

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

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The regular meeting of the Gunnison County Electric Association (GCEA) Board of Directors was held on Tuesday, June 27, 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, Michelle Lehmann, Paul Hudgeons, John Vader, and Mark Daily (Districts 1-2 and 4-7 respectively). District 3 Director Bart Laemmel was also later in attendance after previously advising of his slight delay due to a personal matter.

District 5 member guest, and soon to be seated director Tom Carl, was also in attendance for observation of regular Board business.

Notice of this meeting was posted Thursday, June 15, 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 9:04 a.m.

**Motion** by Director Michelle Lehmann to accept the June 27, 2017 regular meeting agenda carried unanimously.

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

**Consent Agenda**

**Motion** by Director John Vader to approve the June 27, 2017 consent agenda carried unanimously.

Items approved via the consent agenda include: May 30, 2017 regular meeting minutes; Resolution No. 1 – June 2017 GCEA membership for May 2017; May Work Order inventory #604 and related special equipment for May 2017; and the CEO expense report for May 2017.

The May 2017 net-to-plant total is \$39,585 and the year-to-date net-to-plant total is \$174,806 through May 2017. Special equipment and labor cost for the month of May 2017 is \$15,874. The year-to-date special equipment and labor cost through May 2017 is \$90,512.

**RUS Buyout and CFC Loan**

CFO Marcia Wireman explained an update regarding the Rural Utilities Service (RUS)/ Federal Financing Bank (FFB) buyout and the need to approve Resolution No. 2 – June 2017. Marcia spoke to the executed 60-day rate lock agreement effective June 1, 2017 as per Board direction. Marcia referenced interest rates and explained the effects of the US treasury rate. The buyout premium is directly tied to the US Treasury yield on the day of payoff. The buyout requires that FFB/RUS must be given advance notice of prepayment with minimum seven-day notice. Marcia shared a graph indicating 30-year treasury yield trends. She explained the potential for fluctuation in the buyout premium and shared figures as they currently stand as of June 23, 2017. The buyout is currently scheduled for July 12, 2017 with final notice to RUS due July 5, 2017.

*Bart Laemmel arrived at 9:23 a.m.*

2017 GCEA operating margin projections were reviewed. Discussion followed.

**Motion** by Director Paul Hudgeons to proceed with the firm buyout date as scheduled carried unanimously.

Discussion followed regarding the National Rural Utilities Cooperative Finance Corporation (CFC) final details. Paul Hudgeons emphasized regarding the buyout, with Board agreement, the best decision with the best current available information has been made.

**Motion** by Director Paul Hudgeons to approve National Rural Utilities Cooperative Finance Corporation loan per Resolution No. 2 – June 2017 for a \$17,000,000 pay-off of Federal Financing Bank loans carried unanimously.

**Motion** by Director John Vader to approve National Rural Utilities Cooperative Finance Corporation loan per Resolution No. 3 – June 2017 for a loan of \$4,800,000 available for future financing of construction carried unanimously.

#### **Monthly Reports: Safety/Loss Control Activity Report**

COO Roger Grogg reviewed the Safety/Loss Control Activity report and explained a safety video that demonstrated a lineman contact resulting in the loss of both his arms. Roger advised of recent employee training and noted that new Gunnison Apprentice Lineman Justin Hulick has begun work as of June 19, 2017. Additional reported items included fire extinguisher training and safety manual review. Roger also explained an in-house near accident involving a transformer change-out that resulted in a shock to one Journeyman. Paul Hudgeons spoke to the Lake City incident in which an old, large Cottonwood tree threatened a three-phase line and the anticipated outage for repairs was avoided. Discussion followed.

**Motion** by Director Paul Hudgeons to approve the Safety/Loss Control Activity report for June 27, 2017 carried unanimously.

#### **Monthly Reports: Association Update**

CEO Mike McBride provided an association update. He spoke of the East rebuild, Elk Creek Marina, and Crooke Falls. Discussion followed each.

Mike explained plans for installation of a storage battery for display in the headquarters' front office. The Sonnenbatterie is offered in sizes from 4 kWh to 16 kWh, is controllable with mobile devices, and costs from \$9,950 to \$22,800. Potential discounts and dealership opportunities were noted.

Mike advised of recent marketing efforts: including hands-on blocks (physical blocks with information for the headquarters lobby), a Conversations with your Co-op program (first one June 29 in CB park), and member engagement for which a Crested Butte member wishes to help promote GCEA Greenpower Program. Mike also explained the status of GCEA's participation in Tri-State's energy management circuit breakers (EMCB) pilot program and the implementation of an effort to provide community leaders and members week-long EV demos.

Methane capture was discussed and the Board requested staff invite WSCU MEM graduate Chris Nutgrass to a future meeting to share his research.

Mike reported on a low-income weatherization program as part of the Gunnison County led greenhouse gas reduction efforts, and in conjunction with the CARE (Colorado's Affordable Residential Energy) program. Mike relayed that San Miguel Power Association weatherized 21 homes last year which were; funded from unclaimed capital credits. Participation in San Miguel Power's low-income solar garden requires weatherization as a prerequisite. For the CARE proposed program, the goal is 20 homes per year; the Board requested a future presentation from CARE for more details. Attorney Dodero noted his concern regarding legality, citing prior decision by Colorado Supreme Court. Extensive discussion followed.

