

November 30<sup>th</sup> 2010

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

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Directors attending were Paul Hudgeons, George M. Besse, Bill LaDuke, John Vader, Louis F. "Lou" Costello, Chris Morgan, and Bart Laemmel.

Chuck Cliggett, Attorney; Mike Wells, Chief Executive Officer; Marcia Wireman, Chief Financial Officer; Roger Grogg, Chief Operations Officer; and Paula MacLennan, Administrative Assistant also attended.

The regular meeting of the Board of Directors was held on Tuesday, November 30, 2010 at the Aspinall-Wilson Conference Center, South Room, in Gunnison, Colorado. President Paul Hudgeons called the meeting to order at 10:01 a.m.

**Approval of Minutes and Resolutions**

Director George Besse moved to approve the minutes of the regular Board Meeting held on October 26, 2010, as amended, carried unanimously.

Director George Besse moved to approve Resolution No. 1- November 2010 accepting the membership for the month of October 2010, carried unanimously.

Director Lou Costello moved to approve Resolution No. 2 – November 2010 accepting the amendments regarding coverage of over-the-counter drugs and adult child dependent eligibility to the 125 Plan. Motion was seconded by Director Bill LaDuke, carried unanimously.

**Unscheduled Members**

No unscheduled members were present at the meeting.

**Budget Committee Meeting**

Chairman Lou Costello discussed the budget committee meeting that was held on November 16<sup>th</sup> 2010. Lou discussed issues that concerned him and opened those issues up for discussion. Director Lou Costello moved to approve the proposed 2011 operating budget as amended, motion was seconded by Director George Besse, carried unanimously. Director Lou Costello moved to approve the proposed 2011 Distribution Plant and Construction Budget with the caveat that the code 300 Hwy 114 to Parlin Project and the Taylor Canyon Rebuild Project be brought back to the Board for discussion when these projects become imminent and further that staff carefully consider the timing of the expenditures proposed in Code 600. Motion seconded by Director John Vader, carried unanimously. Director Lou Costello moved to approve 50% of the 1989 unretired capital credits to be refunded to members in December 2010. Motion seconded by Director John Vader, carried unanimously.

**Chief Financial Officer's Report**

Marcia Wireman thanked the Board for approving the proposed 2011 budget and noted that the modifications made to the budget made sense.

Marcia reported on member services commenting on both the residential and commercial audit programs. Discussion was held on advertising the commercial audit program. Marcia reviewed advertising rebates that GCEA receives from Touchstone Energy and Tri-State Generation and Transmission. Marcia reported on the Doyleville Wind Project noting that a “no cost extension” has been filed on the grant until August of 2011. Marcia reported on the energy efficiency building grant discussing the amount of reimbursements to date requested for the project by GCEA.

Marcia had no consumer comments to report.

Marcia reported on collections. She discussed inactive accounts and compared collections in 2010 to 2009 and 2008. She reported on write-offs comparing this year to the two previous years. Disconnects were also reviewed comparing this year to the last three years.

Marcia reported on the October 2010 financials. She presented graphs on revenue and the cost of purchased power per kWh as compared to budget. She reported on operating expenses and operating margins as compared to budget and commented on total margins for the month of October 2010. Other reports discussed included the cash flow, the operating statement, the balance sheet, and the liquidity report. Lines of credit were discussed as well as investments. Marcia also reviewed the checks issued report.

Under miscellaneous items Marcia discussed current workload which included the cost of service study, capital credit retirements, annual benefit enrollment and the upcoming year-end.

### **Chief Operations Officer's Report**

Roger Grogg reviewed the Safety/Loss Activity Report for October 2010. Roger reported on close calls for the month of October 2010. Director George Besse moved to approve the Safety/Loss Activity Report for October 2010, carried unanimously.

Roger reported on both scheduled and unscheduled outages for the month of October 2010. He also compared October 2010 outages to the same month last year, as well as year to date outage totals. Roger commented that the majority of the scheduled outages have been in Crested Butte this year because of the re-build project in this area.

Roger reported on recent consumer comments concerning situations that the GCEA crews handled well. The first was a secondary fault in Pitkin, and the second was a job done at Riverbend near Crested Butte.

Roger reported on recent workload commenting that the job at Womble Tracts is done. He discussed issues with pole attachments, abandoned lines, new bridges, new franchise lights, and trenches. He compared the number of staking sheets produced this year as compared to last year at this time.

