

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 Wednesday, November 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, November 17, 2017. A revised agenda was posted Wednesday, November 22 (to include two additional executive sessions for a second employee matter and a second contract matter, as well as an additional action item regarding a local renewable energy fund).

Attorney David Dodero, 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 9:02 a.m.

Motion by Director John Vader to accept the November 29, 2017 regular meeting agenda as amended to include an additional employee related action item carried unanimously.

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

President's Comments

President Wiggins shared a photo of infrastructure taken while he was out of the country. COO Grogg identified and explained the safety concerns in the picture.

Consent Agenda

Motion by Director John Vader to approve the November 29, 2017 consent agenda carried unanimously.

Items approved via the consent agenda include: October 25, 2017 regular meeting minutes; Resolution No. 1 – November 2017 GCEA membership for October 2017; October Work Order inventory #610 and related special equipment for October 2017; and the CEO expense report for October 2017.

The October 2017 net-to-plant total is \$357,082 and the year-to-date net-to-plant total is \$715,014 through October 2017. Special equipment and labor cost for the month of October 2017 is \$21,433. The year-to-date special equipment and labor cost through October 2017 is \$308,402.

Executive Session: Employee Matter (1)

Motion by Director John Vader, second by Michelle Lehmann to enter executive session at 9:11 a.m. to discuss an employee matter carried unanimously.

Motion by Director Bart Laemmel, second by John Vader to exit executive session at 9:21 a.m. carried unanimously.

Executive Session: Employee Matter (2)

Motion by Director Michelle Lehmann, second by Bart Laemmel to enter executive session at 9:21 a.m. to discuss CEO review and compensation carried unanimously.

Mike McBride, Marcia Wireman, Roger Grogg, and Sherry Booth were excused by President Wiggins.

CEO Mike McBride partially participated in executive discussion; Mike was excused at 9:21 a.m. and asked to return at 9:40 a.m.

Motion by Director John Vader, second by Michelle Lehmann to exit executive session at 10:08 a.m. carried unanimously.

Executive Session: Contract Matter (1)

Motion by Director John Vader, second by Michelle Lehmann to enter executive session at 10:08 a.m. to discuss the attorney contract carried unanimously.

Executive team members Mike McBride, Marcia Wireman, and Roger Grogg participated in discussion; Sherry Booth remained excused by President Wiggins.

Motion by Director Tom Carl, second by Chris Morgan to exit executive session at 10:21 a.m. carried unanimously.

Executive Session: Contract Matter (2)

Motion by Director Chris Morgan, second by Mark Daily to enter executive session at 10:38 a.m. to discuss a contract proposal carried unanimously.

The executive team remained for this discussion.

Motion by Director John Vader, second by Michelle Lehmann to exit executive session at 11:14 a.m. carried unanimously.

Sherry Booth rejoined the meeting.

Action on Executive Session Matters

Motion by Director Michelle Lehmann to approve an employee housing loan carried unanimously.

Motion by Director Tom Carl to accept the new contract rate for 2018 with Hoskin Farina & Kampf carried unanimously.

Motion by Director Chris Morgan to approve the CEO compensation package as discussed carried unanimously.

No action was taken on the fourth executive session.

Board Business

The Board discussed director compensation. GCEA staff will provide a report comparing GCEA director reimbursement with other cooperatives for future consideration. Discussion followed inclusive of medical insurance allowance taxation and health saving and flexible spending accounts.

Motion by Director John Vader to approve an increase of \$50 per month for the directors' medical insurance allowance, effective January 1, 2018, and to retain per diems at the current level for Board members carried unanimously.

Budget Committee

Motion by committee chair Chris Morgan to approve the Budget, Finance and Audit Committee minutes for the November 8, 2017 meeting carried by a unanimous vote of the attending committee members which consists of the entire Board. Bart Laemmel recused himself from voting as he was unavailable for the November 8 meeting.

2018 Budget Discussion

CFO Marcia Wireman revisited the 2018 budget proposal with an adjustment for \$4,200 in operating costs for the Board's medical allowance increase.

