

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, December 20, 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, December 8, 2017. A revised agenda was posted Thursday, December 14 (to include a discussion item regarding membership agreement language).

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 9:03 a.m.

Motion by Director Mark Daily to accept the December 20, 2017 regular meeting agenda as amended to include an additional discussion item regarding the scholarship program carried unanimously.

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

President's Comments

President Wiggins relayed member feedback regarding Green Power promotion.

Consent Agenda

Motion by Director John Vader to approve the December 20, 2017 consent agenda carried unanimously.

Items approved via the consent agenda include: November 29, 2017 regular meeting minutes; Resolution No. 1 – December 2017 GCEA membership for November 2017; October Work Order inventories #s 611-612 and related special equipment for November 2017; and the CEO expense report for November 2017.

The November 2017 net-to-plant total is \$292,206 and the year-to-date net-to-plant total is \$1,007,220 through November 2017. Special equipment and labor cost for the month of November 2017 is \$14,054. The year-to-date special equipment and labor cost through November 2017 is \$322,456.

Scholarship Philosophy Discussion

Director Mark Daily relayed member feedback he had received following the June annual meeting. Discussion followed inclusive of the number of scholarships GCEA awards and the merits of qualification for scholarship recipients. Funding of the program and GCEA's broad base of potential recipients were noted. In future recognition, GCEA should clarify that GCEA employee and director dependents are funded through an alternate fund with contributions from directors and staff.

Unclaimed Capital Credits

Review of 2014 unclaimed capital credit retirement was held. CFO Marcia Wireman advised of the current amount available. She explained historical practice of contributing the current unclaimed amount for 2014 to the scholarship fund after three years of attempting to find members with unclaimed capital credits.

Motion by Director Bart Laemmel to approve the transfer of 2014 unclaimed capital credits in the amount of approximately \$54,899 to the scholarship fund carried unanimously.

Safety Improvement Plan

COO Roger Grogg reviewed GCEA's current Safety Improvement Plan (SIP). GCEA is due for an unannounced Rural Electric Safety Achievement Program (RESAP) inspection in 2018. The program, developed by NRECA, is conducted in Colorado by CREA. Roger reviewed the SIP developed by GCEA annually from 2014 to present and the status of its goals. Sample items addressed in the SIP include: (from 2014) creation of a substation monthly checklist; purchase of Spot Satellite GPS messengers; purchase of Automated External Defibrillators (AEDs); in-house regulatory compliance committee; safety presentations by employees; (from 2015) improved radio communication and additional repeater sites; enhanced cybersecurity and headquarters security; air glove testers for Crested Butte and Lake City warehouses; electric gate installed at Gunnison yard; (from 2016) acquisition of eye wash stations for all warehouses; Payment Card Industry (PCI) Compliance VeriFone; (from 2017) additional security lighting at the Crested Butte warehouse; assignment and support of a Certified Loss Control Professional (CLCP) Certified employee; Lake City office mold mitigation; (for 2018) employee certifications for ladder and fall restraint; security cameras at the Crested Butte Warehouse/Substation; and Lake City pole storage fence.

Membership Agreement Language

COO Grogg relayed a member's concern regarding easement language in the membership agreement. Legal counsel David Dodero explained the validity of the contract and noted its standard application by other utilities. He cited examples in support of continuing the usage of the easement stipulation. Extensive discussion followed.

Monthly Reports: Safety/Loss Control Activity Report

COO Roger Grogg reviewed the Safety/Loss Control Activity report. He reported on RESAP and SIP review and meter installation discussion and procedure training. Roger noted an annual all-employee meeting for budget review and yearend business such as safety awards. For 2017, the safety committee determined no single, outstanding (lifesaving) incident occurred but acknowledged all employees' ongoing awareness of safety. Safety and benevolence committee member changes were noted. Roger advised that CREA staff provided drug and alcohol awareness training, pole top bucket truck rescue training, and dielectric testing of trucks. Close calls included a report of a Lake City member's accident with a front-end loader and a response to a contractor reporting shocks. The GCEA journeyman who arrived at the contractor's location reported that the worker was standing in water and contacting a secondary wire that was missing insulation. Discussion inclusive of employee culture survey results followed.

Motion by Director John Vader to approve the Safety/Loss Control Activity report for December 20, 2017 carried unanimously.

Monthly Reports: Association Update

CEO Mike McBride provided an association update and presented background and results of the 2013 internal culture survey assessment and the 2017 employee reassessment. Methods, results, conclusions, and implemented programs intended for improvements based on 2013 feedback were discussed.

CEO McBride reviewed the response to the Patronage Capital Certificate program, details for the performance based support for the GV-HEAT program, and coordination with Gunnison city and county staff regarding potential installation of fiber optic conduit to GCEA headquarters. Additional broadband plans and proposals were discussed. Mike relayed his experience at the December 8 PUC meeting he had been asked to participate in regarding electric transportation. Mike also shared new free-wire technology that is a concierge charging service using recycled batteries from electric vehicles. COO Roger Grogg explained a recent service matter involving creative electrical work; he used multiple photographs to demonstrate the concern.

