



**MINUTES OF THE ORGANIZATIONAL & REGULAR MEETINGS OF THE
DELTA-MONTROSE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
June 27, 2023**

Organizational & Regular Board Session. On June 27, 2023, the Board of Directors of Delta-Montrose Electric Association (DMEA) met for an organizational and regular meeting at the headquarters of the cooperative, at 11925 6300 Rd., Montrose, CO 81401.

During its organizational and regular meeting, the DMEA board:
1. Accepted the results of the 2023 Board Election Report.
2. Elected the organization's officers: Board President, Vice-President, Secretary/Treasurer, and Assistant Secretary/Treasurer.
3. Appointed organizational representatives to partner organizations including the Colorado Rural Electric Association (CREA) and Western United Electric Supply (WUES).
4. Reviewed Board members on committees.
5. Reviewed financial signatories.
6. Approved the May membership and meter report as well as the June 2023 Annual Meeting of Members minutes and the May 2023 Regular Board Meeting minutes with minor amendments.
7. Received a CEO report.
8. Received a legal report.
9. Received board representative reports from WUES and the CREA and received a report from CEO Johnston on his attendance at the CFC Forum.
10. Reviewed a member comment.

<p>11. Entered executive session to receive a confidential corporate, litigation, and regulatory update, review the legal engagement letter, and to review proposed policy updates.</p>
<p>12. Approved updates to Board policy 103 (Conflicts of Interest), tabling proposed changes to Board policy 105 (Board Compensation) to a future meeting.</p>
<p>13. Approved a legal engagement letter with General Counsel at firm Ireland, Stapleton, Pryor, and Pascoe, PC.</p>

Organizational & Regular Board Session

- I. **Call Meeting to Order.** President Kyle Martinez called the meeting to order at 2:02 p.m.
 - **Directors present:** Kyle Martinez, Stacia Cannon, Jock Fleming, Kevin Williams (virtually via Zoom), Damon Lockhart, Enno Heuscher, Bill Patterson (virtually via Zoom), Emily Sanchez, Jacob Gray
 - **Directors absent:** None
 - **DMEA staff present:** Mateusz Pena (Engineering & Power Resources Manager), Lindsay Forepaugh (CRO), Kent Blackwell (CTO), Gayle Gouker (CFO), Amy Taylor (CoS), Jack Johnston (CEO), Cody Carver (COO), Bob Farmer (CIO)
 - **Others present:** Gail Marvel (member, reporter for *The Montrose Mirror*) (left prior to X-Executive Session), Jeffrey Hurd (General Counsel), Sarah Abbott (General Counsel), Joseph McGill (member) (via Zoom) (left prior to X-Executive Session)

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

- 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 a motion, with a proper second, the Board unanimously approved the agenda posted on June 14, 2023.

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

VII. **Organizational Items**

1. **Accept 2023 Board Election Report.** The Board reviewed the 2023 Election Report prepared by Survey & Ballot Systems (SBS), which pursuant to C.R.S. § 40-9.5-110(2)(c) served as the independent third party overseeing the storage and counting of ballots. In addition to the election results, the SBS report provided information on the total number of eligible voters, total paper ballots cast via U.S. mail, and total ballots cast at the annual meeting. General Counsel Hurd explained the election process and procedures, and why a small number of ballots were not counted (e.g., member did not sign the envelope, empty envelope, multiple ballots in one envelope). He highlighted some areas of improvement with balloting for future years (e.g., noting there can only be one ballot per envelope, developing a mechanism to ensure who can properly sign for commercial accounts, etc.). It was also noted that overall voting participation has declined since 2015; in 2015, voting participation as at 19.04% of the membership, in 2023 it was 9.66%. It was noted that typically cooperatives see an average voting ratio of the membership between 10% and 20%. There was a brief discussion on whether electronic voting might help with participation in the future. Hurd recommended the election results as presented for Board approval.

