

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, February 21, 2018 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 Greg Wiggins, Chris Morgan, Michelle Lehmann, Tom Carl, John Vader, and Mark Daily (Districts 1-2 and 4-7 respectively). Bart Laemmel was excused to attend the NRECA annual meeting on behalf of GCEA.

Notice of this meeting was posted Friday, February 9, 2018. A revised agenda was posted Tuesday, February 13 to include action regarding 2017 deferred revenue.

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 9:04 a.m.

Motion by Director Tom Carl to accept the February 21, 2018 regular meeting agenda carried unanimously.

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

President's Comments

President Wiggins noted Crested Butte native Aaron Blunk, currently in Pyeongchang South Korea for the 2018 Winter Olympics, will compete in the final round of freestyle skiing to be nationally televised this evening.

Consent Agenda

Motion by Director Chris Morgan to approve the February 21, 2018 consent agenda carried unanimously.

Items approved via the consent agenda include: January 24, 2018 regular meeting minutes; Resolution No. 1 – February 2018 GCEA membership for January 2018; December 2017 Work Order inventory # 613 and related special equipment for December 2017; January 2018 Work Order inventory # 614 and related special equipment for January 2018; and the CEO expense report for January 2018.

The December 2017 net-to-plant total was \$19,130 and the year-to-date net-to-plant total was \$1,026,350 through December 2017. Special equipment and labor cost for the month of December 2017 is \$4,381. The year-to-date special equipment and labor cost through December 2017 is \$326,838.

The January 2018 net-to-plant total was \$35,076 and the year-to-date net-to-plant total was the same through the end of the first month of the year 2018. Special equipment and install costs for the month of January 2018 was \$28,735. The year-to-date special equipment and install costs through January 2018 reflects the same balance.

Scholarship Committee Report

In the absence of Scholarship Committee Chair Bart Laemmel, committee member Tom Carl took the floor to conduct committee business and advise the full Board of committee recommendations. Member Relations Supervisor Dan McDonough and Communications and Outreach Coordinator Logann Long were present as both are relied on as the primary employee organizers for the scholarship program. Financial/HR Specialist Paula MacLennan was also present and available to address accounting aspects if needed.

For 2018 there were 83 applicants; all but 2 applicants qualified for scholarships. Logann Long explained staff methodology and answered fiscal questions. Discussion followed.

Dan McDonough spoke to his recent conversation with Mrs. Sheryl (James) Somrak, benefactor to the Somrak Memorial scholarship; he relayed her continued support for the GCEA scholarship program. Dan explained the dialogue staff shares

with members when asked for details about the program. Dan concluded with his compliments of Logann's efforts with the scholarship program.

Motion by Director Tom Carl to approve scholarships to be awarded from the scholarship fund in the amount of \$56,000 as presented carried unanimously.

Motion by committee member Tom Carl to approve the February 15, 2018 Scholarship Committee minutes carried unanimously.

Employee Recognition

Communications and Outreach Coordinator Logann Long was recognized by CEO McBride for Best Story on a Community Program, 2nd Place, for The 'Spark-E' Experience from the CREA Excellence in Newsletters presentation at its Annual Meeting earlier this month.

Board Recognition

President Wiggins presented NRECA awards to Chris Morgan and John Vader for their continuing Director Gold Program Certification status. Also presented to the Board was the recognition that all directors are Credentialed Cooperative Director (CCD) certified. The value of these educational courses was acknowledged.

Board Policy, Rules and Regulations, and Bylaws Committee Report

Motion by Chair Chris Morgan to approve the January 18, 2018 Board Policy, Rules and Regulations, and Bylaws Committee minutes as amended carried unanimously by committee members in attendance.

Bylaws Amendments

CEO McBride addressed past practice and the language of the current bylaws; he advised of staff recommendation to send notice of all proposed bylaw changes at one time as a bill stuffer. Bylaw revisions will be available on the GCEA website and by request.

North Fork Coal Working Group

The North Fork Coal Working Group – Coal Mine Methane Sub Group (aka North Fork Coal Mine Methane Working Group (MWG)) submitted a proposed Memorandum of Understanding (MOU) for GCEA consideration. CEO Mike McBride reviewed the MWG proposal and provided staff recommendation. Staff Engineer Bruce Stephens has represented GCEA for MWG meetings. Discussion followed.

Motion by Director Mark Daily to approve signing of the memorandum of understanding with the North Fork Methane Coal Working Group carried unanimously.

Deferred Revenue

CFO Marcia Wireman presented recommendations regarding 2017 revenue deferral for the purpose of rate stabilization. CFO Wireman explained independent auditor feedback, financial goals, 2017 projected operating margins, the 2017 budget, and the variance. Extensive discussion followed.

Motion by Director Chris Morgan to approve Resolution No. 2 – February 2018 Deferred Revenue Plan with a revenue deferral up to \$450,000 subject to auditor approval carried unanimously.

Power Supplier Representation

Attorney David Doderer took the floor and led discussion regarding the annual election for the Tri-State director. The Board consensus is to reelect Chris Morgan.

Motion by Director Michelle Lehman to elect Chris Morgan as Tri-State director and to designate Chris Morgan as GCEA's voting delegate for Tri-State's annual and special meetings carried unanimously.

Motion by Director John Vader to designate Mike McBride as GCEA's alternate voting delegate for Tri-State's annual and special meetings carried unanimously.

Annual Meeting Discussion

CEO McBride asked for Board feedback regarding the 2018 annual meeting theme and possible guest speaker. Staff will seek to arrange for the Board's recommendation. Discussion followed and segued into Tri-State G&T's renewable portfolio and policy 115.

