

REGULAR MEETING OF THE BOARD OF DIRECTORS OF GUNNISON COUNTY ELECTRIC ASSOCIATION, INC.:

The regular meeting of the Gunnison County Electric Association (GCEA) Board of Directors was held on Tuesday, August 29, 2017 at the GCEA headquarters located at 37250 W U.S. Highway 50, in Gunnison, Colorado.

A quorum of a majority of directors was met with all seven directors in attendance. Directors attending were Greg Wiggins, Chris Morgan, Bart Laemmel, Michelle Lehmann, Tom Carl, John Vader, and Mark Daily (Districts 1-7 respectively).

Notice of this meeting was posted Friday, August 18, 2017.

Attorney David Doder, Chief Executive Officer Mike McBride, Chief Financial Officer Marcia Wireman, Chief Operations Officer Roger Grogg, and Executive Assistant Sherry Booth also attended.

President Greg Wiggins called the meeting to order at 9:08 a.m.

Motion by Director John Vader to accept the August 29, 2017 regular meeting agenda as amended carried unanimously.

Director per diems were submitted for Secretary/Treasurer John Vader's review.

Consent Agenda

Motion by Director Mark Daily to approve the August 29, 2017 consent agenda carried unanimously.

Items approved via the consent agenda include: July 25, 2017 regular meeting minutes; Resolution No. 1 – August 2017 GCEA membership for July 2017; July Work Order inventory #606 and related special equipment for July 2017; and the CEO expense report for July 2017.

The July 2017 net-to-plant total is \$55,039 and the year-to-date net-to-plant total is \$247,550 through July 2017. Special equipment and labor cost for the month of July 2017 is \$22,769. The year-to-date special equipment and labor cost through July 2017 is \$150,231.

Blue Mesa Substation Delivery Point

COO Roger Grogg presented details for routing power through Western Area Power Administration's (WAPA) existing Blue Mesa Dam substation as a 3phase loop for Arrowhead and Lake City with nine miles of new line. He explained placement and condition of existing infrastructure, including the need to replace power poles. Additional advantages for this delivery point include redundancy for Arrowhead, Iola, and Lake City, and minimized outage times.

Both WAPA and Tri-State Generation & Transmission (TS) would contribute funding in association with their equipment and power commitment to members. Roger's breakdown of anticipated associated costs include: permitting estimates for natural and cultural resources, National Environmental Policy Act (NEPA) services, Storm Water Management Program (SWMP) permitting, and right-of-way (ROW) services.

Engineering and financial aspects of the project were discussed throughout the presentation. The assistance of TS, with its expertise and research for the project as well as its financial contribution, was noted.

NRECA Employee Plans

CEO Mike McBride explained the need for a restatement of the current NRECA retirement security (RS) plan. CFO Marcia Wireman explained federal law no longer allows quasi-retirement based on years of service.

Staff responded to various questions. Additional discussion followed and included acknowledgement of the Board's previous decrease in contribution percentage.

Motion by Director John Vader to approve Resolution No. 3 – August 2017 Amendment and Restatement of the NRECA Employee Retirement Security Plan and 401(k) Pension Plan carried unanimously.

CEO McBride explained the current medical and vision plans GCEA offers through NRECA. Mike noted that contribution percentages to the plans are based on amounts previously established, and the Board can consider contribution percentages during its annual November budget review. Discussion followed.

Motion by Director Bart Laemmel to approve the existing NRECA Employee Insurance plans for 2018 carried unanimously.

Patronage Capital

CFO Marcia Wireman referred the Board to its packet material inclusive of a sample Patronage Capital Certificate. Marcia asked for approval for the certificate design for 2016 allocation, the discount percentage, and the 24-year retirement cycle used in calculating the certificate's present value. Extensive discussion continued.

Motion by Director Tom Carl to approve the Patronage Capital Certificate design and discount calculation carried unanimously.

CFO Wireman spoke to the Board regarding conditions in which the debt of a former member has been written off and whether the discounted certificate amount be applied to such bad debts. Attorney David Doderer spoke to legal aspects. Discussion followed.

Motion by Bart Laemmel to approve application of discounted patronage retirement from issued patronage capital certificates to bad debts pending further legal approval carried unanimously.

CoBank

The CoBank promissory note, conditions, and temporary extension were explained and discussed.

Motion by Director John Vader to approve the CoBank amended and restated revolving credit promissory note carried unanimously.

Deferred Revenue Plan

CFO Marcia Wireman and directors discussed intentions regarding auditors' suggestion for the GCEA revenue deferral plan.

Motion by Director Michelle Lehmann to approve Resolution No. 2 – August 2017 Amended Revenue Deferral Plan carried unanimously.

