

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, September 26, 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, September 15, 2017; a revised agenda was posted Monday, September 25.

Attorney David Dodero, Chief Executive Officer Mike McBride, Chief Financial Officer Marcia Wireman, Chief Operations Officer Roger Grogg, and Financial/HR Specialist Paula MacLennan also attended.

President Greg Wiggins called the meeting to order at 8:53 a.m.

Motion by Director John Vader to accept the September 26, 2017 regular meeting agenda as amended carried unanimously.

The program that allows members and the community to borrow GCEA's electric vehicle was discussed in regard to the positive feedback and increased exposure the program has achieved.

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

Consent Agenda

Motion by Director John Vader to approve the September 26, 2017 consent agenda carried unanimously.

Items approved via the consent agenda include: August 29, 2017 regular meeting minutes; Resolution No. 1 – September 2017 GCEA membership for August 2017; August Work Order inventory #608 and related special equipment for August 2017; and the CEO expense report for August 2017.

The August 2017 net-to-plant total is \$46,531 and the year-to-date net-to-plant total is \$294,081 through August 2017. Special equipment and labor cost for the month of August 2017 is \$95,185. The year-to-date special equipment and labor cost through August 2017 is \$245,416.

2018 Office Hours

CEO Mike McBride proposed a change to the GCEA office hours.

Motion by Director Bart Laemmel to approve changes to Board Policy E-2 and Rules and Regulations Section R-12.0 to reflect new office hours of 8:00 a.m. to 4:30 p.m. Monday through Friday carried unanimously.

2018 Paid Time Off (PTO) Changes

CEO Mike McBride reviewed the current PTO Policy E-3 and made recommendations for changes starting January 1, 2018.

Motion by Director Tom Carl to approve the following changes to employee paid time off effective January 1, 2018 and direct the CEO to modify the affected policies to reflect these changes carried unanimously:

- discontinue the forfeiture and partial payout of excess PTO at year-end;
- accrue and add PTO to employee balances each pay period;
- allow an advance of PTO anticipated to be earned in the current year;

- change the maximum PTO accrual to 500 hours; and
- accrue PTO only for those employees with less than 500 hours of accrued PTO.

2018 Paid Time Off (PTO) Increases

CEO Mike McBride presented a proposed change to increase PTO time for new employees. Discussion followed.

Motion by Director Bart Laemmel to approve an increase in the annual paid time off awarded to employees as follows carried unanimously:

- an additional 16 hours of PTO for employees with less than one year of employment for a total of 104 hours annually; and
- an additional 8 hours of PTO annually for all employees with more than one year of employment.

Section 125 Plan Amendment

CEO Mike McBride explained a recommended change to the 125 plan that would allow participants in the flexible spending account to increase their 2018 contributions from \$2,550 to \$2,600 per IRS guidelines.

Motion by Director Tom Carl to approve Resolution No. 2 – August 2017 adopting amendment to the 125 Plan carried unanimously.

Capital Credit Certificate Bank Account

CFO Marcia Wireman explained the need for a separate bank account for the capital credit certificate program. In order to issue refunds to members in a timely fashion, front desk personnel will be able to write checks for member refunds up to \$200. Marcia discussed which personnel would be authorized on the new account.

Motion by Director Chris Morgan to approve Resolution No. 3 – September 2017 to open a new account for the capital credit certificate program carried unanimously.

Motion by Director Michelle Lehmann to approve Resolution No. 4 – September 2017 to approve signatories for checks written on the new account for the capital credit certificate program carried unanimously.

Executive Session

Motion by Director Michelle Lehmann, second by Chris Morgan, to enter executive session at 10:26 a.m. to discuss an employee matter, carried unanimously.

Motion by Director John Vader, second by Chris Morgan, to exit executive session at 10:46 a.m. carried unanimously.

Executive Session: CEO Annual Review and Goals

Motion by Director Michelle Lehmann, second by John Vader, to enter executive session at 10:49 a.m. to discuss the CEO annual review and goals carried unanimously.

CEO Mike McBride, CFO Marcia Wireman, COO Roger Grogg and Financial/HR Specialist Paula MacLennan were excused by President Wiggins.

Motion by Director Bart Laemmel, second by Michelle Lehmann, to exit executive session at 12:06 p.m. carried unanimously.

Staff rejoined the meeting after lunch.

Employee Benefits Discussion

CEO Mike McBride presented possible benefit change options for the future. Current plans and possible compliance issues were reviewed. The Board said they would like to see comparison data regarding the plans of other similar organizations.

Monthly Reports: Safety/Loss Control Activity Report

COO Roger Grogg reviewed the Safety/Loss Control Activity report. He reported on training for accessing inspection information via GCEA's mapping system, and for confined spaces, and trenching and shoring. COO Grogg reported that both the office and the operations August safety meetings included presentations on a catastrophic transmission outage scenario, bloodborne pathogens, hazard communications, and the announcement of new meeting locations in case of an emergency. Close calls included an incident with a chainsaw in which chaps prevented an injury and an improperly tagged breaker that was flipped at a substation.