Motion by Director Tom Carl to approve the 2018 budget as presented carried unanimously.

Capital Credit Retirement

CFO Marcia Wireman reviewed the November 8 budget meeting discussion regarding capital credit retirement. Discussion followed inclusive of procedures for addressing unclaimed capital credits and response to the Patronage Capital Certificate program.

Motion by Director Bart Laemmel to approve an amount approximately equal to (\approx) \$602,000 of capital credit retirement to be payable in December 2017 as follows:

100% of the remaining GCEA 1992 capital credits (\approx \$68,000),
62.50% of the remaining G&T 1992 capital credits (\approx 152,000), and
50% of the remaining GCEA 1993 capital credits (\approx 382,000) carried unanimously.

Policy Review

CEO Mike McBride explained various suggestions pertinent to policy **E-3 Employee Leave** (formerly Paid Time Off), **E-4 Longevity of Service Bonus** (formerly included in E-3), and **E-12 Leave of Absence** (incorporated into the revised E-3). He revisited changes as directed by the Board during its September 2017 regular meeting.

Motion by Director Tom Carl to approve new Board Policies E-3 and E-4 as presented and void Board Policy E-12 carried unanimously.

Banking Signatories

Discussion of approved banking signatories for the separate bank account for the Patronage Capital Certificate program reaffirmed authorization for executive team members, the financial assistant, the Board's treasurer and assistant treasurer, and operation's department line superintendent as well as the billing supervisor, four member support specialists and two billing assistants.

Motion by Director Bart Laemmel to approve Resolution No. 2 – November 2017 as amended to approve signatories for checks written on the new account for the Patronage Capital Certificate program carried unanimously.

Local Renewable Energy Fund

CEO McBride reviewed current GCEA Green Power program figures and suggested options for this fund. Staff recommends consideration for changes to put the \$0.03 markup on the Green Power program to a local renewable energy development fund rather than using it to provide green power for GCEA facilities. The intent is to create a more positive message with groups seeking local renewables and possibly make the voluntary green program more appealing. Discussion followed.

Motion by Director Mark Daily to modify the GCEA program to allow a fund for local renewable energy projects with 25% of voluntary green power premiums going to the fund and to allow for voluntary contributions to the fund carried unanimously

CEO 2018 Goals

CEO Mike McBride shared 2018 CEO and association goals developed by him and the evaluation committee. Discussion followed regarding aspects of proposed goals and strategies for member outreach. Seven measurable goals to be pursued by the CEO and the association were identified.

Monthly Reports: Safety/Loss Control Activity Report

COO Roger Grogg reviewed the Safety/Loss Control Activity report. He reported on an all-employee review of annual benefits enrollment instructions, an IT department presentation for identity protection, specific training conducted to frontline personnel prior to capital credit certificate mailings, GCEA Safety Director Dan McDonough's participation in another cooperative's RESAP inspection, and an operations' safety manual review. Close calls were also reported.

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

Monthly Reports: Association Update

CEO Mike McBride provided an association update inclusive of issues regarding GCEA headquarters internet connection, one company's advocacy regarding retail choice, and a recent Western State Colorado University (WSCU) renewable energy forum. Discussion followed inclusive of renewable energy perceptions.

CEO McBride relayed information regarding a Renewable Energy Systems (RES) solar proposal and a related video shared by a Crested Butte member regarding battery/energy storage system. Discussion followed. CEO McBride also reported on solar rate questions posed by State Representative Mike Weissman of District 36. Further renewable discussion involved a local business's ongoing dialogue with GCEA regarding solar panel leases and the Renewable Energy Credits (aka Renewable Electricity Certificates) (REC) program.

CEO McBride explained his invitation to participate in a Colorado Public Utilities Commission (PUC) panel December 8 to discuss beneficial electrification for the transportation sector. Lastly, CEO McBride shared a U.S. Environmental Protection Agency (EPA) graph indicating declining emissions despite population growth and vehicle miles traveled as a historical comparison for 1970-2016.

