

REGULAR MEETING OF THE BOARD OF DIRECTORS OF GUNNISON COUNTY ELECTRIC ASSOCIATION, INC.:

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The regular meeting of the Gunnison County Electric Association (GCEA) Board of Directors was held on Tuesday, June 26, 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 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 Monday, June 18, 2018. A revised agenda was posted Thursday, June 21 to include an executive session regarding contract discussions.

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. As the internal project lead for an intended GCEA solar array, Staff Engineer Bruce Stephens was also in attendance for proposal presentations.

President Greg Wiggins called the meeting to order at 9:10 a.m.

**Motion** by Director Bart Laemmel to accept the June 26, 2018 regular meeting agenda as amended to include policy review carried unanimously.

President Wiggins spoke to his recently purchased electric bicycle. Discussion followed.

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

**Consent Agenda**

**Motion** by Director Chris Morgan to approve the June 26, 2018 consent agenda carried unanimously.

Items approved via the consent agenda include: May 30, 2018 regular meeting minutes, Resolution No. 1 – June 2018 GCEA membership for May 2018, May 2018 Work Order inventory # 618 and related special equipment for May 2018, and the CEO expense report for May 2018.

The May 2018 net-to-plant total is \$17,054 and the year-to-date net-to-plant total is \$102,719 through May 2018. Special equipment and labor cost for the month of May 2018 is \$18,876. The year-to-date special equipment and labor cost through April 2018 is \$177,961.

**Solar Project Proposal: RES**

Dan McIlroy, Director, Business Development for Renewable Energy Systems (RES) introduced his company and various distributed generation projects developed by RES with various cooperatives. Mr. McIlroy advised of a letter of intent expected from a landowner in GCEA's service area; a portion of this land is in Gunnison Sage-grouse habitat. Project size and schedule were reviewed. Approximately six to seven acres are needed for 1MW production. Discussion followed. Mr. McIlroy was excused at 9:35 a.m. Additional discussion followed.

**Solar Project Proposal: Microgrid Energy and RMI**

Vice President of Project Development Jon Sullivan of Microgrid Energy (ME) and Senior Associate Kevin Brehm of Rocky Mountain Institute (RMI) joined the meeting at 9:55 a.m. via phone conference. Mr. Sullivan addressed project details originally presented at the Board's May 30 meeting. Financial analysis, extension options, and initiatives to advance the project were reviewed. Questions were addressed throughout the presentation. After review of next steps, and additional discussion, the conference call with Mr. Sullivan concluded at 10:33 a.m.

The directors continued to consult with RMI's Mr. Brehm until 10:38 a.m. Extensive discussion followed.

**Tri-State Policies 115, 117, and 118**

COO Roger Grogg reviewed our power supplier's policies regarding member system distributed generation (policy 115), member system local renewable projects (policy 117), and member system participative generation (policy 118). COO Grogg's presentation featured financial analysis for each policy. Discussion followed.

**Solar Project**

CEO Mike McBride led discussion regarding solar project proposals. The Board reviewed proposed renewable generation projects including solar garden expansion, two solar arrays, and the Taylor hydro. The TS policy 115 impact, the second array's project site, and GCEA's local renewable fund were discussed.

**Motion** by Director Tom Carl to authorize the CEO to enter into a purchase power agreement and an interconnection agreement with Microgrid Energy for 499 kW solar array on property owned by Coldharbour Institute at an indexed price that is 3% below the current Tri-State bill credit, to direct the CEO to submit an application to Tri-State under its Policy 115 by July 15, 2018, and to direct legal counsel to complete the aforementioned applicable agreements carried unanimously.

**Motion** by Director John Vader to authorize the CEO to enter into a purchase power agreement and an interconnection agreement with Microgrid Energy, dependent on ability to secure array site, for 499 kW solar array on property owned by East River Sanitation District at an indexed price that is 3% below the current Tri-State bill credit, and to direct the CEO to submit an application to Tri-State under its Policy 115 by July 15, 2018, and to direct legal counsel to complete the aforementioned applicable agreements carried, with six of seven directors voting aye. President Wiggins abstained from voting due to possible site location for the solar array and citing policy A-1 Conflict of Interest.

**Community Solar Garden Expansion**

COO Roger Grogg relayed a solar garden expansion update. COO Grogg received recommendations from a contractor for panel design specifications to address snow load concerns. He received three bids based on this design and reviewed these options with the Board. Discussion followed.

