

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, March 28, 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 six of seven directors in attendance. Directors attending were Chris Morgan, Bart Laemmel, Michelle Lehmann, Paul Hudgeons, John Vader, and Mark Daily (Districts 2-7 respectively). President and District 1 Director Greg Wiggins was excused for a personal matter.

Notice of this meeting was posted Friday, March 17, 2017; a revised agenda was posted Tuesday, March 21.

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

Vice President Bart Laemmel called the meeting to order at 9:00 a.m.

Motion by Director John Vader to accept the March 28, 2017 regular meeting agenda carried unanimously.

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

Consent Agenda

Director Mark Daily asked for clarification regarding code 600 as applied in the monthly work order summary. COO Roger Grogg explained that code 600 is all special equipment including transformers, meters, regulators, reclosers, reactors, and switches. Other miscellaneous distribution items may be coded as 600 as well, such as line relocations and upgrades associated with new services and costs for system studies. Discussion followed and included a review of AMI/AMR meter expense for meter exchanges which GCEA performs on approximately 1,200 meters annually.

Motion by Director Mark Daily to approve the March 28, 2017 consent agenda carried unanimously.

Items approved via the consent agenda include: February 28, 2017 regular meeting minutes; Resolution No. 1 – March 2017 GCEA membership for February 2017; February Work Order inventory # 600 and related special equipment for February 2017; and the CEO expense report for February 2017.

The February 2017 net-to-plant total is \$766 and the year-to-date net-to-plant total is \$45,350 through February 2017. Special equipment and labor costs for the month of February 2017 is \$26,590. The year to date special equipment and labor costs through February 2017 is \$55,846.

LED Lighting

Chief Operations Officer Roger Grogg presented an option for a GCEA light-emitting diode (LED) Lighting Pilot Program. Roger proposes installations of 38 Watt (W) LED street lights. He provided comparisons for the LED option versus mercury vapor technology and the payback, kWh usage, and costs. He also provided the same comparisons for a 42 W LED versus metal halide equipment. In both instances the LEDs are more energy efficient and save on costs. In other savings, Roger reviewed warranties, performance expectations, and installation efficiency. Roger presented data on GCEA's current fixtures. Locations for test sites were presented. Discussion followed. With the Board's consensus, Roger has been directed to proceed with the LED pilot program.

Monthly Reports: Safety/Loss Control Activity Report

COO Roger Grogg reviewed the Safety/Loss Control Activity report. He shared details regarding recent Cardiopulmonary Resuscitation (CPR)/ First Aid training and updates shared with employees during safety meetings. Roger explained contacts as reported by CREA's Dan Whitesides. He spoke to cybersecurity, audit, and benefit updates. Dan Whitesides also presented a Speak Up/Listen Up (SULU) program that was well received. Director John Vader attended one of the sessions and provided positive feedback. Roger also reported on snowplowing and the GCEA promotion for equipment locates in an effort to avoid damaged equipment. There were no close calls or recent accidents reported for the second month in a row. Discussion followed.

Motion by Director Paul Hudgeons to approve the Safety/Loss Control Activity report for March 28, 2017 carried unanimously.

Monthly Reports: Association Update

CEO Mike McBride provided an association update. He reported on the Meter Data Management System (MDMS) in GCEA's approved budget and the continued research that the Board and staff has analyzed. Mike spoke to the portion of the software, which GCEA will proceed to implement. Discussion followed inclusive of the potential access of Region 10 owned fiber optic for data transmission. With Board support, staff will proceed with acquisition of MDMS.

Mike presented information of demand management, using GCEA's headquarters' electric use for an example. He also spoke to member feedback and education regarding load management and GCEA's intended participation for the Lake City Earth Day and Science event on April 22.

CFO Marcia Wireman reported on the recent civil rights review as conducted by Rural Utilities Service (RUS) General Field Representative (GFR) Arsenio Dela Cruz, PhD. Discussion followed inclusive of attorney comments.

COO Roger Grogg spoke to construction work plan (CWP) procedures and forms necessitated by RUS as explained by Dr. Dela Cruz. Efforts to receive RUS approval for the biological assessment for the east rebuild have been increased with Dr. Dela Cruz's and his supervisor now working on it. Discussion followed.

Mike spoke to electric vehicle (EV) legislation. He also reported on the City of Gunnison's hiring process for its new Public Works Director. Mike explained GCEA's previous interaction with Gunnison personnel and potential for future outreach and potential cross-training. Mike reported on his follow-up call with a solar developer on their recent proposal.

