

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, April 25, 2018 at the Western State Colorado University's University Center Boardroom located at 600 N. Adams Street 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, April 13, 2018. A revised agenda was posted Friday, April 20 (to include two additional action items regarding 2017 patronage capital discounted retirement).

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. and advised of a necessary second executive session and possible action regarding a proposed solar project.

Motion by Director Bart Laemmel to accept the April 25, 2018 regular meeting agenda as amended carried unanimously.

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

Executive Session

Motion by Director John Vader, second by Bart Laemmel, to enter executive session at 9:06 a.m. to discuss a Board matter carried unanimously. Staff was excused.

Motion by Director John Vader, second by Mark Daily, to exit executive session at 12:24 p.m. carried unanimously.

Following extensive discussion, Chris Morgan was excused for the day at 12:30 p.m. for a personal matter. Chris Morgan will contact Tri-State G&T regarding his excusal for its May Board meeting.

Consent Agenda

Motion by Director Tom Carl to approve the April 25, 2018 consent agenda carried unanimously.

Items approved via the consent agenda include: March 20, 2018 regular meeting minutes; Resolution No. 1 – April 2018 GCEA membership for March 2018; February 2018 Work Order inventory # 615 and related special equipment for February 2018; March 2018 Work Order inventory # 616; and the CEO expense report for March 2018.

The February 2018 net-to-plant total is \$20,607 and the year-to-date net-to-plant total is \$55,683 through February 2018. Special equipment and labor cost for the month of February 2018 is \$36,624. The year-to-date special equipment and labor cost through February 2018 is \$65,360.

The March 2018 net-to-plant total is \$22,179 and the year-to-date net-to-plant total is \$77,863 through March 2018. There were no special equipment purchases or install costs for the month of March 2018.

2017 Audit Review

Vice President Bart Laemmel advised of his consultation with audit firm DeCoria Maichel & Teague, noting details of the clean 2017 audit. Bart had also reported that the auditors relayed positive feedback regarding GCEA employees and practices. Additionally, Bart noted the auditors' caution regarding deferred revenue and their suggestion that

application plans for such monies be considered. CFO Wireman spoke to her consensus with auditors regarding deferred revenue, and CEO McBride explained additional audit procedures and response.

Motion by Director John Vader to accept the 2017 audited financial statements carried unanimously.

Authorization for Cash Management Services

CFO Wireman explained recommended procedure changes for handling Automated Clearing House (ACH) transactions and institution of fraud protection. Discussion followed.

Motion by Director Bart Laemmel to approve Resolution No. 2 Bank of the West Agreement for Cash Management Services authorizing Mike McBride, CEO and Marcia Wireman, CFO or Roger Grogg, COO to enter into cash management services with the Bank of the West for the purpose of implementing ACH Blocked and Positive Pay services carried unanimously.

Patronage Capital Allocation

CFO Marcia Wireman presented the 2017 allocation of operating margins. Discussion followed.

Motion by Director John Vader to approve the assignment of 2017 margins and deferred revenue per Resolution No. 3 – April 25, 2018 carried unanimously.

Patronage Capital Discounted Retirement Program

CFO Wireman explained the staff proposal based on Board direction regarding the 2017 Patronage Capital Discounted Retirement Program

Motion by Director Bart Laemmel to approve a discounted special early retirement of 2017 GCEA Capital Credits on a voluntary basis, based on a discount rate of 6.7% and a term of 24 years, carried unanimously.

Motion by Director Michelle Lehmann to approve the application of discounted patronage retirement from issued patronage capital certificates to bad debts carried unanimously.

Executive Session

Motion by Director John Vader, second by Bart Laemmel, to enter executive session at 1:34 p.m. to discuss an employee matter carried unanimously. Sherry Booth was excused.

Motion by Director Michelle Lehmann, second by John Vader, to exit executive session at 2:01 p.m. carried unanimously.

Solar Project Discussion

Staff Engineer Bruce Stephens joined the meeting for the solar project discussion. CEO McBride led the presentation. He explained Rocky Mountain Institute's (RMI) proposal and staff's recommendation to send a Letter of Intent for the project. Options for the letter's language were reviewed as were pending amendments to Tri-State policy 115 and its impact on the project. CEO McBride introduced the company, Microgrid Institute, and explained its role in working with RMI. Potential sites were reviewed with Mr. Stephen's input and his identification of his two recommended sites. Next steps were reviewed including finalize location, costs and interconnection, initiate system impact study, and prepare BP115 application. Discussion followed.

Motion by Director Bart Laemmel to approve signing a Letter of Intent with Rocky Mountain Institute for assistance in the development of a local solar energy project carried unanimously.