The election results are as follows:

In District 6, there were 3,151 valid ballots cast. Of the valid ballots, 2,242 (71.2%) were cast in favor of incumbent Damon Lockhart and 909 (28.8%)

were cast in favor of candidate Mark Youngwirth. Lockhart was re-elected to a three-year term representing District 6.

In District 7, there were 2,722 valid ballots cast. Of the valid ballots, 2,722 (100%) were cast in favor of incumbent Heuscher who ran unopposed. Heuscher was re-elected to a three-year term representing District 7.

In the North Region, there were 3,165 valid ballots cast. Of the valid ballots, 2,343 (74%) were cast in favor of incumbent Stacia Cannon and 822 (26%) were cast in favor of candidate Paul Sweitzer. Cannon was re-elected to a three-year term representing the North Region.

Upon motion from Director Lockhart, seconded by Director Fleming, the Board unanimously voted to accept the election results as presented in the report from SBS.

- 2. Elect Board Officers.** Hurd explained that following each annual election, the DMEA Board elects its officers at an organizational meeting. He outlined the officer election process in DMEA's Bylaws, including the nomination and secret ballot voting procedures. Director Heuscher inquired if there are term limits for officer positions. Each seat is a year seat established at the annual organizational meeting of the Board; however, there is no limit to the number of re-elections a director can have for a particular seat (e.g., a director can serve 12 terms, the life of their directorship, as Board Vice-President if that is the determination of the Board each organizational meeting).

- a. President.** Hurd solicited nominations for Board President. Director Lockhart nominated Director Martinez. With no other nominations having been made, Director Fleming moved to dispense with the secret ballot and to elect Director Martinez as President by acclamation. Director Heuscher seconded the motion, and it carried

unanimously.

- b. Vice-President.** President Martinez solicited nominations for Board Vice-President. Director Fleming nominated Director Cannon. With no other nominations having been made, Director Fleming moved to dispense with the secret ballot and to elect Director Cannon as Vice-President by acclamation. Director Gray seconded the motion, and it carried unanimously.
- c. Secretary/Treasurer.** President Martinez then solicited nominations for Board Secretary/Treasurer. Hurd noted the Bylaws list the Secretary and Treasurer positions separately but allow the same individual to serve as both, and another director can serve as Assistant Secretary/Treasurer. The Board agreed to continue with this practice. Director 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 Secretary/Treasurer by acclamation. Director Sanchez seconded the motion, and it carried unanimously.
- d. Assistant Secretary/Treasurer.** President Martinez then solicited nominations for Board Assistant Secretary/Treasurer. Director Fleming nominated Director Williams. With no other nominations having been made, Director Cannon moved to dispense with the secret ballot and to elect Director Williams as Assistant Secretary/Treasurer by acclamation. Director Sanchez seconded the motion, and it carried unanimously.

3. Appoint Organizational Representation.

- a. Western United Electric Supply Corporation (WUES).** President Martinez then solicited nominations for the DMEA Board

representative to the WUES Board of Directors. It was noted that, in the past, the Board has determined the WUES Director representative would serve as the alternate DMEA Board representative to CREA, and vice-versa. The Board agreed to continue with this practice. Director Lockhart nominated Director Fleming. With no other nominations having been made, Director Lockhart moved to dispense with the secret ballot and to appoint Director Fleming to the WUES Board (and as CREA alternate) by acclamation. Director Heuscher seconded the motion, and it passed unanimously.

b. Colorado Rural Electric Association (CREA). President Martinez then solicited nominations for the DMEA Board representative to the CREA Board of Directors. Director Fleming nominated Director Lockhart. With no other nominations having been made, Director Fleming moved to dispense with the secret ballot and to appoint Director Lockhart to the CREA Board (and as WUES alternate) by acclamation. Director Sanchez seconded the motion, and it passed unanimously.

c. Other Organizations. Per the Bylaws the Board can waive the secret ballot process and determine appointees to other organizations on an ad hoc basis. The Board determined this would be the approach for additional appointments; that way a director or staff member can attend as appropriate.