**CFC Integrity Fund**

CEO Mike McBride reviewed a proposal from the member-owned National Rural Utilities Cooperative Finance Corporation (CFC) which asks for consideration for GCEA contribution to its Cooperative System Integrity Fund. "In the spirit of the Sixth Cooperative Principle, 'Cooperation Among Cooperatives', Integrity Fund grants are funded exclusively by the rural electric network, for the rural electric network." Purposes of the fund include territorial challenges and other challenges that threaten a cooperative's ability to exist. Participation options were reviewed. Discussion followed.

**Motion** by President Greg Wiggins to approve a contribution of \$1,000 annually from GCEA's patronage capital from CFC to the CFC Cooperative System Integrity Fund to be used for Territorial Integrity Purposes only carried unanimously.

**Federated Insurance**

CEO McBride shared other cooperatives' feedback regarding alternative dispute resolution (ADR) policy. Attorney David Doderer explained arbitration and the potential benefits versus disadvantages specific to a cooperative utility for such a provision.

The recommendation from GCEA's insurance provider, Federated Rural Electric Insurance Exchange, is to consider inclusion of ADR language in the association's bylaws. Discussion followed. The Board chooses no action at this time.

**Bylaws Revision and Review**

Board Policy, Rules and Regulations, and Bylaws Chair Chris Morgan led review of bylaw changes. Discussion followed inclusive of additional possible revisions regarding director elections, distribution of members among districts, acknowledgement of campaign funding, and member eligibility for voting only within member districts.

A motion by Director Bart Laemmel, second by Mark Daily, to approve bylaw changes as currently recommended was defeated. Current changes are agreed upon unanimously; however, the policy committee will instead meet this fall to finalize additional changes with intent to have revised bylaws approved by the end of 2018.

**Policy Review**

Policy committee members and the remaining directors noted various policy revisions necessary to reflect changes to GCEA bylaws. The committee will schedule a meeting to address policy updates pending final approval of the bylaws.

**Monthly Reports: Safety/Loss Control Activity Report**

COO Grogg reviewed the Safety/Loss Control Activity report. He advised of the all-employee fire extinguisher training and review of building evacuation plans in case of an emergency.

COO Grogg explained opportunities for review of following procedures on placing tags on proper devices and for Tri-State switching program and points of protection review.

COO Grogg also reviewed close calls and accidents including an incident in which two linemen in Lake City closed a cutout which failed and the line burned down. An employee was injured in a vehicle accident. The employee suffered minor injuries, primarily from safety restraints, as did the other driver. This was a fleet vehicle and expected to be a total loss. Internal review determined the GCEA employee was not at fault. A lineman injured his thumb. A fire at Neversink on June 24 was suppressed; internal review determined a jumper snapped out of its clasp and sparked.

**Motion** by Director Michelle Lehmann to approve the Safety/Loss Control Activity report for June 26, 2018 carried unanimously.

**Monthly Reports: Association Update**

CEO McBride led an association update including: EV station grant application status, Kit Carson Electric's annual filing with the New Mexico Public Regulation Commission, GCEA's 2018 power supply mix estimate, the Tri-State request and appointment of GCEA CEO Mike McBride to chair its 43 member 115 policy committee, and the number of returned 2018 ballots due to incorrect member addresses.

Discussion was held for each topic.

**Monthly Reports: Member Comments**

CEO McBride reported on member feedback.

**Monthly Reports: Financial Review**

CFO Wireman reviewed financial highlights. She spoke to operations variance from budget, and year-to-date margin comparisons between 2017 and 2018.

**Monthly Reports: Operations Update**

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

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

**Affiliated Organizations and Committee Reports**

Attorney David Dodero noted his work on an extension agreement with Hinsdale County and an employee related matter. Mr. Dodero requested support for his attendance at the NRECA legal seminar in Chicago.

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.

John Vader advised of upcoming **CREA** and **WUE** meetings to be conducted via conference call later in the week.

**Other Business: Election Conduct**

Attorney Dodero spoke to a written complaint received per policy A-36 Director Election and Campaigning Rules. Executive Assistant Booth was directed to notify the affected candidate and CEO McBride was authorized to investigate the complaint promptly, as per policy.

**Scheduling of Meetings and Events**

1. Wednesday, **August 1, 2018** Regular Meeting, serving as the **July** meeting (Convenes at 10:00 a.m., Lake City)
2. Wednesday, **August 29, 2018** Regular Meeting (Convenes at 9:00 a.m.)
3. Wednesday, **September 19, 2018** Regular Meeting (Convenes at 9:00 a.m.)
4. Wednesday, **October 31, 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 June 26, 2018 carried unanimously. There being no further business before the Board, President Greg Wiggins adjourned the meeting at 3:50 p.m.

Submitted by Executive Assistant Sherry Booth.

/ Greg Wiggins /  
President

/ Mark Daily /  
Assistant Secretary/Treasurer

Date Approved: August 1, 2018