Monthly Reports: Safety/Loss Control Activity Report

COO Roger Grogg reviewed the Safety/Loss Control Activity report. He reported on construction schedule, drug testing results experienced by another cooperative, and the ongoing review of the GCEA safety manual. Roger spoke to cybersecurity and the recent AED/CPR training for office personnel. Roger explained a close call and a public damage incident. Discussion followed.

Motion by Director Michelle Lehmann to approve the Safety/Loss Control Activity report for August 29, 2017 carried unanimously.

Students and Additional Guests

Area students having participated in GCEA summer sponsored leadership activities joined the directors for lunch and provided presentations of their respective adventures. Employees who joined the meeting to observe included: Member Relations Supervisor/Safety Director Dan McDonough and Marketing and Communications Assistant Logann Long.

Miss Sydney Peterson of Crested Butte Community School and Miss Madeline Johnson of Gunnison High School traveled to the country's capital this summer as part of the Washington DC Youth Tour. Cooperative Youth Leadership Camp participant Mr. Elio Bilow-Makler from Crested Butte Community School (CBCS) was in attendance; Elio's father, Nathan Bilow was also in attendance. The students answered questions and thanked the Board for their opportunity.

When asked, the students conveyed how they had heard of these programs including from fellow students, family members, and school counselor Jennifer Read of CBCS.

Member Relations Supervisor Dan McDonough presented a black and white photograph of the Crested Butte power line corridor from artist Nathan Bilow as a gift to GCEA in appreciation for Elio's sponsorship.

After lunch guests and employees Dan McDonough and Logann Long were then excused to leave the meeting.

Budget Request

President Wiggins conveyed to Marketing and Communications Assistant Logann Long that GCEA should to continue advertising for both programs and approved the continued sponsorship for the Washington DC Youth Tour and Youth Leadership Camp in 2018.

Monthly Reports Continued: Association Update

CEO Mike McBride provided an association update. He advised in response to an inquiry about recent Green Power (GP) promotion efforts; GCEA has had members sign-up, though the number is down slightly now to 365 mainly due to GP members leaving the area and our system. Mike spoke to his and others' attendance at a joint Lake City community government meeting. Discussion followed.

The Board authorized a \$100 donation to Pedal the Plains on behalf of the Colorado Rural Electric Association (CREA) bicycle team which includes GCEA co-counsel Greg Kampf. CREA sponsors the *Powering the Plains* bike team which seeks to raise money for Energy Outreach Colorado.

CEO McBride explained various funding requests and anticipated requests. Discussion followed. He also spoke to a county employee's water heater app proposal and an energy monitor for which a net-metering member has volunteered to test.

CEO McBride reported on Colorado's proposed spending plan with the allocation of funds received from the Volkswagen/Audi/Porsche Diesel Emissions Settlement Program. The proposal includes support for installation of EV chargers, purchase of transit buses and alternative fuel trucks and buses.

The delayed East Rebuild and actions considered regarding the USDA Rural Utilities Service were discussed.

CEO McBride gave a Crooke Falls update after a conversation with owner.

CEO McBride reviewed analysis of scholarship by class of recipient as per Board's July request for clarification of funding sources. Discussion followed. Going forward, clarification regarding employee and Board dependent scholarship funding will be shared.

Director Bart Laemmel was excused with prior permission at approximately 1:57 p.m. due to personal business.

CEO McBride spoke to potential joint meeting with GCEA member and TS to develop a TS renewable energy product.

CEO McBride advised that additional office space in Crested Butte has been acquired.

Pending the annual CEO review session, a CEO review worksheet was distributed; Attorney Dodero can take email copy of comments, CEO review committee chair John Vader indicated a planned executive session at September meeting for CEO review.

CEO McBride spoke to proactive employee participation in support for Hurricane Harvey relief. Because of GCEA's related Texas connections due to its many members (1,500 accounts) from Texas, GCEA employees recognize our relationships and felt urge to help.

Monthly Reports: Member Comments

CEO Mike McBride reported on member feedback. He spoke with member about personal EV charger options and relayed our member being impressed with GCEA rates in comparison to the rate he pays in California.

Additional member inquires and response included: a caller inquiring about term limits for directors and for each district, and the member was referred to the website; a member concern regarding patronage capital was addressed; SmartHub issues addressed and resolved; response for the required auto-phone payment system for credit card security is ongoing and one member recently hung up on a member service specialist during an explanation for its necessity.

Additional member comments and queries included: a "big thank you" to line crew for its Almont outage response and a neighborhood 9 year-old offering coffee to the crew in appreciation; members calling in response to demand reduction advertisements and GCEA time-of-use rates; a member in the Castle Mountain area who heard loud booms and experienced interruption of service, but did not worry about the outage, "because she knew GCEA would take care of it"; engaged members at a Spark-e on Elk Avenue sighting in Crested Butte; and an LED pilot program complaint that turned positive the next day due to quick response and crew removal of light. Discussion followed.