4. Assign Committee Members & Chairs. President Martinez noted no changes to the committee structure since the re-structuring in May after the appointment of Director Sanchez. The committee structures will remain: Directors Lockhart, Fleming, and Martinez, and will serve on the Finance, Audit & Rate committee, with Director Lockhart acting as committee Chair; Directors Patterson, Williams, and Sanchez and will serve on the Member

Relations committee, with Director Patterson acting as committee Chair; Directors Cannon, Gray, and Heuscher will serve on the Engineering, Construction & Energy Services Committee, with Director Cannon acting as committee Chair. President Martinez and Directors Cannon, Fleming, and Williams will serve on the Executive Committee in their capacities as re-elected Board officers.

- 5. Establish Financial Signatories.** The financial signatories for DMEA bank have not changed and will remain: Kyle Martinez as Board President, Stacia Cannon as Vice-President, Jack Johnston as CEO, and Gayle Gouker as CFO. A resolution is not necessary as there is no change in signatories.
- 6. Approve Legal Engagement Letter.** The Board reviewed and discussed the legal engagement letter as prepared by General Counsel Hurd and Attorney Sarah Abbott exiting the room. During discussion, President Martinez asked to defer discussion until executive session with which the Board agreed. Hurd and Abbott then returned to the meeting.

VIII. General Business.

- 1. Consent Agenda.** Upon motion from Director Heuscher, seconded by Director Lockhart, the Board approved the May 2023 membership report as presented and adopted the May 2023 regular meeting minutes and the June 2023 annual meeting of members minutes with the following amendments: 1) in the June annual meeting minutes it refers to Director Emily Sanchez as Emily Watson and 2) in the June annual meeting notes, it makes reference in one section to Director Lockhart as re-elected to the District 7 seat which should be Director Heuscher. Director Williams asked for clarification on one section in the May meeting minutes about internal controls check within the audit. The Board discussed and clarified Director Williams concern determining to leave the verbiage as noted with no

amendments.

2. Committee Chair Reports.

- a. **Finance, Audit & Rates.** Chair Lockhart reported the committee had not met since the last regular meeting.
- b. **Engineering, Construction & Energy Services.** Chair Cannon reported the committee had not met since the last regular meeting. There will be a meeting on July 10, 2023, to address a possible vegetation management-related budget amendment.
- c. **Member Relations Committee.** Chair Patterson reported the committee had not met since the last regular meeting.
- d. **Executive Committee.** Chair Martinez reported the committee had not met since the last regular meeting. There will be a meeting on July 14, 2023, to review a Board technology usage policy.

Director Patterson addressed a member balloting issue which CRO Forepaugh noted she would have her team research and handle.

3. **CEO Report.** CEO Johnston presented the CEO report. The SAIDI for May was higher due to an outage on May 14th. Birds in an upstream substation caused an outage in the Cedaredge substation. There are two benchmark guidelines for SAIDI: the IEEE rural guidelines at less than 90 minutes and the RUS guidelines at less than 200 minutes. The Board inquired if there were any ramifications to exceeding those benchmarks which staff noted there are not; they are just best practice guidelines.

The operations crews recently completed crane certification training and participated in a local career day. The vegetation management report was

reviewed with it noted this would be addressed in further detail at a future committee meeting to discuss a possible budget amendment. Cody Carver recently accepted the open Chief Operations Officer (COO) position.

CIO Farmer attended the NRECA Co-op Cyber Tech conference where he presented along with IT Manager Jay Suckey. The internal phishing tests were discussed with it noted the test in April was a difficult one. IT does 1-2 tests a month varying in difficulty based on current industry trends.

There was recap and discussion on the annual meeting. Overall, it went very well but there are a few areas of improvement for the future including: additional financial reporting, fixing if the raffle prize entries are by membership or by meter, having a double buffet line for food, etc. It was noted at the annual meeting in 2022, there were between 400-500 attendees with 271 official registrations and this year there were around 300 people with 111 official registrations.

