



**MINUTES OF THE REGULAR MEETING OF THE
DELTA-MONTROSE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
May 23, 2023**

Regular Board Session. On May 23, 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: |
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| 1. Accepted the results of the 2022 audit presented by auditor FORVIS. |
| 2. Approved the April 2023 membership report and adopted the April 2023 meeting minutes. |
| 3. Reviewed committee reports. |
| 4. Authorized a set of amendments to the Operation Round Up Bylaws. |
| 5. Approved the May 2023 CEO report. |
| 6. Received a non-privileged legal report. |
| 7. 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. |
| 8. Approved the appointment of Kathy Powell-Case as trustee to the Operation Round-Up board. |
| 9. Addressed future regular, organizational, and committee meeting dates. The annual meeting of members date was also reviewed. |
| 10. Entered executive session to receive a privileged CEO report and to review a privileged legal report highlighting key corporate, litigation, and regulatory matters. |

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
 - **Directors absent:** None
 - **DMEA staff present:** Lindsay Forepaugh (CRO) (left during XI-Executive Session), Kent Blackwell (CTO) (left during XI-Executive Session), Gayle Gouker (CFO) (left during XI-Executive Session), Amy Taylor (CoS) (left during XI-Executive Session), Jack Johnston (CEO), Bob Farmer (CIO) (left during XI-Executive Session), Michelle Kehmeier (Senior Accounting Clerk) (left after VII-Review and Acceptance of 2022 Audit), Laurie Conant (Accounting Clerk) (left after VII-Review and Acceptance of 2022 Audit), Jessica Forrest (Controller) (left after VII-Review and Acceptance of 2022 Audit), Ronni Bromley (Senior Accounting Clerk) (left after VII-Review and Acceptance of 2022 Audit), Kay Donley (Accounting Clerk) (left after VII-Review and Acceptance of 2022 Audit), Teresa Shishim (Creative Services & Marketing Specialist) (left before XI-Executive Session), Kevin Martins (Digital Communications & Marketing Specialist) (left before XI-Executive Session),
 - **Others present:** Gail Marvel (member, reporter for *The Montrose Mirror*) (left prior to XI-Executive Session), Kent Cloward (member) (left prior to XI-Executive Session), Jeffrey Hurd (General Counsel), Sarah Abbott (General Counsel), Tammy Totzke (Audit partner from FORVIS) (via Zoom) (in at 3:19 p.m. and left after VII-Review and Acceptance of 2022 Audit)

- II. **Pledge of Allegiance** was led by Director Sanchez.
- 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 Patterson, seconded by Director Cannon, the Board unanimously approved the amended agenda posted on May 11, 2023.
- VI. **Introductions.** Board members, staff, and guests introduced themselves.
- VII. **Review and acceptance of 2022 audit.** Audit firm (FORVIS) partner, Tammy Totzke, presented the results of the 2022 audit. She highlighted how this was FORVIS's first year auditing for DMEA/Elevate and how FORVIS utilized the previous audit firm's (Bolinger, Segar, Gilbert, and Moss, LLP) parameters into 2022's reporting. Overall, the 2022 audit went well and there were no major areas of concern. Potential issues DMEA/Elevate could encounter (i.e., leases and standards of reporting) within future audits were addressed. Regarding the lease matters, Director Cannon inquired if the South Canal hydro facility leases DMEA has would fall within this category with it noted it would not; the lease changes in reporting would only be for tangible items while water is not considered tangible.

Director Williams inquired about the verbiage in the summary letter which notes the audit firm has no opinion expressed regarding internal controls of DMEA. Ms. Totzke noted this is standard language to incorporate into the audit in which the audit firm was not expressly contracted to perform an audit on internal controls and procedures, which was the case for the 2022 DMEA audit.

Upon motion from Director Lockhart, seconded by Director Williams, the Board unanimously accepted the 2022 audit as presented.

VIII. General Business.

A. Consent Agenda. Upon motion from Director Patterson, seconded by Director Lockhart, the Board approved the April 2023 membership report and adopted the April 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 Board meeting.

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 just prior to the regular meeting today. At this meeting the committee discussed the Operation Round Up trust including bylaw changes and received an annual meeting & election update.

Upon motion, properly seconded, the Board unanimously authorized a set of amendments to the Operation Round Up Bylaws.

4. Executive Committee. Chair Martinez reported the committee had not met since the last regular Board meeting.

C. CEO Report. CEO Johnston presented the CEO report. Several of DMEA's linemen will be participating in the Light Up the Navajo Nation project in June. CEO Johnston along with operations supervisors and DMEA's Safety Director will also attend to observe and will have a report on the experience in June.

Possible changes to the vegetation management program were addressed with a proposal to bring more crews in-house and utilizing fewer contract crews. It was noted additional discussion on this topic would be deferred to an Engineering, Construction, and Energy Services committee meeting to review and provide a recommendation to the full Board.

Several staff have received awards as of late with Engineering and Power Resources Manager Mateusz Pena receiving the Rocky Mountain Electric League (RMEL) Emerging Leader Award. The marketing & communications department also received two CREA Excellence in Communication awards.