CREA Legislative Issues

CEO McBride and CREA Director John Vader reviewed various topics the CREA organization has asked its members to review and recommend approaches. Attorney Dodero spoke to the recommendation that legislation be

pursued allowing an option to discriminate favorably for low-income members as regulated utilities do, but cooperatives do not yet have this exception established. Director Mark Daily spoke to concerns for clarity of intent regarding renewable energy and proposed renewable energy standards. Discussion followed including local, realistic renewable projections and promotion of public awareness for renewable programs. CEO McBride reviewed his notes as to the direction the Board recommends for legislative topics.

Monthly Reports: Safety/Loss Control Activity Report

COO Roger Grogg reviewed the Safety/Loss Control Activity report. He advised of cybersecurity updates, qualified responder and switchman training, PCI compliance training, Mayday procedures and training, RESAP review, and hazard recognition training. Roger also reviewed close calls and accidents.

Motion by Director Michelle Lehmann to approve the Safety/Loss Control Activity report for April 25, 2018 carried unanimously.

Monthly Reports: Association Update

CEO Mike McBride provided an association update. Topics reviewed included the Tri-State power supply contract and its policies 115 (member system distributed generation), 117 (member system local renewable energy credit), and 118 (member system participative generation). CEO McBride also reported on a Taylor Hydro project update, broadband to GCEA headquarters, potential EV charging station sites including the Curecanti and Black Canyon areas, expanded EV visibility and use, and the newly acquired all-electric Chevrolet Bolt's roundtrip to Buena Vista on a single charge.

Monthly Reports: Member Comments

CEO Mike McBride reported on member feedback.

Monthly Reports: Financial Review

CFO Marcia Wireman reviewed financial highlights and operating margins, noting an increased load factor and more capitalized construction labor hours as opposed to expensed labor contributing to higher operating margins than 2017 despite a warmer 2018 winter. Capitalized labor is applied to construction of infrastructure and amortized over approximately 30 years. Maintenance work is expensed labor.

Monthly Reports: Operations Update

COO Roger Grogg provided the reliability review for March 2018 and explained interruption causes for the month.

Roger reviewed March load profile graphs provided by engineering staff along with GCEA's power bill and load graph statistics.

Affiliated Organizations and Committee Reports

John Vader reported on **CREA** activities and various legislative matters including a proposed senate bill repeal of SB13-252, Colorado's renewable energy standard. COO Grogg spoke to his appreciation for CREA Director of Safety and Loss Control Dale Kishbaugh's contact and offer of support during extensive statewide outages due to weather.

Director Vader also reported on the **NRECA Legislative Conference** held in Washington DC April 8-11, 2018. John and additional CREA directors had been able to meet a half-hour each with Colorado representatives including Senators Cory Gardner and Michael Bennet and Representative Scott Tipton of Colorado District 3.

John Vader reported that the next **WUE** meeting is a budget meeting the morning of April 26, 2018. He explained his intent to determine validity of support for at least two proposed items. John also spoke to management succession expectations at WUE.

Attorney David Dodero noted his work on an extension agreement with Hinsdale County, employee related matters, extensive bylaw revisions, Letter of Intent preparation, the postponed ADR discussion, and Paradigm business.

Mike McBride reported on **Tri-State** (TS) activities. CEO McBride attended the TS annual meeting and as a guest for its external affairs committee meeting and full board meeting. GCEA's Renewable Randy video was well received. Presentations included speaker astronaut Mark Kelly, Clean Power Plan (CPP) developments expected in June, and legislative matters. Discussion followed.

CEO Mike McBride relayed a **Paradigm** update regarding a scheduled final payoff of a note receivable.

Donation Request

CEO McBride relayed a non-profit commercial member request for financial support of an expansion project. President Wiggins disclosed to the Board his relationship with some of the board members and his having referred the request to CEO McBride. CEO McBride explained legalities regarding GCEA as a not-for-profit member-owned cooperative. Vice President Laemmel spoke to his relationship with the organization and his professional review of its building science. Discussion followed. CEO was directed to contact the organization and explain Board consideration.

Scheduling of Meetings and Events

1. Wednesday, **May 30, 2018** Regular Meeting (Convenes at 9:00 a.m.)
2. Tuesday, **June 26 2018** Regular and Annual Meetings
3. Wednesday, **August 1, 2018** Regular Meeting, serving as the **July** meeting (Convenes at 9:00 a.m., *tentatively* in Lake City)
4. Wednesday, **August 29, 2018** Regular Meeting (Convenes at 9:00 a.m.)
5. Wednesday, **September 19, 2018** Regular Meeting (Convenes at 9:00 a.m.)
6. Wednesday, **October 31, 2018** Regular 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 April 25, 2018 carried unanimously. There being no further business before the Board, President Greg Wiggins adjourned the meeting at 4:38 p.m.

Submitted by Executive Assistant Sherry Booth.

/ Greg Wiggins /
President

/ John P. Vader /
Secretary/Treasurer

Date Approved: May 30, 2018