Monthly Reports Continued: Financial Review

CFO Marcia Wireman explained Time Warner, now Spectrum, as of August 23 is closing its Gunnison office and no longer asks GCEA to continue its consumer services on their behalf at GCEA's Crested Butte office. Marcia reported on changes to CoBank's patronage capital program going forward. She also noted that GCEA has reached \$50million in assets. Load and revenue were discussed. Balance sheet line 28 regarding deferred debits was explained in detail. Revenue trends were noted. Discussion followed with detailed explanations for director questions.

Monthly Reports: Operations Update

COO Roger Grogg provided the reliability review for July and explained interruption causes for the month. He explained further details of a Lake City outage with a broken pole and energized line that the Gunnison crew repaired.

COO Grogg reviewed July load profile graphs and data comparisons provided by engineering staff.

Executive Sessions

Motion by Director John Vader, second by Michelle Lehmann to enter executive session at 3:00 p.m. to discuss an employee matter carried unanimously.

Sherry Booth was excused by President Wiggins.

Motion by Director John Vader, second by Michelle Lehmann to exit executive session at 3:09 p.m. carried unanimously.

Motion by Director Tom Carl to approve an employee housing loan carried unanimously.

Motion by Director John Vader, second by Michelle Lehmann to enter executive session at 3:10 p.m. to discuss contract negotiations carried unanimously.

CFO Marcia Wireman and COO Roger Grogg were excused by President Wiggins.

Motion by Director Michelle Lehmann, second by Mark Daily to exit executive session at 3:21 p.m. carried unanimously.

Staff rejoined the meeting.

Affiliated Organizations and Committee Reports

David Doderio provided an **Attorney** report. CB Franchise agreement reviewed related to using franchise funds for solar project. Pot & Power Conference to be hosted by CREA at TS. Dave will attend this and a CREA attorney's meeting.

Chris Morgan reviewed the Board's intention to meet with **Tri-State** (TS) representatives and options for scheduling a meeting and its topics. He reported on additional TS activities including TS budget projections. TS operating and capital construction budgets, its long-term financial forecast, and rate structure changes to three TS rates were reviewed. After revisiting the timeline for the Holcomb plant project, Chris announced that TS has deemed the plant an unrecoverable write-off.

John Vader reported on **CREA** activities and legislative matters. He reported on the cost for repairs from recent hail storm damage to the CREA headquarters; insurance covers all but the deductible. The governor's Climate Action Plan was reviewed. Another potential legislative matter includes broadband development and procurement of easements. John also reported on generation facility tours.

John Vader provided a **WUE** update. A previously postponed warehouse expansion in Utah is moving forward on a smaller scale than first proposed. John reported an oil deposit has been discovered under the WUE storage lot in Brighton for which a contract has been offered to WUE for extraction. WUE staff has been instructed to pursue further research. The WUE audit was completed; and, John reviewed monthly financials.

Mike McBride advised of **Paradigm** business.

Directors Miscellaneous

President Wiggins shared a letter requesting support from an NRECA election/Colorado representative candidate.

John Vader reported on another candidate's requested support for an NRECA regulatory committee seat.

NRECA Region 7 meeting will be held in Denver, October 16-18. Due to proximity, directors are encouraged to attend.

The annual CREA Energy Innovations Summit in Denver, October 28-31, is open to all GCEA directors to attend.

Scheduling of Meetings and Events

1. Tuesday, **September 26, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
2. **October 16-18** for NRECA Region 7 meeting in Denver
3. Wednesday, **October 25, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
4. **October 28-31** for CREA Energy Innovations Summit & CREA Fall Meeting
5. Wednesday, **November 8, 2017** Budget Committee Meeting (Convenes at 9:00 a.m.)
6. Thursday, **November 16, 2017** Financial Goals Committee Meeting (Convenes at 9:00 a.m.)
7. Wednesday, **November 29, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
8. Wednesday, **December 20, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
9. *To be determined* January Board Policy, Rules and Regulations, and Bylaws Committee (completion of bylaws revisions due by April 1)

Adjournment

Motion by Director Michelle Lehmann to adjourn the Gunnison County Electric Association Regular Board Meeting held on August 29, 2017 carried unanimously. There being no further business before the Board, President Greg Wiggins adjourned the meeting at 5:11 p.m.

Respectfully submitted by Executive Assistant Sherry Booth.

/ Greg Wiggins /
President

/ John P. Vader /
Secretary/Treasurer

Date Approved: September 26, 2017

APPROVED