Monthly Reports: Member Comments

CEO Mike McBride reported on member feedback including peak demand education, a new member's appreciation, smart meter safety, and response to the new Patronage Capital Certificate program.

Monthly Reports: Financial Review

CFO Marcia Wireman explained October 2017 financial highlights including margins, and data graphed to indicate variance from budget. She spoke to comparative data regarding average residential, small commercial, and large commercial monthly kWh usage. GCEA sales are well below average for the U.S. and for Colorado. Discussion included contributing factors toward uncollectible debt, an explanation for the CFC long-term debt advances, and various financial statement clarifications.

Monthly Reports: Operations Update

COO Roger Grogg provided the reliability review for October and explained interruption causes for the month and provided a construction schedule update inclusive of distribution budget progress. Discussion followed inclusive of the current housing market.

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

Affiliated Organizations and Committee Reports

David Doderio provided an **Attorney** report, noting his work on policy revisions, the Hill 71 contract, capital credit transaction validation, and PUC and Paradigm matters.

Chris Morgan gave an update on **Tri-State** (TS) inclusive of deferred revenue and capital credit retirements. He also relayed that a Colorado cooperative intends to test battery storage and that Western Area Power Administration (WAPA) and TS are reviewing classification of the project. Chris reported renewable generation was 31% of Tri-State's peak. Chris provided presentations on the TS resource mix, its 16% decrease in coal production, a 30%

reduction in NO_x emissions, the scheduled coal unit retirements, TS and member renewable portfolios, and relative costs of solar generation. Discussion followed.

John Vader reported on **CREA** legislative discussions, the 2018 proposed budget, and CREA's proposed participation in an NRECA International program project; he asked for GCEA director feedback regarding this possible participation.

John Vader reported on **WUE** activities, the Brighton facility expansion, and a negotiated oil lease.

CEO McBride relayed a **Paradigm** update.

Miscellaneous

Tom Carl, John Vader, Michelle Lehmann, and Chris Morgan reported on activities related to the annual fall CREA Innovations Summit which they were able to attend. CEO McBride was an invited panelist who spoke to electric vehicles and beneficial electrification.

Director Bart Laemmel was excused at 4:30 p.m. for a personal business matter.

Scheduling of Meetings and Events

1. Wednesday, **December 20, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
2. Thursday, **January 18, 2018** Policy & Bylaws Committee Meeting (Convenes at 9:00 a.m.)
3. Tuesday, **January 23, 2018** joint staff meeting with Tri-State (Convenes at 10:00 a.m. GCEA headquarters)
4. Wednesday, **January 24, 2018** Regular Board Meeting (Convenes at 9:00 a.m.)
5. CREA Annual Meeting, **February 10-13, 2018** (Denver)
6. *Tentative:* Thursday, **February 15, 2018** Scholarship Meeting (Convenes at 11:00 a.m.)
7. Wednesday, **February 21, 2018** Regular Meeting (Convenes at 9:00 a.m.)
8. Wednesday, **February 28, 2018** Policy & Bylaws Committee Meeting (Convenes at 9:00 a.m.)
9. Wednesday, **March 14, 2018** Strategic Planning (Convenes at 9:00 a.m. at GCEA headquarters)
10. Tuesday, **March 20, 2018** Regular Meeting (Convenes at 9:00 a.m.)
11. *Tentative:* Tuesday, **April 24, 2018** Financial Goals Committee Meeting (Convenes at 9:00 a.m.)
12. Wednesday, **April 25, 2018** Regular Meeting (Convenes at 9:00 a.m.)
13. Tuesday, **June 26 2018** Regular and Annual Meetings
14. Wednesday, **August 1, 2018** Regular Meeting, serving as the July 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 November 29, 2017 carried unanimously. There being no further business before the Board, President Greg Wiggins adjourned the meeting at 4:47 p.m.

Respectfully submitted by Executive Assistant Sherry Booth.

/ Greg Wiggins /
President

/ John P. Vader /
Secretary/Treasurer

Date Approved: December 20, 2017