Roger reviewed work order inventories #475 and #476 and the special equipment summary for October 2010. Roger discussed different types of construction contracts regarding refunds. Inventory net to plant totaled \$255,147 and the special equipment summary net to plant totaled \$4,676. Director Lou Costello moved to approve work order inventories #475 and #476 and the special equipment summary for October 2010, carried unanimously.

Under miscellaneous items Roger announced that lineman Levi Littrell passed his journeyman lineman Merchant Job Training and Safety Test with an impressive score of 98%. He also mentioned recent delivery problems with WUE.

Staff Engineer Rocky Ferran commented on the October 2010 Tri-State and GCEA demand graph reporting that the GCEA peak for the month occurred on October 28, 2010. Rocky explained that October was a warm month and that GCEA did not sell a lot of electricity. He also reviewed graphs showing the Doyleville wind generator output from October 4<sup>th</sup> 2010 through October 8<sup>th</sup> 2010.

### **Attorney Report**

Attorney Chuck Cliggett advised the board on pending legal items. He discussed the Rural Utilities Service Federal Financing Bank loan documents that were prepared by his office and explained Resolution No. 3- November 2010 concerning the new loan. Director Bill LaDuke moved to approve Resolution No. 3-November 2010 approving the loan from the Federal Financing Bank in the amount of \$3,842,000.00. Motion was seconded by Director Lou Costello, carried unanimously. Other items discussed by Chuck included offsite storage, line extensions, medical marijuana in the work place, and the Colorado Employment Verification Act.

### **Chief Executive Officer's Report**

Mike gave an employee update. He reminded the Board of the upcoming Christmas Party on December 11<sup>th</sup> 2010 that will be funded by the benevolent committee this year. He also commented on a float that the GCEA employees were working on for the upcoming Gunnison Night of Lights event.

Mike gave an association update. He discussed current franchise agreements. He gave an update on the recent Tri-State Member and Board Meeting that he recently attended in which rate options were discussed. He elaborated on the impact that a new rate structure from Tri-State Generation and Transmission could have on GCEA. Mike reported on a recent meeting with the Clean Energy Collective concerning a community solar project. Discussion on if the Board would be interested in pursuing this project was held. The consensus of the Board was that at this time they would not be interested in a community solar project for a variety of reasons.

Mike reported on the headquarters expansion project noting that in mid December staff should be able to move into their new office spaces upstairs and in the front of the building. He also reported on the budget for the project. He updated the Board on the generator project that he has been working on with Gunnison County Emergency Manager Scott Morrill.

Mike reported on the offsite storage project noting that he has been working in conjunction with Attorney Chuck Cliggett on the Land Use Regulations Application. They are hoping to submit the application in the first part of December.

Director John Vader moved to approve the Chief Executive's Officer's expenses for the month of October 2010, carried unanimously.

Under miscellaneous items Mike discussed the upcoming CREA Annual Meeting, a recent Colorado County Life article that he had written, and recent donation requests. It was decided that donations would be made to both the Gunnison Food Pantry and the Gunnison Partners Program with the remaining funds that are provided by Tri-State Generation and Transmission. Mike also discussed provisions of House Bill 1098 which led to the Board setting the 2011 Annual Meeting date of June 28<sup>th</sup> 2011 with the initial board of director election ballot counting to be held by the Certified Public Accountant on Thursday, June 23<sup>rd</sup> 2011.

### **Board Guest**

High Country Citizens Alliance member Chris Menges joined the meeting at 1:48 p.m.

### **Affiliated Organizations and Committee Reports**

Tri-State Director Lou Costello gave a report on recent Tri-State activities. CREA Director Chris Morgan gave a report on recent CREA activities, and WUE Director John Vader gave a report on recent WUE activities. Director Paul Hudgeons reported on recent Paradigm Services LLC activities.

### **Executive Session**

Director George Besse moved to enter executive session at 2:45 p.m. to discuss personnel matters. Motion was seconded by Director Lou Costello, carried unanimously. Director George Besse moved to exit executive session at 3:15 p.m., seconded by Director Lou Costello, carried unanimously.

### **Directors Miscellaneous**

There were no miscellaneous items to discuss.

### **Scheduling of Meetings**

Upcoming board meetings were scheduled as follows:

1. December 28<sup>th</sup> 2010-Regular Board Meeting (details to follow)

### **Adjournment**

There being no further business before the Board, President Paul Hudgeons adjourned the meeting at 3:30 p.m.

Respectfully submitted by Paula MacLennan, Administrative Assistant.

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Paul Hudgeons, President

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Bill LaDuke, Secretary/Treasurer