

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, August 1, 2018 at The Inn at the Lake, 600 County Road 33, Lake City, CO 81235. This meeting serves as the regular July meeting.

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, Polly Oberosler, and Mark Daily (Districts 1-7 respectively).

Notice of this meeting was posted Thursday, July 19, 2018

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 10:15 a.m.

Motion by Director Tom Carl to accept the August 1, 2018 regular meeting agenda as amended to include two additional non-action items carried unanimously.

President Wiggins welcomed newly elected District 6 Director Polly Oberosler. Each director spoke to their personal visits to the Lake City area. President Wiggins also thanked Tom Carl for serving as our host to the area for the day's meeting. Director Carl will take interested parties to tour Hill 71 following the meeting.

Director per diems were submitted for Assistant Secretary/Treasurer Mark Daily's review.

Consent Agenda

Motion by Director Mark Daily to approve the August 1, 2018 consent agenda carried unanimously.

Items approved via the consent agenda include: June 26, 2018 regular meeting minutes, Resolution No. 1 – July 2018 GCEA membership for June 2018, June 2018 Work Order inventory # 619 and related special equipment for June 2018, and the CEO expense report for June 2018.

The June 2018 net-to-plant total is \$13,379 and the year-to-date net-to-plant total is \$116,098 through June 2018. Special equipment and labor cost for the month of June 2018 is \$24,219. The year-to-date special equipment and labor cost through June 2018 is \$202,180.

Reorganizational Meeting

Attorney David Dodero initiated the review of policies related to the election of officers. Mr. Dodero led the reorganization process and noted, as all directors are nominees, he would accept any director's request to withdraw from consideration.

As per policy A-5, the following officers were elected:

President: Bart Laemmel by acclamation, Vice President: Chris Morgan by majority vote, Secretary/Treasurer: Michelle Lehmann by unanimous vote, and Assistant Secretary/Treasurer: Mark Daily by acclamation.

Again, per policy A-5, the representatives to affiliated organizations were elected as follows:

CREA Director: Tom Carl by acclamation and CREA Alternate: Michelle Lehmann by acclamation; WUE Director: Tom Carl by acclamation and WUE Alternate: Michelle Lehmann by acclamation; NRECA and CFC Director: Bart

Laemmel by acclamation and NRECA and CFC Alternate: Tom Carl by majority vote; and Basin Electric Power Cooperative Authorized Representative: Chris Morgan and Basin Alternate: Mark Daily, each by acclamation.

As per policy A-7 appointments to committees as determined by President Laemmel are as follows:

Ex-Officio Member to all committees: Board President Bart Laemmel; Budget, Finance and Audit Committee: Chair Chris Morgan with the remaining Board as a whole to serve as committee members; Financial Goals Committee: Chair Mark Daily with members Chris Morgan, Tom Carl, and Michelle Lehmann; Technology Committee: Chair Chris Morgan with members Mark Daily and Polly Oberosler; Scholarship Committee: Chair Greg Wiggins with members Polly Oberosler and Tom Carl; Board Policy, Rules and Regulations, and Bylaws Committee: Chair Chris Morgan with members Mark Daily, Tom Carl, and Michelle Lehmann; CEO Evaluation and Goals Committee: Chair Greg Wiggins, with member Michelle Lehmann, and as facilitator, attorney David Dodero.

Fiduciary Duties

GCEA's legal counsel, David Dodero, provided thorough instruction on fiduciary duty. Mr. Dodero provided reference materials and a detailed analysis of the duty of care and components of good faith, reliance on information provided by others, and safe harbor. Mr. Dodero provided further analysis of the duty of loyalty and components related to conflicts of interest. The Board engaged in discussion of various fiduciary scenarios including principles associated with each.

Mr. Dodero is available to all directors should any member of the Board have any questions regarding fiduciary duty.

Guests for lunch included Lake City linemen Brent Boyce and Logan Rhodes, IT Specialist Shane McGuinness, and former District 5 Director Paul Hudgeons. Following the meal, GCEA employees returned to their work activities in the area, and Mr. Hudgeons remained as a member guest to observe a portion of the staff's monthly reports, leaving at 2:10 p.m.

Monthly Reports: Safety/Loss Control Activity Report

COO Roger Grogg announced GCEA's 2017 award for the Achievement of Excellence for Performance in Safety from Colorado Rural Electric Association; this annual award is presented to one Colorado cooperative each year, and this is the first instance that GCEA has earned the award since the association began using its own internal safety team in 2014. There are 33 criteria for the award in four areas including accident indices, safety training participation, vehicle exposure units, and public education.

COO Grogg reviewed the Safety/Loss Control Activity report. He explained employee feedback regarding the 2018 annual meeting for which GCEA hosted 98 members and approximately 178 members and guests total. Citing overall positive feedback from the members, employees acknowledged the improved air circulation from the installed warehouse door screens and the excellent meal from F-Bar BBQ catering.

COO Grogg reported on CREA's Dan Whitesides having presented Flagger Certification training for the operations department. This certification is good for two years and allows crews to control traffic in specific situations.

COO Grogg also reviewed close calls and accidents including a Crested Butte lineman noting the importance of properly securing items in trucks; there was no accident or injuries related to this observation, only the recognition of a poorly secured load. Also reported was the injury of another cooperative's lineman having caught his wedding ring on equipment and significantly injuring his finger.