Password Protection

IT Specialist Shane McGuinness provided a presentation regarding password security. In choosing passwords, security versus convenience was reviewed. Shane shared password management programs that can assist in creation, assignment, and protection of individual passwords; these include Kaspersky password check, Dashlane, LastPass 4.0, and KeePass. Tips for creating stronger passwords were shared. Phrase adaptations and the password entropy theory were introduced as methods for self-creation of passwords. Shane also introduced the application of a "virtual credit

card.” Advice for adapting a unique password for multiple accounts and remembering the complexity for each was also shared. Shane addressed questions throughout the presentation.

After having joined the Board for lunch, Shane McGuinness left the meeting at 1:15 p.m.

Monthly Reports Continued: Member Comments

CEO Mike McBride reported on member feedback including concerns regarding the pay-by-phone system which are being addressed. Appreciation for prompt crew response to an interruption and a member’s gratitude for high usage notification were also noted.

Monthly Reports: Financial Review

CFO Marcia Wireman explained November 2017 financial highlights including kWh sales and purchases indicating the lowest kWh purchases in a 10-year period. She shared a 2016 key ratio trend analysis, eliciting Board input. Contributing factors toward uncollectible debt were explained. A brief discussion followed.

Monthly Reports: Operations Update

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

COO Grogg reviewed November load profile graphs and data comparisons provided by engineering staff, noting that the November 2017 peak demand and energy purchases are the lowest in 10 years. Discussion followed.

Affiliated Organizations and Committee Reports

David Doderio provided an **Attorney** report, noting his work on the Hill 71 contract and review of membership agreement language.

Chris Morgan gave an update on **Tri-State** (TS) inclusive of accounting practices, increasing equity, and key factors affecting credit rating. Chris spoke to capital credit retirement intentions. Chris provided a presentation of the current operating summary. Questions were addressed during his presentation.

John Vader reported on **CREA** matters including completion of its headquarters repairs from a spring hail storm, legislative discussions, and rotation of management members and officers for the CREA Board and managers group respectively. John shared an update for reported fiber customers in a program developed by another Colorado cooperative and another state cooperative’s plans for a community battery storage program. CREA participation through NRECA International’s program and plans for fall 2018 volunteers in Guatemala were discussed.

John Vader reported on **WUE** activities, financials, bylaws amendments, and new members.

CEO McBride relayed a **Paradigm** update, reporting on an extension on a promissory note, expectation of financial disbursements, and records retention expectations.

Miscellaneous

Colorado’s renewable energy plan and impacts of technology infrastructure plans proposed by our power supplier were discussed. The improved technology capabilities are meant to support TS internal equipment communication needs.

President Wiggins relayed a member suggestion that a member municipality may have interest in partnering in local generation projects, specifically a long hoped for hydro facility.

Directors Tom Carl and Michelle Lehmann expressed appreciation for support of their recent director winter school education opportunity, and expressed intentions to serve the association as best possible with their gained knowledge.

Scheduling of Meetings and Events

1. Thursday, **January 18, 2018** Policy & Bylaws Committee Meeting (Convenes at 9:00 a.m.)
2. Tuesday, **January 23, 2018** Joint Staff Meeting with Tri-State (Convenes at 10:00 a.m. GCEA headquarters)
3. Wednesday, **January 24, 2018** Regular Board Meeting (Convenes at 9:00 a.m.)
4. CREA Annual Meeting, **February 10-13, 2018** (Denver)
5. Thursday, **February 15, 2018** Scholarship Meeting (Convenes at 11:00 a.m.)
6. Wednesday, **February 21, 2018** Regular Meeting (Convenes at 9:00 a.m.)
7. Wednesday, **February 28, 2018** Policy & Bylaws Committee Meeting (Convenes at 9:00 a.m.)
8. Wednesday, **March 14, 2018** Strategic Planning (Convenes at 9:00 a.m. at GCEA headquarters)
9. Tuesday, **March 20, 2018** Regular Meeting (Convenes at 9:00 a.m.)
10. *Tentative:* Tuesday, **April 24, 2018** Financial Goals Committee Meeting (Convenes at 9:00 a.m.)
11. Wednesday, **April 25, 2018** Regular Meeting (Convenes at 9:00 a.m.)
12. Wednesday, **May 30, 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 December 20, 2017 carried unanimously. There being no further business before the Board, President Greg Wiggins adjourned the meeting at 2:41 p.m.

Respectfully submitted by Executive Assistant Sherry Booth.

/ Greg Wiggins /
President

/ John P. Vader /
Secretary/Treasurer

Date Approved: January 24, 2018