Mike reported on EV developments, explaining the PlugShare app and that our headquarters' charger was added by someone unknown. He also relayed that three companies are working on development of electric pickups and shared a Stanford professor's prediction that in eight years, purchase of a new gasoline powered vehicle will no

longer be an option. Mike reported on pending VW settlement funds and that Tesla is installing 16 new EV chargers at Crested Butte Mountain Resort. The Tesla chargers will all be level 2, no superchargers. Most will be Tesla specific, but there will be a few universal chargers.

Mike detailed GCEA's new week-long EV driving opportunities with 2017 annual meeting guest speaker John Nelson first driving the Chevrolet EV Spark. Lynn Cudlip and Mark Daily were next. It now goes to the Town of Crested Butte for two weeks of test driving, and the list continues. Mike noted ideas behind the program include creating ambassadors, creating stories, and increasing EV visibility.

Mike also reported on a new study indicating EVs are cleaner than ever. A Union of Concerned Scientists study based on 2014 power plant emissions, and compared to 2009 data, noted that the "changes are impressive". Mike advised of his requested panel participation and presentation on EVs at the fall CREA Innovations Summit.

Lastly, Mike reported on solar company targeting owners of land near transmission lines with lease offers. He also advised of a land offering for employee housing from a nearby municipality in which GCEA need not participate at this time.

### **Recognition of Retiring Director**

In recognition for his 15 years of service from June 22, 2002 through June 27, 2017, District 5 Director Paul Hudgeons of Lake City was recognized by his colleagues. The coin collector received two American Eagles representing the year he joined the Board and the year he stepped down. Well wishes were shared by all.

### **Monthly Reports: Financial Review**

CFO Marcia Wireman addressed GCEA financials. She projected line by line items expected to change under the CFC loan program. Discussion followed. Paul Hudgeons raised concerns regarding wholesale power cost trends and suggested long term planning to address shortfalls. Discussion included line redundancy and energy storage.

GCEA revenues are down and our power supplier's bills are higher than previously anticipated.

Marcia spoke to patronage allocation procedures.

### **Monthly Reports: Operations Update**

COO Roger Grogg provided the reliability review for May and explained interruption causes for the month. Extensive discussion followed. Roger elaborated on avian issues and the high volume of man hours due to the type of May 2017 outages and locations.

Roger reviewed May load profile graphs and explained the historical comparisons and graphs provided by engineering staff.

### **Monthly Reports: Member Comments**

Mike McBride reported on member feedback concerning a Hinsdale County commissioner's inquiry regarding potential for broadband. Mike reported he had advised of the Board's initial research into the possibility; however, he had explained that financial feasibility remains GCEA's biggest hurdle.

He also shared thoughts from a member regarding a streamlined service agreement process. Mike also relayed a member's intended petition for an electric rail system between Gunnison and Crested Butte.

Lastly, former CEO Mike Wells recently visited with Mike McBride and expressed apologies for his inability to attend the annual meeting which he asked be relayed to the Board. Mike Wells also asked that his greetings be relayed to the Board, with special acknowledgement to outgoing director Paul Hudgeons.

### **Affiliated Organizations and Committee Reports**

David Dodero provided an **Attorney** report. He noted having worked on the RUS buyout application and capital credit refund options.

Chris Morgan reported on **Tri-State** (TS) activities. He advised of rate structure considerations discussed by TS inclusive of a rate stabilization plan. Chris provided an update regarding the future of potential and existing generation facilities. Future renewable generation projects were discussed. A minority of TS board members support increasing the 5% cap for individual cooperative generation projects. Discussion followed. Chris spoke to current and pending staff and director changes. Chris advised of rating agencies' response to member unrest as a small number of TS members have researched buyouts. Analysis of TS supplied documents were discussed. Options for power suppliers following the dissolution of Colorado Ute was discussed.

John Vader reported that **CREA** has a phone conference scheduled this week; CREA has not conducted a regular meeting since GCEA's last board meeting.

John Vader provided a **WUE** update; the cooperative remains fiscally stable.

Paul Hudgeons announced his resignation from the **Paradigm** board as he will no longer serve GCEA and therefore will be ineligible to serve for Paradigm.

In his parting comments, retiring District 5 Director Paul Hudgeons said he sought a seat on the GCEA Board in part to promote reliability to Lake City. Paul noted that in these last few years, he has felt our power supplier has also begun to support GCEA's efforts in strengthening Lake City's infrastructure. He encouraged the Board to continue this effort.

### **Scheduling of Meetings and Events**

1. Tuesday, **July 18, 2017** Technology Committee Meeting (Convenes at 9:30 a.m.)
2. Tuesday, **July 25, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
3. Tuesday, **August 29, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
4. *To be determined* September 2017 Board Policy, Rules and Regulations, and Bylaws Committee
5. Tuesday, **September 26, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
6. Wednesday, **October 25, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)

### **Adjournment**

**Motion** by Director Bart Laemmel to adjourn the Gunnison County Electric Association Regular Board Meeting held on June 27, 2017 carried unanimously. There being no further business before the Board, President Greg Wiggins adjourned the meeting at 3:20 p.m.

Respectfully submitted by Executive Assistant Sherry Booth.

/ Greg Wiggins /  
President

/ John P. Vader /  
Secretary/Treasurer

Date Approved: July 25, 2017