

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, May 27, 2020. Due to the COVID-19 pandemic, active cases in Gunnison County, and public health orders, the Board conducted its meeting remotely via video and audio conference. Instructions for member and guest access to the meeting were included in the electronically posted notice of the meeting on the GCEA website at the following web address: <https://gcea.coop/Board-Agendas-Minutes>

Notice of this meeting was posted Friday, May 15, 2020. A revised agenda was posted May 20 to include additional action regarding a 2019 Patronage Capital Certificate Program and 401(k) Plan amendment and discussion regarding a post-disconnect-moratorium plan and medical needs list.

A quorum of a majority of directors was met with all seven directors in attendance. Directors attending were Greg Wiggins, Morgan Weinberg, Bart Laemmel, Michelle Lehmann, Tom Carl, Polly Oberosler, and Mark Daily (Districts 1-7, respectively). Due to technical difficulties, there was only a slight delay of two directors joining the virtual meeting with its new platform; President Laemmel called meeting to order upon having a quorum inclusive of himself and directors Weinberg, Lehmann, Oberosler, and Daily.

Attorney David Doder, Chief Executive Officer Mike McBride, Chief Financial Officer Marcia Wireman, Chief Operations Officer Roger Grogg, Strategy Execution Specialist Matt Feier, and Executive Assistant Sherry Shelton Booth also attended.

President Bart Laemmel called the meeting to order at 9:05 a.m.

Motion by Director Michelle Lehmann to accept the May 27, 2020 regular meeting agenda carried.

Director per diems were submitted by electronic mail (email) for Secretary/Treasurer Michelle Lehmann's approval.

Consent Agenda

Motion by Director Michelle Lehmann to accept the May 27, 2020 consent agenda carried.

Items approved via the consent agenda include: April 29, 2020 regular meeting minutes, Resolution No. 1 – May 2020 GCEA membership for April 2020, April 2020 Work Order inventory # 643, and special equipment for March 2020.

There were no special equipment purchases in April and no CEO expenses.

The April 2020 net-to-plant total is \$11,043 and the 2020 year-to-date net-to-plant total is \$178,849 through April 2020. Special equipment and labor cost for the month of March 2020 is \$20,859. The year-to-date special equipment and labor cost through April 2020 is \$247,901.

Review of 2019 Audit

Budget, Finance, and Audit Committee Chair Michelle Lehmann reported on her conversation with Phillip Tippet of DeCoria Maichel & Teague regarding his company's audit of GCEAs 2019 finances. Michelle relayed that Mr. Tippet said GCEA does an amazing job. She reported on their discussion regarding our deferred revenue plan and standards for our internal controls. Chair Lehmann stated she is confident in stating GCEA has a good clean audit for 2019.

Motion by Director Mark Daily to accept 2019 audited financial statements carried unanimously by directors in attendance.

District 5 Director Tom Carl joined the meeting at 9:15 a.m.

2019 Patronage Capital Allocation

CFO Wireman led review for the suggested allocation and transfer of 2019 margins (including revenue deferral) to member capital credits and/or permanent equity. The recommended allocation and transfer are pursuant to Policy A-12 Patronage Capital and Capital Credits. Discussion followed.

Motion by Director Tom Carl to approve Resolution No. 2 – May 2020 for the allocation and transfer of 2019 margins and deferred revenue as presented carried unanimously by directors in attendance.

Patronage Capital Certificate Program

CFO Wireman led review for the Capital Credit Certificate Program that GCEA has offered since 2016. The program allows GCEA members the option of cashing out the prior year's capital credits at a discounted value. Approximately 16% of GCEA's members have participated in the program each year. Discussion followed.

Motion by Director Michelle Lehmann to approve a discounted special early retirement of 2019 GCEA capital credits on a voluntary basis, based on a discount rate of 7.5% and a term of 24 years, offered in the form of a certificate carried unanimously by directors in attendance.

Motion by Director Michelle Lehmann to approve the application of 2019 retirement certificate discounted value to any related bad debt upon issue carried unanimously by directors in attendance.

District 1 Director Greg Wiggins joined the meeting at 9:25 a.m.

Director Elections

Secretary/Treasurer Michelle Lehmann certified the 2020 director candidates' petitions received from Greg Wiggins (District 1) and Thomas (Tom) Carl (District 5); Assistant Secretary/Treasurer Greg Wiggins certified the 2020 director candidate petition received from Michelle Lehmann (District 4).