COO Grogg reported that GCEA had a secondary phase to phase incident in Crested Butte; proper PPE prevented injury but there an arc resulting in smoke damage to the PPE. Line crews at another cooperative were working in their service territory at the site of a ground fire. The crews had seven extinguishers they used before help arrived. The fire was contained.

Motion by Director Michelle Lehmann to approve the Safety/Loss Control Activity report for August 1, 2018 carried unanimously.

Monthly Reports: Association Update

COO Grogg spoke to Tri-State's Lake City mobile substation schedule and reported an earlier meeting this August 1 in Lake City with Hinsdale commissioners, a town trustee, and town manager. COO Grogg provided details regarding the mobile substation plans, explaining a necessary two-hour outage, and the grinding and of removal of trees in the vicinity.

CEO McBride, with CFO Wireman's and COO Grogg's assistance for some topics, led a review of association projects including updates for: solar projects, community solar garden expansion, electric vehicle (EV) charging station grants, Sandia battery project, Taylor hydro, meter data management (MDM), 2004-2016 allocation of G&T and other capital credits, HB 1128 consumer data privacy, Hill 71, member relations supervisor hiring process, a qualifying facility inquiry, and water filter donations.

Discussion was held for each topic. Member Guest Mr. Paul Hudgeons spoke to the importance for communications improvements at Hill 71 for not only the Lake City area but all of southwest Colorado. He thanked the Board for these efforts and congratulated staff for its CREA safety award.

Monthly Reports: Member Comments

CEO McBride reported on member feedback.

Monthly Reports: Financial Review

CFO Wireman reviewed financial highlights. She spoke to net revenue, operating expenses, depreciation and interest expense, operating margins, miscellaneous expenses, and total margins. Discussion followed.

Club 20 and Broadband

District 5 Director Tom Carl reported on his attendance for a broadband discussion coordinated by Club 20 and held in Lake City on July 12; he explained another electric cooperative's hesitancy to enter the broadband business, due to the similar reasons for GCEA's current position to focus on electric power distribution. Member perception and feedback on broadband/fiber optic was discussed. Further discussion followed including economical concerns and members' and visitors' expectations. Director Carl suggested that GCEA consider membership with Club 20.

Monthly Reports: Operations Update

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

COO Grogg reviewed June load profile graphs provided by engineering staff along with GCEA's power bill and load graph statistics.

Affiliated Organizations and Committee Reports

Attorney David Doderro noted his work on employee related matters, the solar garden licensing agreement with the Town of Crested Butte, the Hill 71 contract having been prepared for some time with exception of exhibits delayed pending other entities approval, Hinsdale commissioners' inquiries regarding potential installation of fiber-optic conduit to Hill 71, pole attachment agreements and the PPA for one of the solar arrays, new PII policy as drafted by CFO Wireman, and fiduciary duty review preparation. Mr. Doderro reported on his attendance at the NRECA legal seminar in Chicago July 16-18 to be further discussed next month or as time permits.

Mark Daily reported on **Tri-State** (TS) activities. He spoke to highlights and comments he added to the traditional TS report from its CEO and Board President. He noted recognition for the Nucla station staff's ability to quickly provide voltage support in southwest Colorado during multiple fire incidents. Director Daily also cited GCEA CEO Mike McBride's chair position for the new TS member policy 115 committee, addressed the TS budget, forecasted member energy sales, Craig 3 outage, and the status of a potential member buy-out. Discussion followed.

Bart Laemmel advised of his unavailability to participate in conference calls as the alternate for **CREA** and **WUE** meetings following the June 26 GCEA director election defeat of John Vader.

Mike McBride relayed a **Paradigm** approved promissory note extension.

Other Business: Election Conduct

CEO McBride reported that as of July 2, 2018, he was advised of the withdrawal of the complaint received June 26, 2018 regarding policy A-36 Director Election and Campaigning Rules. At that time, CEO McBride reported this update to all parties including the full GCEA Board. No further action followed.

Scheduling of Meetings and Events

1. Wednesday, **August 29, 2018** Regular Meeting (Convenes at 9:00 a.m.)
2. Wednesday, **September 19, 2018** Regular Meeting (Convenes at 9:00 a.m.)
3. Tuesday, **October 9, 2018** Policy Committee/ Bylaws Review Meeting (Convenes at 9:00 a.m.)
4. **October 26-30, 2018** CREA Energy Innovations Summit & Fall Meeting
5. *Tentative* **October 26-30** offsite Technology Committee meeting while at Innovations Summit
6. Wednesday, **October 31, 2018** Regular Meeting (Convenes at 9:00 a.m.)
7. Thursday, **November 15, 2018** Budget Meeting (Convenes at 9:00 a.m.)
8. Wednesday, **November 28, 2018** Regular Meeting (Convenes at 9:00 a.m.)
9. Wednesday, **December 19, 2018** Regular 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 August 1, 2018 carried unanimously. There being no further business before the Board, President Bart Laemmel adjourned the meeting at 4:03 p.m.

Submitted by Executive Assistant Sherry Booth.

/Bart Laemmel /
President

/Michelle Lehmann /
Secretary/Treasurer

Date Approved: August 29, 2018