Director Fleming inquired about a local rumor that DMEA is losing staff; it was noted there has been natural attrition but nothing of concern. The Montrose and Delta County junior livestock auctions are in July and August, respectively. Directors Sanchez and Lockhart will be the auction buyers and any purchases will be sent to local processors. The animals will be processed, and the meat will be sent to local food banks.

DMEA received a capital credit check from Western United Electric Supply (WUES) on June 1, 2023. DMEA has \$363,472 in unclaimed capital credits from the 2022 retirement. They will be posted as unclaimed on the DMEA website until December 2025 at which point, they will be made available as part of the unclaimed capital credit charitable contribution fund.

There was a discussion on letters of intent for grants within the energy sector. Two crews completed work for the Light Up Navajo electric

installation project and there will be a full debrief on that at the July Board meeting. Additionally, we do have an Equipment Technician who will be helping with an electrical installation project in Guatemala.

4. Legal Report. General Counsel Hurd highlighted his participation in the new Director onboarding presentation regarding outlining the array of duties assigned to a DMEA director. He also noted his contributions to election preparations. Work completed by Counsel on Senate Bill 107 matters and net metering were also addressed. Abbott noted her contributions to policy updates, electric make ready agreements, metering agreements with Tri-State, and an updated agreement for used pole purchases. It was noted by Counsel that, with the recent election completed, it would be a suitable time for the Board to review the Bylaws. Hurd asked to defer the remainder of his report to executive session.

5. Director Reports.

- a. **Western United Electric Supply (WUES) Report.** Director Fleming noted the next meeting would be on August 24, 2023, along with Western United's annual member fish fry event.
- b. **Colorado Rural Electric Association (CREA) Report.** Director Lockhart stated the next meeting will be a virtual meeting on Thursday. He noted his desire to run for the open Treasurer seat on the CREA executive committee.
- c. **Conference, Webinars, & Meetings.** CEO Johnston discussed his attendance at the CFC Forum in Seattle. He took two equity management classes in addition to attending the Forum. One item of note is Federated reported a rough fiscal year which could result in

increased insurance rates.

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

7. Action Items. There were no general business additional action items to address.

IX. Member Comments. Member Joseph McGill mentioned transparency as a point of importance during the member comment section at the June 15, 2023, annual meeting of members. Mr. McGill felt he needed to be an active and attentive member and start attending Board meetings. He noted he was pleased he could appear virtually and with the level of information discussed openly in the meeting.

The Board took a brief recess at 3:53 p.m. The meeting resumed at 4:03 p.m.

X. Executive Session. At 4:03 p.m., upon motion from Director Gray, seconded by Director Lockhart, the Board unanimously approved to enter executive session to receive confidential corporate, litigation, and regulatory updates, to review the legal engagement letter, and to review proposed policy updates. At 4:48 p.m., upon motion from Director Fleming, seconded by Director Lockhart, the Board unanimously approved exiting executive session.

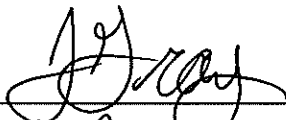
XI. Reconvened Regular Meeting.

1. Approve Policy Updates. Upon motion from Director Lockhart, seconded by Director Sanchez, the Board unanimously approved the updates to Board Policy 103, Conflicts of Interest, as presented.

The Board tabled voting on proposed updates to Board Policy 107, Board Compensation, to a future meeting.

Upon motion from Director Fleming, seconded by Director Gray, the Board unanimously approved for President Martinez to sign the legal engagement letter with Ireland, Stapleton, Pryor, & Pascoe, PC as presented.

- XII. Adjournment.** Having no further business to conduct, the Board adjourned its regular meeting at 4:49 p.m.



Jacob Gray
Assistant Secretary/
Treasurer