of Dennis Olmstead and Judy Weaver as trustees to the Operation Round-Up board.
13. Addressed future regular and committee meeting dates
14. Reviewed member comments
15. Entered executive session to receive a privileged CEO report; to review a privileged legal report highlighting key corporate, litigation, and regulatory matters; and to review an update from DMEA's cyber security consultant.

Regular Board Session

- I. **Call Meeting to Order.** President Kyle Martinez called the meeting to order at 3:00 p.m.
- **Directors present:** Kyle Martinez (President), Stacia Cannon (Vice-President), Jock Fleming (Secretary/Treasurer), Kevin Williams (Assistant Secretary/Treasurer), Damon Lockhart, Enno Heuscher, Bill Patterson, Emily Sanchez (left during XIV-Executive Session)
 - **Directors absent:** None
 - **DMEA staff present:** Mateusz Pena (Engineering & Power Resources Manager) (left during XIV-Executive Session), Lindsay Forepaugh (CRO) (left during XIV-Executive Session), Kent Blackwell (CTO) (left during XIV-Executive Session), Gayle Gouker (CFO) (left during XIV-Executive Session), Amy Taylor (CoS) (left during XIV-Executive Session), Jack Johnston (CEO), Rob Manders (Operations Manager) (left prior to XIV-Executive Session), Bob Farmer (CIO) (left during XIV-Executive Session), James Benton (Vegetation Management Supervisor) (left prior to XIV-Executive Session), Cody Manganello (Operations Supervisor Montrose) (left prior to XIV-Executive Session)
 - **Others present:** Gail Marvel (member, reporter for *The Montrose Mirror*) (left prior to XIV-Executive Session), Mike Atwood (member) (via Zoom), (left prior to XIV-Executive Session), Kent Cloward (member) (left prior to XIV-Executive Session), Jeffrey Hurd (General Counsel), Sarah Abbott

(General Counsel), cyber security consultant (in during XIV-Executive Session), John Broadbrooks (Operation Round Up trustee) (left prior to XIV-Executive Session), Tasha Englehart (member) (via Zoom) (left prior to XIV-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 confirmed the presence of a quorum to conduct business.
- V. **Approval of the agenda.** Upon motion from Director Cannon, seconded by Director Patterson, the board unanimously approved the amended agenda posted on April 21, 2023 with the following additional amendments, 1) CEO Johnston would like to add an action item after the CEO report for the board to vote on an unbudgeted capital expenditure and 2) President Martinez would like to add an executive session after the consent agenda to review the appointment to the District 4 board seat with a possible action item after to formalize an appointment if deemed necessary from executive session.
- VI. **Introductions.** Board members, staff, and guests introduced themselves.
- VII. **General Business.**
- VIII. **Consent Agenda.** Upon motion from Director Williams, seconded by Director Gray, the board approved the March 2023 membership report and adopted the March 2023 meeting minutes with one amendment to the March 2023 minutes, 1) change a pronoun in reference to an inquiry of Director Fleming's in the CEO report section from her to him. Director Patterson abstained from voting as he was not present at the April regular board meeting.

IX. Executive Session. At 3:08 p.m., upon motion from Director Cannon, seconded by Director Fleming, the board unanimously entered executive session to review the appointment of a director to the District 4 board seat. Upon motion from Director Fleming, seconded by Director Heuscher, the board unanimously exited executive session.

X. Action Items (from Executive Session). Upon motion from Director Fleming, seconded by Director Williams, the board unanimously approved the appointment of Emily Sanchez to the District 4 board seat effective immediately.

XI. General Business.

A. Board Committee Items.

1. Finance-Audit-Rate Committee. Chair Lockhart reported the committee had met on April 24, 2023, to address the 2022 audit, capital credit allocations, and the Form 7. Director Heuscher inquired about previous methods of allocation with staff explaining that, without a current cost of service study, the two best practice allocation methods are by revenue or kWh.

Upon motion from Director Lockhart, seconded by Director Patterson, the board unanimously approved using the revenue method to allocate the 2022 capital credits.

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 (along with the rest of the board) had met on April 10, 2023, to interview the final four candidates for the District 4 vacant seat appointment. He noted that with the appointment of Director Sanchez, he will consider making changes to which directors serve on which board committee.

B. CEO Report. CEO Johnston presented the CEO report. He noted that Gunnison County Electric Association will implement an overall rate increase of 3.8% on May 1, 2023. There have been flooding risks in Delta County; staff do not believe any of DMEA's infrastructure is in danger of damage at present but is keeping an eye on the issue.

The June 27, 2023, regular board meeting will be moved up to 2:00 p.m. from 3:00 p.m. to allow the board time to meet with the Uncompahgre Valley Waters Users Association (UVWUA) board at 5:00 p.m. Various legislative matters were addressed including highlighting that CEO Johnston testified against including electric cooperatives as part of the proposed consumer protection plan. This plan passed 6-4 at present, with the electric cooperative inclusionary language, but still needs to get past the committee.

CREA was in the office today for a town hall meeting. DMEA will be a participant in the Light Up the Navajo Nation project. Representatives from Guzman Energy will be in office on Tuesday. There was a discussion on the rate structure change Holy Cross is implementing and having someone from staff attend those rate hearings to get more information.

Operations Manager Rob Manders will be leaving DMEA to pursue a new opportunity. Engineering and Power Resources Manager Pena was

a recipient of the Rocky Mountain Electric League (RMEL) Emerging Leader award for 2023. A new payment kiosk has been installed in the Cedaredge Town Hall.

