

November 29, 2011

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

Directors attending were Steven Schechter, Greg Wiggins, John Vader, Chris Morgan, Louis F. "Lou" Costello, Paul Hudgeons and Bart Laemmel.

Attorney David Dodero, Mike Wells, Chief Executive Officer; Marcia Wireman, Chief Financial Officer; Roger Grogg, Chief Operations Officer, and Administrative Assistant Sherry Booth also attended.

The regular meeting of the Board of Directors was held on Tuesday, November 29, 2011 at the GCEA headquarters located in Gunnison, Colorado. President Lou Costello called the meeting to order at 10:01 a.m.

Approval of Minutes and Resolutions

Motion by Director John Vader to approve the minutes of the regular board meeting held on October 25, 2011, as amended, carried unanimously.

Motion by Director Paul Hudgeons to approve the minutes of the special board meeting held on November 15, 2011 carried unanimously.

Motion by Director John Vader to approve Resolution No. 1- November 2011 accepting the membership for the month of October 2011 carried unanimously.

Motion by Director John Vader to approve Resolution Authorizing the Amendment of the Retirement Security Plan for employees RUS#: 06018-001, seconded by Greg Wiggins carried unanimously.

Unscheduled Members

Member Bill Wegert introduced himself as a member since 1976 and is currently a three-year net-metering member. Mr. Wegert asked the Board for consideration of revisions in the net-metering and time of use (TOU) policies. Discussion followed led by Mike Wells. Mike and President Costello assured Mr. Wegert GCEA would further research his suggestions.

2012 Budget Discussion and Approval

Motion by John Vader and seconded by Steven Schechter to approve the 2012 Budget carried unanimously

Chief Financial Officer's Report

Marcia Wireman presented the October financial report.

She led her presentation with a positive response from an Arrowhead member pleased with Dan McDonough's handling of a Marathon water heater matter.

Marcia reported on consumer services, reviewing both collections and write-offs.

Other items reviewed included the October 2011 statement of operations; revenue, cost of purchased power, and a three-year comparison of load factor, demand and purchased power were examined. Operating expense for October 2011 YTD, operating margins and total margins were presented. Marcia also covered balance sheets of assets, other debits and liabilities and other credits, the consolidated cash flow statement and the liquidity report. The checks issued report was also reviewed.

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In conclusion, Marcia reported on an employee leave of absence status.

Chief Operations Officer's Report

Roger Grogg reviewed the Safety Activity Loss Report for October 2011. Discussion followed. Motion by Director Paul Hudgeons to approve the Safety Activity Loss Report for October 2011 carried unanimously.

Roger reported on outages for the month of October 2011 and advised of current construction workload scheduling.

Roger reviewed work order inventory #491 with a net to plant total of \$78,391 and the year to date special equipment summary for material and labor of \$346,647.85 through October 2011. Motion by Paul Hudgeons to approve work order inventory #491 and the special equipment summary for October 2011 carried unanimously.

Roger continued with a review of demand and coincident peak demand charts and noted the Directors' requested inclusion of the graphed temperature as compared to peak demand. The demand portion of power bill equated to 60.02%.

Roger concluded by acknowledging appreciation for the assistance of Dave Dodero.

Attorney Update

Attorney David Dodero discussed a recent issue regarding the responsibility for plant damage due to non-located underground trenching. Discussion followed.

Mr. Dodero also reviewed the policy and resolution for the change in the NRECA benefit plan and noted that the Mt. Crested Butte franchise agreement is near completion. Dave also updated the directors regarding the RUS loan agreement and confirmation of appropriate counties' recordings of GCEA property.

Chief Executive Officer's Report

Mike Wells provided an employee update and noted the new employee hire for Engineering will start January 3, 2012. The annual GCEA Christmas party will be held December 16, 2011 at the Fred Field Building and sponsored by the company; beginning next year, the costs for the gathering will be split 50/50 each year between the association and the employee Benevolence Committee.

Mike gave an association update and reported the termination of a contract between Tri-State G&T and a hydro-powered generation plant in GCEA's service area. He also noted the upcoming Tri-State vote regarding its potential rate structure changes and the potential to involve the G&T with specifics applicable to GCEA service needs. Discussion followed.

Mike recommended special projects regarding Tri-State, as well as for benefit training, and a potential member survey.

Mike brought to the Board's attention an issue regarding an easement request whereas GCEA would be the grantor. The potential for a permanent easement or sale of the affected property and other options were discussed.

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Other items reviewed included the near completed status of the off-site storage and the incompleteness of the headquarters ventilation system. Mike also noted the request for director chosen passwords to access the implementation of online board packets. Discussion was held on the agenda for CREA's annual meeting and the protection of the Gunnison Sage Grouse.

Motion by Director John Vader to approve the CEO's expense account carried unanimously.

As prompted by President Costello, Mike Wells explained the association's tradition for Christmas bonuses. Motion by Paul Hudgeons to provide the seasonal bonus to all full-time employees passed unanimously. In the future, GCEA will create a line item expense in the budget for this expenditure.

Per Mike's reminder, the board discussed holding a retreat, though a full retreat may be postponed until the fall of 2012.

Affiliated Organizations and Committee Reports

Director Lou Costello elaborated on donation requests nominated for approval. Tri-State provides money each year for the Tri-State director to donate to organizations within our service territory. Food banks in Lake City and the Gunnison Valley will each be awarded \$250. Lou provided a presentation on the Tri-State budget and activities.

CREA Director Chris Morgan reported on the October 27th and 28th CREA meeting, activities and legislative issues; COO Roger Grogg requested input as to the process CREA will pursue regarding fall protection regulations.

WUE President John Vader reported on the Western United Electric Supply Corporation's October 27th board meeting.

Chair Chris Morgan reviewed highlights from November 8th's Technology Committee meeting. Mike Wells further explained potential concerns of time commitment for offering the commercial lighting program and pursuing the rebates offered by Tri-State and GCEA's intention in handling such.

Additionally, Paradigm Chair Paul Hudgeons and member Lou Costello shared comments regarding the Paradigm meeting held November 9th. Lou suggests GCEA take more responsibility for the business aspects of Paradigm.

Alternate delegate John Vader advised he will attend CREA's next meeting.

Executive Session

Director John Vader's motion for the Board to enter executive session at 5:05 p.m. to discuss employee and contractual issues carried unanimously. Director Chris Morgan excused himself for the discussion regarding contracts. Motion by Director Paul Hudgeons to exit executive session at 5:38 p.m. carried unanimously.

Director's Miscellaneous

Motion by Paul Hudgeons to contract Carol Langley to conduct the CEO search carried unanimously.

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Scheduling of Meetings

Upcoming meetings were scheduled as follows:

1. December 27, 2011 – Regular Board Meeting (Convenes at 10:00 a.m.)
2. December 27, 2011 – Policy Committee Meeting (Convenes at 9:00 a.m.)
3. January 17, 2012 – Policy Committee Meeting (Convenes at 10:00 a.m.)
4. January 31, 2012 – Regular Board Meeting (Convenes at 10:00 a.m.)
5. TBD – Financial Goals Committee Meeting

Adjournment

Motion by Director Paul Hudgeons to adjourn the Gunnison County Electric Association Board Meeting held on November 29, 2011 carried unanimously. There being no further business before the board, President Lou Costello adjourned the meeting at 5:39 p.m.

Respectfully submitted by Administrative Assistant Sherry Booth



President



Secretary/Treasurer