Motion by Director Michelle Lehmann to approve the Safety/Loss Control Activity report for September 26, 2017 carried unanimously.

Monthly Reports: Association Update

CEO Mike McBride provided an association update and explained the new Board meeting presentation structure.

Staff responded to questions from the Board on the statuses of the east rebuild and Taylor hydro projects and on the compliance process for the east rebuild.

CEO McBride informed the Board of an upcoming energy conference in Paonia, Colorado, September 29 that he will be attending along with other representatives from our community. He shared an agenda of topics that will be presented at the meeting and extended an invitation to the Board.

CEO McBride followed up with information regarding our electric vehicle promotion. It seems that GCEA is unique in our promotion of the vehicles as no data can be found on other cooperatives doing the same. He reported on electric vehicle ownership by other cooperatives as well as charging station ownership by other cooperatives.

Monthly Reports: Member Comments

CEO Mike McBride reported on member feedback. Discussion followed.

Monthly Reports: Financial Review

CFO Marcia Wireman explained August 2017 year-to-date variance from budget, equity level, and debt covenant ratios; patronage certificates and a letter drafted regarding the new capital credit certificate program that will be mailed to members. The letter explains the program but also has a frequently asked questions section.

Monthly Reports: Operations Update

COO Roger Grogg provided the reliability review for August and explained interruption causes for the month. Tri-State's Lake City Mobile Substation project was reviewed. COO Grogg showed aerial pictures of the site. Progress on distribution projects were reviewed including the completion of the Meridian Lake tie line, the replacement of poles, the completion of the Crested Butte substation reclosure upgrades, the replacement of failing cable, and the progress being made on the Taylor Park to County Road 25 project.

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

Hot Line School Scholarship Request

Member Supervisor /Safety Director Dan McDonough requested GCEA to grant a scholarship to an individual who is currently attending Mesa Hotline School. Mr. McDonough reviewed past hotline scholarship awards and informed the Board of the current balance of the uncommitted scholarship fund.

Motion by Director Bart Laemmel to approve a \$1,500 scholarship to Mesa Hot Line School on behalf of the applicant carried unanimously.

Affiliated Organizations and Committee Reports

David Dodero provided an **Attorney** report. Projects he has worked on included the extension on the Paradigm note, the employee matter discussed earlier, the endangered species act in conjunction with RUS, and the new board meeting format as outlined by CEO Mike McBride earlier in the meeting. Mr. Dodero reported on the Pot and Power conference hosted by CREA that he attended in Denver. He reviewed electric cooperatives' options for requested release of member information to various agencies and explained the legal aspects involved in these situations.

Chris Morgan gave an update on **Tri-State** (TS). He shared a document from the Environmental Protection Agency (EPA) titled "Our Nation's Air". The handout indicated many different particulate types that have decreased since the 1970s indicating air quality is improving. Other topics covered included member sales, margins, spot market prices, deferred revenue and the anticipation of no rate increase in 2018. The Holcomb asset was discussed as well as the Southwest Power Pool.

Chris Morgan discussed an upcoming meeting that is to be scheduled with Tri-State representatives at GCEA headquarters. Meeting topics and possible meeting dates were discussed.

John Vader advised that the **CREA** Board had not met sent the GCEA August meeting. State climate goals and initiatives were discussed.

John Vader provided a **WUE** update. Items discussed included the mailing of capital credit checks and patronage certificates; a new warehouse located in Salem, Utah; and the approval of WUE as a distributor for Makita batteries and gas operated trimmers.

CEO Mike McBride advised of **Paradigm** business. Discussion followed.

Scheduling of Meetings and Events

1. **October 16-18** for NRECA Region 7 meeting in Denver
2. Wednesday, **October 25, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
3. **October 28-31** for CREA Energy Innovations Summit & CREA Fall Meeting
4. Wednesday, **November 8, 2017** Budget Committee Meeting (Convenes at 9:00 a.m.)
5. Thursday, **November 16, 2017** Financial Goals Committee Meeting (Convenes at 9:00 a.m.)
6. Wednesday, **November 29, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
7. Wednesday, **December 20, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
8. Wednesday, **January 31, 2018** Regular Board Meeting (Convenes at 9:00 a.m.)

Adjournment

Motion by Director Michelle Lehmann to adjourn the Gunnison County Electric Association Regular Board Meeting held on September 26, 2017 carried unanimously. There being no further business before the Board, President Greg Wiggins adjourned the meeting at 4:32 p.m.

Respectfully submitted by Financial/HR Specialist Paula MacLennan and Executive Assistant Sherry Booth.

/ Greg Wiggins /
President

/ John P. Vader /
Secretary/Treasurer

Date Approved: October 25, 2017