Vegetation Management Supervisor Benton presented his quarterly report on the vegetation management program highlighting strategies, the number of trees and brush removed and trimmed year to date, contract crews and in-house crew production comparison, etc. It was noted this would be discussed in further detail at a future engineering construction and energy services committee meeting.

Scholarships and community events/sponsorships were reviewed. Right now, DMEA has 124 employees with a projected 2023 FTE count of 130 which would include a new position within the human resources department, an additional lineman, some additional vegetation management positions, etc. It was noted the financial report will now be included as part of the CEO report.

Upon motion from Director Lockhart, seconded by Director Cannon, the board unanimously approved the April 2023 CEO report, including the financial statements, as presented.

CEO Johnston presented a proposed budget amendment request. It recently came to the Safety Director's attention that two vegetation management vehicles were exceeding weight limits when fully utilized with equipment, causing axle issues. Additionally, one of these two vehicles has been in for repairs several times this year, so vegetation management crews are using a service truck temporarily. There are two replacement vehicles available now for purchase. Staff would travel to get the vehicles and said vehicles can be on-site within the next couple of weeks. If approved, the amendment would impact 10% of DMEA's current cash reserve.

Upon motion from Director Patterson, seconded by Director Fleming, the board unanimously approved a capital budget amendment for the purchase of two XT70 pro-lift 33,000 GVWR trucks for in-house vegetation management crew use.

C. Non-Privileged Legal Report. General Counsel Hurd has been assisting board certifications for the slate of directors up for election. Both he and additional legal counsel Sarah Abbott have been assisting staff with proposed interconnection agreements, security deposit agreements, and legislative matters. Hurd has also been aiding staff in the board policy revamp process. Counsel Abbott has been helping with DMEA/Elevate matters more as of late to address a board concern, previously raised, regarding succession planning within General Counsel. Hurd asked to defer the remainder of his report to executive session.

D. Representative Board Reports.

- 1. Western United Electric Supply (WUES) Report.** Director Fleming reported the next meeting will be on Thursday of this week so he will have a report to present at the May regular board meeting.
- 2. Colorado Rural Electric Association (CREA) Report.** Director Lockhart reported he attended a virtual meeting this past Friday. A major topic was legislative matters as the session draws to a close. CREA also recently invested some of its cash reserves into CFC and CoBank commercial paper.
- 3. Conference, Webinar, etc. Attendance Reports.** Director Cannon attended the Spring Club 20 conference. She noted there was a lot of relevant information on the energy sector presented. Director

Patterson attended a CFC webinar on establishing infrastructure for electric vehicles.

E. Informational Items.

- a. **Unclaimed Capital Credit Fund Balance/Recent Donations.** The balances of the unclaimed capital credit fund and donations from 2021, 2022, and 2023 year-to-date were reviewed. CFO Gouker explained the process by which the fund is replenished. After retirement of capital credits, if funds go unclaimed for three years a final public notice is given after which those monies left go into the unclaimed fund. The most recent retirement was at the end of 2022 so unclaimed funds will be added into the account again at the end of 2025. There was a question on if capital credits are taxable with it noted that electric cooperative capital credits are tax exempt under state law.

F. Action Item.

1. **Operation Round-Up Bylaws and Trustee Status Updates.** The Operation Round-Up trustees would like to propose a change to their current bylaws. The trustees would like to eliminate an article of their current bylaws regarding retention of funds. They would also like to change some minor verbiage in an article regarding the financial audit; it was proposed changing that the financial records of the trust will be reviewed by a certified public accountant annually instead of having a formal audit being conducted annually.

After additional discussion and inquiries into the development history of Operation Round-Up, funding resources and balances, donation practices, etc., it was determined action on bylaw changes would be tabled at present. Instead, the board would like to review

and discuss Operation Round-Up more at a future board member relations committee meeting.

- a. **Trustee Approval.** The board reviewed Operation Round-Up trustee applications for Dennis Olmstead and Judy Weaver.

Upon motion from Director Williams, seconded by Director Patterson, the board unanimously approved the appointment of Dennis Olmstead and Judy Weaver as trustees to the Operation Round-Up board.

XII. Future Meetings.

A. Regular Board Meetings. The next regular board meeting will be May 23, 2023, at 3:00 p.m. There will be a board cyber-security training class with senior staff on May 9, 2023. Candidate forums will be on May 10, 2023, in Montrose at CMU Montrose starting at 8 a.m. and in Cedaredge at the Grand Mesa Arts Center at 5:30 p.m.

B. Committee Meetings. Taylor will work with member relations committee Chair Patterson on setting up a meeting in May to address Operation Round-Up matters.

The board took a brief recess at 5:41 p.m. The meeting resumed at 5:52 p.m.

XIII. Member Comments. Mike Atwood inquired about a transformer upgrade in relation to his net meter account and the policies regarding who pays for upgrades of service. He also expressed concern about DMEA's power supplier, Guzman Energy, and their reliability with staff noting that DMEA has found Guzman to be a reliable partner.

- XIV. Executive Session.** At 5:53 p.m., upon motion from Director Lockhart, seconded by Director Fleming, 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; and to review an update from DMEA's cyber security consultant. Director Sanchez left the meeting at 6:10 p.m. At 7:05 p.m., upon motion from Director Patterson, seconded by Director Lockhart, the board unanimously approved exiting executive session.
- XV. Action Items (from Executive Session).** There were no additional action items from executive session to address.
- XVI. Adjournment.** Having no further business to conduct, the board adjourned its regular meeting at 7:06 p.m.



Jock Fleming, Secretary/Treasurer