Discussion of the annual meeting theme clarified intent to promote load management awareness; demand management was also discussed. The future integration of the grandfathered Time-of-Use rate (TOU) with the new TOU rates were discussed as were the effects for the on-peak and off-peak times.

Lastly, Mike reported that 43-year employee Dan McDonough, GCEA's safety director and member relations supervisor, has postponed his retirement for one year.

Monthly Reports: Member Comments

Mike McBride reported on member relations and proactive pre-bill contacts with members with unusual patterns of high usage. He explained that this practice led billing personnel to contact a member for this reason. The contacted member was aware of the increase as they were performing construction, but were impressed by the contact.

Mike also explained that the front office personnel maintain contact phone numbers to provide to callers who seek assistance for utilities beyond the electricity GCEA provides.

Mike shared member feedback in regard to a bill message about GCEA's demand charge from our power supplier. A member contacted GCEA for more information and expressed her intentions to change her energy patterns for the benefit GCEA wholesale cost management.

Mike also reported on a member's intended solar installation and TOU consideration; he noted two members reporting intent to begin using electric space heaters instead of their current propane heat. Discussion followed.

Monthly Reports: Miscellaneous

Mike McBride spoke to the need for legislation to allow net-metering and TOU. Discussion followed.

Marcia Wireman verified via Dan McDonough that cycle 1 bills were sent out with TOU letters and one member's feedback.

Monthly Reports: Financial Review

CFO Marcia Wireman addressed aged accounts receivable, GCEA current deposit policies, and the debt owed from a residential account for which the member had generated high usage from marijuana cultivation.

Marcia noted that, while slightly below the five-year average, kWh sales remain close to average and less than last year. Marcia reported on the RUS approval for the GCEA revenue referral plan. John Vader inquired about the WUE patronage capital and as to where it is included in the financials. Marcia explained the allocation procedures and noted that the funds should appear on the March balance sheet. Marcia further clarified year-to-date operating statements. Discussion followed inclusive of analysis of provided data and an explanation of system loss.

Though the formal assessment has not yet been filed, Marcia was able to report on some details of the completed audit conducted by DeCoria Maichel & Teague. Marcia acknowledged Accounting Supervisor Kelley Willis for her outstanding efforts in her new role and her preparation for the annual audit. Mike McBride relayed the positive comments received from the auditors.

Entities to consider for future borrowing were discussed. In conclusion, Marcia explained how the checks issued report transfers to various categories in the balance sheet. Roger Grogg spoke to capitalized labor costs.

Monthly Reports: Operations Update

COO Roger Grogg provided the reliability review for February and explained interruption causes for the month. He explained efforts for avian protection and bird habits for feeding on collected bugs in electric equipment.

Roger reviewed February load profile graphs and explained the historical comparisons and graphs provided by the staff engineer. The February peak was discussed and a high volume of visitors in Crested Butte is considered to have contributed to the higher usage. Discussion followed.

Coldharbour Institute

Executive Director Suzanne Ewy of Coldharbour Institute joined the meeting per Board and staff invitation. Ms. Ewy explained the collaboration and revamping of the Office of Resource Efficiency (ORE) and its merger with the Coldharbour Institute.

In 2014, ORE merged with Coldharbour; since that time, the group has worked to refocus its goals and mission. Ms. Ewy credited the efforts of former Coldharbour director Dave Primus, Coldharbour board member Emily Artale, and GCEA Energy Use Specialist Alantha Garrison, as well as other valley residents for their collaboration and support. She explained how the coalition of various energy players has promoted the Coldharbour agenda.

Additional aspects of the new Coldharbour program focus on: education, support for WSCU's Master in Environmental Management (MEM), continued GCEA support, and coordination with the Boulder based, Colorado-wide Energy Smart program for which GCEA is also a partner.

As Ms. Ewy also serves on the Gunnison Valley Housing Foundation, she also sees that side of low-income energy inefficiency issues. Ms. Ewy spoke to the Colorado's Affordable Residential Energy (CARE) program for which residents qualify based on income.

The development of a standardized assessment tool and rebate programs were discussed. Director Mark Daily spoke to his support for the Coldharbour program. Discussion followed.

Ms. Ewy left the meeting at 12:05 p.m.

Coldharbour Institute Discussion

Mike McBride revisited previous Board conditions related to the 2016 budget funds approved for sponsorship of Coldharbour and MEM. The requirement for a quarterly progress report from Coldharbour was stipulated verbally but apparently not relayed within the Coldharbour group following leadership changes. Mike noted the group's coordination with Alantha Garrison in developing a working plan for the partnership, the GCEA and Coldharbour joint participation for the Natural Resources Fair, and the communication brochure for energy efficiency developed by Coldharbour and provided to GCEA. Also noted, no funds were allocated for Coldharbour for 2017. Following discussion, the Board elected to have the CEO review Coldharbour's 2016 annual report and determine how much funding is warranted.