Motion by Director Mark Daily to approve Resolution No. 3 – May 2020 accepting the cancellation of an uncontested election and electing unchallenged incumbents Greg Wiggins (District 1), Michelle Lehmann (District 4), and Tom Carl (District 5), effective June 23, 2020, carried unanimously.

Economic Recovery

In response to economic hardships faced by GCEA members and our communities due to the COVID-19 pandemic, the Board previously approved funding for area food banks. CEO McBride provided an update for staff research regarding support for the three food banks in the GCEA service territory and their projected needs with the Board's intent to provide financial support directly to these non-profit organizations. GCEA made small donations to Gunnison County Food Pantry and Hinsdale County Food Bank and have asked for more information regarding their needs. GCEA initially intended to also make a contribution to the Oh Be Joyful food bank, however, per Oh Be Joyful, it was asked we send funding on their behalf to GCFP as they are currently working in partnership to serve the north valley. Discussion followed.

CFO Wireman addressed the anticipation that Governor Polis may lift the suspension on disconnects as early as June 1, or possibly July 1, 2020. GCEA staff proposed a plan to help GCEA members manage their past due, current, and immediate future bills in an effort to avoid disconnection of their service. Discussion followed.

Motion by Director Mark Daily to approve the continuation of suspension of disconnects to GCEA members for 30 days beyond the date the State of Colorado lifts the disconnect suspension; and to allow automatic payment arrangements not to exceed six months for members who have an amount past due as of the date GCEA lifts the disconnect suspension carried unanimously.

CEO McBride submitted a proposal to alter the employees' 401(k) plan in an effort to assist members financially affected by COVID-19 pandemic and to help these members with a donation to a member assistance fund. This proposal was initially discussed with GCEA employees who indicated majority support for the temporary reduction in their benefits in support of the membership. Extensive discussion followed. With an attitude of support for employees the Board declined to amend the current employee 401(k) plan at this time; employees may donate to the member assistance program directly.

CFO Wireman reviewed a staff proposal to the Board for the establishment of a GCEA Member Assistance Fund. It is anticipated that this account will be funded primarily with deferred revenue. Extensive discussion followed inclusive of attorney Dodero's legal counsel, the plan's proposed structure, the amount of funding to contribute from deferred revenue, future economic concerns, and the fiscal security for GCEA. Reconsideration of GCEA possibly applying for the federal governments revised, second and currently underutilized Paycheck Protection Program (PPP) loan offering was also discussed.

Motion by Director Tom Carl to establish a GCEA Member Assistance Fund for the purpose of assisting GCEA members who have experienced a negative economic impact due to COVID-19, to be funded with voluntary contributions and no more than \$100,000 from deferred revenue, carried unanimously.

CEO McBride led discussion recognizing the financial impact of the lock-down on many of our members. He reported staff is scrutinizing GCEA's budgeted expenditures with the intent of cutting costs and using deferred revenue to meet GCEA's debt covenants and financial goals for 2020 and the goal of postponing the 2.5% rate increase otherwise projected for January 1, 2021. A breakdown of costs savings considerations was presented. The Board supports staff recommendations.

Motion by Director Morgan Weinberg to apply for a Paycheck Protection Program (PPP) loan for up to \$2.5million carried unanimously.

Costs savings in regard to the annual meeting was discussed and included attorney's counsel. Altered annual meeting plans include conducting a virtual meeting, no meal or member gifts, and limited prize drawings for local gift certificates.

Meetings Schedule

CEO McBride sought scheduling direction input from the Board regarding its meetings. Discussion included allowance for traveling and remote access, bylaws provisions and legitimate presence. Following discussion, the Board consensus is to continue the current practice to aim for conducting its regular meeting on the last Wednesday of the month with exception for holiday and industry events' possibly affecting the meeting date. For the remainder of the 2020 year, the Board intends to meet July 29, August 26, September 30, October 28, November 18, and December 23.

Medical Needs List

CEO McBride reviewed the previous discussion with the Board regarding the potential risks associated with maintaining a list of members with medical needs in situations where we are unable to alert them of an outage. Staff developed guidelines for inclusion in GCEA's Emergency Action Plan book. Discussion followed with the Board supporting the staff proposal as presented.

Monthly Reports: Safety/Loss Control Activity Report

COO Roger Grogg reviewed the Safety/Loss Control Activity report. He explained that we are having weekly all-employee WebEx meetings with topics that include national, state, and local COVID-19 statistics, safe work practices, and modified work schedules.

COO Grogg reported on respirator training provided by Line Superintendent John Stoeber, the required use of face masks for GCEA employees, and the additional operations group review for the entire safety manual.