Monthly Reports: Safety/Loss Control Activity Report

COO Roger Grogg reported on safety practices in the field this past month. He reviewed the Safety/Loss Control Activity report. He shared details regarding new substances to be tested for CDL drivers, a touch potential accident and its additional medical attention, and an internal apprentice review committee. Other items reported on included fire extinguisher testing, tool inspections, accident investigation training, hazard assessment training, and cybersecurity energy curtailment. Six close calls and recent accidents were reported.

COO Grogg provided an update on the East Rebuild project. Total length of the project is 3.7 miles and includes 12 pole holes to be created in rock areas. He also reported on multiple engineering projects including Hill 71 easements, BLM right-of-way renewals, Lake City mobile substation easements, and the Meter Data Management System (MDMS) setup.

Motion by Director Michelle Lehmann to approve the Safety/Loss Control Activity report for February 21, 2018 carried unanimously.

Monthly Reports: Association Update

CEO Mike McBride introduced Staff Engineer Bruce Stephens to present his solar site analysis. Bruce reported on potential solar locations he has identified. Bruce explained the Boulder based Rocky Mountain Institute's (RMI) business plan and the benefits for coordinating renewable projects with RMI which connects vendors with cooperatives. Bruce provided a comparison for potential sites in the GCEA service area, noting production capability and criteria for an ideal site. Bruce addressed question throughout his presentation. Discussion followed inclusive of next steps.

CEO McBride provided an association update on additional topics including: cost analysis of net metered accounts; Aquanta water heater/WSCU pilot program issue; UVWUA/Taylor Hydro update; key account renewables; phone system security; and a July Lake City broadband meeting.

Discussion followed each report from CEO McBride.

For the lunch break, most GCEA employees joined the directors and all enjoyed the potluck soup and chili meal provided by several employees. The group watched the first draft of the Renewable Randy video and President Wiggins thanked the employees for their work.

Monthly Reports: Member Comments

CEO Mike McBride reported on member feedback including a positive pay-by-phone comment and various members having called to report receiving calls from someone trying to perpetuate a scam using GCEA's phone number.

Monthly Reports: Financial Review

CFO Marcia Wireman reviewed the preliminary 2017 yearend financial report. She addressed specific line items and explained each. Marcia also detailed aspects regarding GCEA capital credit allocation and G&T and other capital credits. She explained refinancing effects to the 2017 balance sheet. Independent auditors from DeCoria Maichel & Teague are scheduled to review the 2017 financials in mid-March; final figures will be verified after the audit review. Marcia addressed various questions throughout her presentation and discussion followed.

Monthly Reports: Operations Update

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

Roger reviewed January load profile graphs provided by engineering staff.

Affiliated Organizations and Committee Reports

John Vader reported on **CREA** activities, noting the Poudre Valley director who won the 2017 CARE auction tickets for the Mountain High Music Festival was especially appreciative of the event in Mt. Crested Butte. John reported on roundtable items, safety/loss control items, and legislative matters.

John Vader and Chris Morgan spoke to their impressions of the recent CREA annual meeting. Chris Morgan expressed having complimented CREA Executive Director Kent Singer and Director of Member Services & Education Liz Fiddes for a well-organized and productive annual meeting.

John Vader reported on **WUE** activities including bylaw revisions, new members, and financials.

David Dodero provided an **Attorney** report, noting his work on bylaw revisions, Hinsdale County line extension agreement, the North Fork Coal Mine Working Group contract, and weatherization services contract, and Paradigm.

Chris Morgan gave an update on **Tri-State** (TS) noting budgeting decisions and a generation facility requiring repair. He also explained a large Colorado co-operative's battery storage plans. Discussion followed regarding this co-op's request for revised, or additional, TS policy.

John Vader was excused at 3:05 p.m. due to a GCEA business obligation.

CEO McBride relayed a **Paradigm** update regarding a scheduled January 31 final payoff of a note receivable.

Scheduling of Meetings and Events

1. Wednesday, **February 28, 2018** Financial Goals Committee Meeting (Convenes at 9:00 a.m.)
2. Wednesday, **February 28, 2018** Policy & Bylaws Committee Meeting (Convenes at 12:30 p.m.)
3. Wednesday, **March 14, 2018** Strategic Planning (Convenes at 9:00 a.m. at WSCU)
4. Tuesday, **March 20, 2018** Regular Meeting (Convenes at 9:00 a.m.)
5. Tri-State Annual Meeting, **April 3-5, 2018** Omni Interlocken Hotel in Broomfield
6. Wednesday, **April 25, 2018** Regular Meeting (Convenes *offsite* (TBD) in (Gunnison) at 9:00 a.m.)
7. Wednesday, **May 30, 2018** Regular Meeting (Convenes at 9:00 a.m.)
8. Tuesday, **June 26 2018** Regular and Annual Meetings
9. Wednesday, **August 1, 2018** Regular Meeting, serving as the **July** meeting (Convenes at 9:00 a.m.)
10. Wednesday, **August 29, 2018** Regular Meeting (Convenes at 9:00 a.m.)
11. *Tentative:* Wednesday, **September 19, 2018** Regular Meeting (Convenes at 9:00 a.m.)

Adjournment

Motion by Director Chris Morgan to adjourn the Gunnison County Electric Association Regular Board Meeting held on February 21, 2018 carried unanimously. There being no further business before the Board, President Greg Wiggins adjourned the meeting at 3:13 p.m.

Respectfully submitted by Executive Assistant Sherry Booth.

/ Greg Wiggins /
President

/ Mark Daily /
Assistant Secretary/Treasurer

Date Approved: March 20, 2018