Miscellaneous

CEO Mike McBride challenged the Board to estimate the increase in EV charging sessions for 2017 in comparison to 2016 in its first 12 weeks of the year at 80%, and that from October 2015 through September 2016, CO2 emissions from power plants totaled 1803 million metric tons. Also, as cited by the Energy Information Administration (EIA), emissions from the transportation sector were higher than the generation sector for the first time since recordkeeping began.

Lake City Warehouse Mold Repair

Roger Grogg explained final plans to address the Lake City Warehouse remodel. Repairs were approved in the 2017 budget and funding resources were presented.

Motion by Director Paul Hudgeons to approve March Resolution No. 2 – Construction Work Plan (CWP) Amendment/ RUS Funding carried unanimously.

Affiliated Organizations and Committee Reports

David Doderó provided a brief **Attorney** report; he reported having responded to syntax errors found in a final franchise agreement.

Chris Morgan reported on **Tri-State** (TS) activities. He explained budget matters and shared that TS had received a clean audit. Chris advised of the TS status as a public company and required procedures, including the Securities and Exchange Commission's Form 10-K requirement. Labor loss and generation options due to closing coal facilities were discussed. A wind farm threatened by fire was reported. Evacuations were executed but no damage to the generation infrastructure occurred. Complications in the production of renewably generated power were discussed in the instance of a wind farm; integration of these sources and effects on operations management were noted. Chris spoke to number of members (18) peaking outside the window in the current rate design. He also relayed results for damages of two New Mexico pueblos due to the 2011 Las Conchas fire that occurred in the Santa Fe National Forest. Lastly, Chris explained the TS survey for which TS asks all directors to participate.

John Vader reported on **CREA** business. Though CREA has not had a meeting since his last report, John did report on various legislative matters. He serves on the CREA legislative committee which conducts discussion bi-monthly via conference call. Utility vehicles are expected to be included in a bill for the “move over” law. Resolutions provided by CREA were discussed. More legislative discussion followed.

John Vader reported on **WUE** activities and finances.

Paul Hudgeons advised of **Paradigm** business. He reported on the Paradigm Board meeting conducted on March 10, 2017 via conference call. The Paradigm Board voted to provide a six-month loan extension to business owners currently seeking a Small Business Administration (SBA) loan to refinance and for building improvements. Also noted is that an outstanding balance due to Paradigm continues to be incrementally paid as Paradigm is receiving regular, monthly installments.

Directors Miscellaneous

Executive Assistant Sherry Booth reported on the 2017 director election and annual meeting. Sherry advised that as of March 13, 2017, Certified Public Accountant (CPA) Edward Howard of Gunnison has committed to fulfilling bylaw and policy requirements in the event GCEA has a contested election. Sherry also reported that all notices for the annual meeting and candidacy opportunity for Board District seats 1, 4 and 5 have been published as required, and as of March 14, petitions for interested candidates have been available at GCEA headquarters with a return deadline for May 12, 2017.

Mike McBride spoke to additional CREA business in regard to a recent managers’ meeting he attended. He explained various cooperatives’ approaches for demand rates and their members’ management of energy use.

Scheduling of Meetings and Events

1. Tuesday, **April 18, 2017** Financial Goals Committee Meeting (Convenes at 9:00 a.m.)
2. Tuesday, **April 18, 2017** Tri-State Survey (Convenes at 12:00 p.m.)
3. Tuesday, **April 25, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
4. Tuesday **May 9, 2017** Policy Committee Meeting (Convenes at 9:00 a.m.)
5. Tuesday, **May 30, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
6. Tuesday, **June 27, 2017** Regular Board and Annual Membership Meetings
7. *To be determined*, **July 2017** Technology Committee Meeting (Convenes at 9:00 a.m.)
8. *Tentative*, Tuesday, **July 25, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)

Adjournment

Motion by Director Mark Daily to adjourn the Gunnison County Electric Association Regular Board Meeting held on March 28, 2017 carried unanimously. There being no further business before the Board, Vice President Bart Laemmel adjourned the meeting at 2:30 p.m.

Respectfully submitted by Executive Assistant Sherry Booth.

/ Paul Hudgeons /

President

/ Mark Daily /

Assistant Secretary/Treasurer

Date Approved: April 25, 2017