COO Grogg reviewed the practice for statewide reporting of anonymous close calls during pandemic. COO Grogg and Superintendent Stoeber monitor dangerous work performed by line crews.

GCEA had no close calls or accidents.

Motion by Director Tom Carl to accept the Safety/Loss Control Activity report for May 2020 carried unanimously.

Monthly Reports: Association Update

CEO McBride led a review of association and industry updates including GCEA's letter of support of Tri-State's current efforts filed with FERC, employees' paid time off (PTO) carryover benefit, the pursuit for solar consultant, solar project updates for the headquarters site and an RFP at the Town of Crested Butte's Avalanche Park, the Taylor hydro project status, and the GCEA formation of the Climate Action Coalition (CAC).

Discussion occurred throughout Mike's report.

Member Comments

CEO McBride shared a comment from a member appreciative for how carefully we handle credit card information.

Monthly Reports: Financial Review

CFO Wireman addressed financial impacts related to the COVID-19 pandemic including trends in aged accounts receivables. She provided a historical and current comparison for accumulation of bad debt.

CFO Wireman reviewed financial highlights including April 2020 kWh sales and purchases, average monthly load factor, operating revenue, cost of purchased power, operating expenses, depreciation and interest expenses, and operating margins.

CFO Wireman addressed financial uncertainty due to the ongoing pandemic, noting budgeted minimal 2020 operating margins are \$183,000 less than budgeted year-to-date operating margins as of April. Discussion occurred throughout the financial review.

Monthly Reports: Operations Update

COO Grogg provided the reliability review for April 2020 and explained interruption causes for the month.

Additional drone patrol images of inspected infrastructure were reviewed.

COO Grogg reviewed April load profile graphs inclusive of GCEA's monthly power bill and load statistics.

Affiliated Organizations and Committee Reports

Attorney David Dodero reviewed items he had worked on in the previous month including a non-disclosure agreement for solar consultants, review of United Power's complaint filed with the Colorado Public Utilities Commission against Tri-State G&T, a support letter for Tri-State, a joint use/pole attachment agreement, outage restoration practices regarding the medical needs list, prohibition of employees' return to work due to COVID-19 exposure, final adjustments and anticipated approval for an easement agreement with a district 3 state entity, and initial review of extensive GCEA Rules and Regulations.

Mark Daily reported on **Tri-State** (TS) activities. His extensive report included updates regarding filings in response to Federal Energy Regulatory Commission (FERC) request for regulatory assets and base load reliability and the necessity to secure more renewable generation sources to meet reliability needs. Discussion occurred throughout and was inclusive of whether the Colorado PUC can require Guzman Energy to publicly provide its energy resources portfolio.

Tom Carl reported on **CREA** activities and various legislative matters. The Colorado General Assembly has reconvened and is focused on pandemic related bills; a significant number of bills are to be tabled until next session as the governor's executive orders dictate current legislature activity. Tom also reported on CREA's continued financial credit for in-house safety support not received due to COVID-19 restrictions, and noted newly hired Job Training and Safety Instructor Jesse Peeler is a former Mesa Hotline School instructor.

Tom Carl reported on **WUE** activities including a modest budget increase, proposed construction for a warehouse in St. George, UT due to growing market, and the new Brighton facility's receipt of its Certificate of Occupancy (COC).

Directors Miscellaneous

President Laemmel expressed his opinion that the 2020 cancelled election may be indicative of improved communications and partnerships with members in combination with pandemic factors.

Scheduling of Meetings and Events

1. Tuesday, **June 23, 2020** Regular Board Meeting (Convenes at 9:00 a.m.)
2. Tuesday, **June 23, 2020** Annual Meeting (*Broadcast begins at 6:00 p.m.; virtual platform opens at 5:30 p.m.*)
3. Wednesday, **July 29, 2020** Regular Board Meeting
4. Wednesday, **August 26, 2020** Regular Board Meeting
5. Wednesday, **September 30, 2020** Regular Board Meeting
6. Wednesday, **October 28, 2020** Regular Board Meeting
7. Wednesday, **November 18, 2020** Regular Board Meeting
8. Wednesday, **December 23, 2020** Regular Board Meeting

Adjournment

Motion by Director Greg Wiggins to adjourn the Gunnison County Electric Association Regular Board Meeting held on May 27, 2020 carried unanimously. There being no further business before the Board, President Bart Laemmel adjourned the meeting at 1:00 p.m.

Submitted by Executive Assistant Sherry Shelton Booth.

/ Bart Laemmel /

President

Date Approved: June 23, 2020

/ Michelle Lehmann /

Secretary/Treasurer