

MINUTE RECORD – BOARD OF DIRECTORS – GRAND VALLEY RURAL POWER LINES, INC.

Regular Meeting

October 19, 2016

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, October 19, 2016 at 845 22 Road, Grand Junction, Colorado. President Gormley called the meeting to order at 9:00 a.m. Attendees recited The Pledge of Allegiance.

ROLL CALL:

Don McClaskey	present
S. James O’Connor	present
Robert Saunders	present
Sylvia Spangler	present
John Gormley	present
Dennis Haberkorn	present
Rod Martinez	present
Bill Rooks	present

Others present: Tom Walch, General Manager; Sherry Fix, IT Manager; Karen Allen, Network Administrator; Cathy Gledhill, Manager of Finance and Administration; Pat Kanda, Staff Accountant; SueEllen Manley, Purchasing, Materials and Compliance Manager; Steve Don, Manager of Engineering; Matt Williams, Staff Engineer; Mike Birch, Operations Manager; Bill Byers, Consumer/Public Relations Manager; Derek Elder; Member Services Manager; Gregg Kampf, Attorney.

Guest present: member Tracy Houston and CFC Regional Vice-President Eric Anderson

Minutes:

MOTION: Motion by Martinez second by Haberkorn to approve the minutes of the September 21, 2016 regular meeting; carried.

MOTION: Motion by O’Connor second by Saunders to approve the agenda as amended to move director appointment interview discussion and Management Salary review to end of agenda as those topics will require an executive session; carried.

I. General Manager’s Report

1. Staff members updated the board on activities in their respective departments. Don reported his staff is currently working on 12 distributed generation interconnections for a total of 213 interconnections in place on GVP’s distribution system. Don reviewed the Engineering Department 2017 Work Plan and Budget, as he will not be present at the November board meeting when other departmental budget presentations are made. Walch noted a format change in budget, as presentation of departmental expense detail will be summarized and condensed. Gormley confirmed the board’s need to view the big picture, not the minute details, and the board concurred in approval of the format change. Don also noted the budget does not reflect any items relating to recommendations from PSE in

conjunction with the Technology Work Plan project that is underway. Walch reviewed with the board the budget approval process: (1) preliminary presentation at the November board meeting; (2) an opportunity for director input to management and/or the Audit and Finance Committee; (3) final review by Audit and Finance Committee in early December; and (4) presentation of the final Work Plan and Budget for approval at the December board meeting. Walch reviewed the proposed industrial rate revision, as presented at the September board meeting.

MOTION: Motion by Martinez second by McClaskey to amend IND-1 Industrial Rate tariff effective with the first billing for January 2017; carried.

MOTION: Motion by Martinez second by Haberkorn to amend IND-CP Industrial Rate tariff to reflect the current Xcel Energy wholesale rate effective with the first billing for January 2017; carried.

Birch summarized causes of September outages, the bulk of which were caused by tree limbs in the lines due to strong winds. Elder reported that consumer enrollment in the low-income community solar project is complete. Walch reminded the board that Grid Alternatives has indicated it will be constructing an expansion of the low-income community solar project at no cost to GVP. Kanda presented the August 2016 financial reports, informing directors margins are over budget due to an additional \$140,000 credit adjustment on the wholesale power bill due to Xcel's ongoing reconciliation of past year power cost and revenue items. Kanda reported he attended the Xcel Energy wholesale power customer meeting where he learned the 2017 billing rates will reflect a decrease of \$1.50/kW and \$.002/kWh, along with an increase in the monthly facilities charge from \$77,000 to \$84,000. Walch informed directors the CFC 2016 patronage capital allocation to GVP totaled \$77,200, of which \$38,600 was refunded. Walch introduced Eric Anderson as the new CFC representative to GVP. Anderson reviewed GVP's 2015 KRTA report, focusing on ratios most important to CFC as a lender. Anderson indicated his review of GVP ratios and financials reports leads him to the conclusion that GVP is financially sound and well managed. Walch inquired if CFC personnel would assist with a strategic planning session focused on financial strategies; and Anderson informed directors CFC is formalizing a program for financial strategic planning.

2. Walch reviewed the history of the John McConnell Math and Science Center and a pledge request to help fund the new facilities in the CMU Engineering Building. The board discussed the economic benefits to the community and the utilization of the center.

MOTION: Motion by McClaskey second by Haberkorn to pledge \$20,000 per year for five years to the John McConnell Math and Science Center capital project, with funds coming from GVP donated capital (unclaimed capital credits) account; carried.

3. Walch updated board on scheduled NRECA investment and retirement planning workshop for employees on February 20, 2017.
4. Walch reported the NRECA Regional meetings included new training directed towards management emphasizing impact of continued growth of renewable energy. Walch suggested the board may want to reopen discussion of the Megan Gilman solar business proposal.

MOTION: Motion by Haberkorn second by Martinez to approve the consent agenda items, which includes approval of uncollectible account write-offs; carried.

II. Legal

Kampf reported the PUC approved the Certificate of Public Convenience and Necessity for expansion of Grand Valley Power territory for Baxter Pass line extension and other areas already served by GVP.

MOTION: Motion by O'Connor second by Spangler to approve resolutions R16-02 and R16-03 authorizing the amendments to the RS and 401(k) plans; carried

III. CREA/Western United

No meetings held for CREA or Western United.

IV. Continuing Business

Vice-President Martinez noted that the audit/finance committee reviewed and approved third quarter general fund disbursements and the executive committee reviewed and approved the manager's third quarter expenses.

McClaskey and Haberkorn attended the Ute Water Subdivision board meeting and reported that the board reviewed annual expenses and elected officers.

MOTION: Motion by Spangler second by Martinez to convene executive session to discuss management staff salary ranges, director candidate interview process, and litigation for easement encroachment; carried.

Executive session convened at 11:40 a.m.

Regular session reconvened at 12:50 p.m.

MOTION: Motion by Martinez second by McClaskey to approve proposal for adjustments to management staff salary ranges; carried.

MOTION: Motion by Martinez second by Haberkorn to authorize an average 5% increase in management staff salaries for 2017; carried

MOTION: Motion by Spangler second by Martinez to approve the general manager's report; carried

V. New Business

None

MOTION: Motion by O'Connor second by McClaskey to adjourn; carried.

Meeting adjourned at 12:55 p.m.

Cathy Gledhill, Asst. Secretary

John Gormley, President