Reliability and safety were addressed. There was one outage in April due to wind. There was also an issue last week where a pole was washed away due to flooding and ignited a small fire resulting in an outage. This issue was handled in coordination with emergency services. The fiber was also impacted. Thankfully redundancies were able to mitigate the severity of the outage but now those lines are on a single path until the other lines can be fully restored. Additionally, to aid in outage reporting, a secondary analog line was put in for the DMEA dispatch department.

The DMEA strategy session is set for August and there was a brief review of the parameters and expectations for that session with a more thorough outline to be presented to the Board in June. Financials were reviewed with Director Williams inquiring about kWh sales. It was noted kWh sales are lower than budgeted for 2023 but are still higher than the same time in 2022.

Upon motion from Director Fleming, seconded by Director Lockhart, the Board unanimously approved CEO Johnston to be the CFC voting delegate at the CFC forum.

Upon motion from Director Cannon, seconded by Director Lockhart, the Board unanimously approved the May 2023 CEO report as presented.

The Board took a brief recess at 5:15 p.m. The meeting resumed at 5:30 p.m.

D. Non-Privileged Legal Report. General Counsel Hurd stated that Counsel Sarah Abbott has continued assisting with corporate agreements including make-ready agreements. Hurd also attended the CREA attorney meeting earlier in the month and highlighted some of the regulatory matters addressed. Hurd also provided feedback on policy and governance documents updates after initial review and suggestions made by staff. There are no pending litigation matters. The Tri-State metering agenda, the Southwest Power Pool (SPP) and the WEIS tariff were also addressed. Hurd asked to defer the remainder of his report to executive session.

E. Representative Board Reports.

1. Western United Electric Supply (WUES) Report. Director Fleming stated the WUES Board met last month. An upcoming member capital credit retirement was a highlighted area of discussion. The retirement will be for the year 2016; there will be a small check immediately, with an additional 20% distributed in September, and the remainder paid out by year-end. WUES plans to keep retiring capital credits on a 7-year cycle. WUES is also hiring 4 new personnel. At present, WUES has the lowest staff count for an electric supply cooperative with the highest sales per employee.

2. Colorado Rural Electric Association (CREA) Report. Director Lockhart noted he sent meeting minutes to the Board previously via e-mail. The primary topics at the CREA Board meeting were legislative matters and policy updates. CREA financials are in good shape. There is a meeting tomorrow in Fort Morgan which will include a tour of a large-scale dairy facility.

CEO Johnston highlighted his attendance at the Mesa Hotline School, which CREA has a big role in, including information on net metering, RESAP, mobile substations, etc.

3. Conference, Webinar, etc. Attendance Reports. Director Gray highlighted the cyber-class DMEA hosted on-site earlier in the month. He stated he felt it was beneficial overall and that the other cooperative attendees seemed

to enjoy it as well, particularly the supplemental presentation by CIO Farmer.

Director Williams highlighted a strategic planning course he took through NRECA. He is now only one course away from receiving his Credentialed Cooperative Director certification.

F. Informational Items. There were no informational items to address.

G. Action Item.

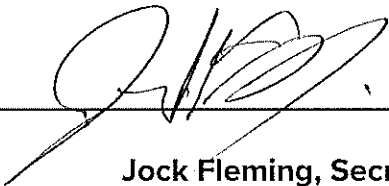
- 1. Trustee Approval.** The Board reviewed an Operation Round-Up trustee application for Kathy Powell-Case.

Upon motion from Director Fleming, seconded by Director Cannon, the Board unanimously approved the appointment of Kathy Powell-Case as trustee to the Operation Round-Up Board.

IX. Future Meetings.

- A. Regular Board Meetings.** There will be a combined organizational/regular board meeting on June 27, 2023, at 2:00 p.m. with the Board and senior staff to meet with the Uncompahgre Valley Water Users Association (UVWUA) after the Board meeting. The annual meeting of members will be June 15, 2023, at Cedaredge High School. There will be a DMEAUS meeting on June 8, 2023, at 3:00 p.m. with a DMEAUS organizational meeting on June 27, 2023, at 1:30 p.m.

- B. Committee Meetings.** Chief of Staff Taylor will work with President Martinez on setting up an Executive Committee meeting to address policy 701. Taylor will also work with Director Cannon to set up an Engineering, Construction, and Energy Services Committee meeting to review a possible budget amendment related to the vegetation management program.
- X. Member Comments.** There were no member comments.
- XI. Executive Session.** At 6:02 p.m., upon motion from Director Gray, seconded by Director Lockhart, the Board unanimously approved to enter executive session to receive a privileged CEO report and to review a privileged legal report highlighting key corporate, litigation, and regulatory matters. At 7:08 p.m., upon motion from Director Patterson, seconded by Director Fleming, the Board unanimously approved exiting executive session.
- XII. Action Items (from Executive Session).** There were no additional action items from executive session to address.
- XIII. Adjournment.** Having no further business to conduct, the Board adjourned its regular meeting at 7:08 p.m.



Jock Fleming, Secretary/Treasurer