

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

Regular Meeting

October 19, 2022

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, October 19, 2022 at 845 22 Road, Grand Junction, Colorado. President Sandeen-Hall called the meeting to order at 9:00 a.m. Attendees recited The Pledge of Allegiance.

ROLL CALL:

Joe Burtard	present
Kyle Coltrinari	present
Gary DeYoung	present
Don McClaskey	present
Jesse Mease	present
Bill Rooks	present
Carolyn Sandeen-Hall	present
Janie VanWinkle	present
Brian Woods	present

Others present: Tom Walch, CEO; Derek Elder, CAO; Matt Williams, COO; Joe Michalewicz, CFO; Rita Sanders, Director of Marketing & Communications; Pat Kanda, Finance Manager; Bill Barlow, Operations Manager; Karen Allen, Information Technology Manager; Jeff Hurd, Attorney.

**MOTION:** Motion by McClaskey second by Woods to approve the minutes of the September 21, 2022 regular meeting; unanimously carried.

**MOTION:** Motion by DeYoung second by Woods to approve the agenda; unanimously carried.

I. Guests and Public Comments

Sandeen-Hall thanked Eric Anderson, CFC Regional Vice President, for attending the meeting to provide a review of GVP's 2021 Key Ratio Trend Analysis (KRTA).

Sandeen-Hall presented Brian Woods with his NRECA Credentialed Cooperative Director certificate and thanked him for his commitment to continuing education.

Nina Anderson, GVP member, was in attendance.

II. CEO's Report

Staff Reports

Operations – Barlow provided an update on recent outages. Barlow shared additional information regarding an outage on October 5 for consumers in the Glade Park area. Barlow provided an update regarding blinks in the Loma area and noted that linemen have identified and fixed several hazards. Barlow shared that Darrin Davenport from Federated Rural Electric Insurance performed a site visit and provided complimentary feedback to GVP for its safety program. Barlow stated that the Two Rivers Wildfire Coalition contacted GVP to collaborate on potential increased funding opportunities to help mitigate wildfire concerns.

Communications – Sanders shared upcoming events including the Fruita Truck-n-Treat, GVP Empower Hour, and Glow Halloween events. Sanders reported results of GVP’s ACSI web survey that returned a score of 72, noting that GVP’s result is one point below the national average for electric cooperatives. Sanders noted that the ACSI survey is not statistically valid as anyone that visits the website can respond to the survey even though one question asks if the respondent is a member.

Information Technology – Allen reported that GVP is working to switch internet providers and update switches. This work will be completed in the first quarter of 2023. Allen noted that she attended and led a tabletop exercise at White River Electric this past month. Allen stated that GVP is scheduled to perform a tabletop exercise in the first quarter of 2023.

Engineering – Williams reported that the warehouse finished inventory this week. Williams stated that Perry Rupp will be retiring in March after 40 years of service. Williams also shared that Thomas Wright, GVP’s Staff Engineer, submitted his resignation and his last day at GVP will be October 27. Williams provided an overview of GVP’s Wildfire Mitigation Plan. Burtard inquired about including the benefits of grazing for wildfire mitigation efforts to bring awareness to local efforts already being undertaken. Hurd inquired about ensuring that right-of-way contractor insurance requirements are available in addition to our Federated insurance coverage.

Finance – Michalewicz provided a summary of the monthly financials. Michalewicz reported on the disconnects and write-offs. Michalewicz noted that he is working with Allen to respond to a cybersecurity survey from Federated. Appropriate survey responses are required to qualify for additional cybersecurity insurance coverage.

Power Supply Update – Walch reported that GVP received Xcel Energy’s projected formula rate inputs for 2023 showing that GVP’s wholesale rates are projected to increase by approximately 10% in 2023. Walch reviewed GVP’s tariffs and the components of GVP’s energy charges. Walch noted that Xcel’s projected increased costs do not include Xcel’s monthly fuel cost adjustments. Walch indicated that recovery of Xcel’s increased 2023 wholesale power costs – which total approximately \$2M – would require an average increase of 5.3% for GVP members. Discussion was held regarding the increased wholesale power costs and how to recover those increased costs fairly and equitably.

DeYoung expressed support to evaluate a rate increase effective with the March revenue month to give members 12 months between rate increases. McClaskey agreed that historically GVP has tried to implement rate increases during shoulder months to lessen the impact to members. Walch provided a summary of the discussion to highlight that GVP would begin communications with members regarding increasing wholesale power costs and the board would evaluate rate adjustments to be effective with the March revenue month. The consensus of the board was to revisit the potential rate adjustments at a later date.

Legislative Report – Walch reported that Xcel Energy will be introducing a Resource Adequacy bill in the coming year’s legislative session. Walch shared that GVP will work to provide input that does not limit GVP’s ability to competitively shop for a new power supplier.

Walch shared that he and GVP lobbyists and directors Sandeen-Hall, Janie VanWinkle, and Brian Woods met with state representative (and state senate candidate) Janice Rich.

**MOTION:** Motion by Mease second by DeYoung to approve the CEO report; unanimously carried.

**MOTION:** Motion by Woods second by Mease to approve the consent agenda items; unanimously carried.

### III. Key Ratio Trend Analysis Report

Eric Anderson, Senior Vice-President of CFC, provided a summary and review of GVP’s 2021 Key Ratio Trend Analysis (KRTA).

IV. Review Financial & Equity Management Policy

Walch led a review of GVP Policy Bulletin No. 80 – Financial and Equity Management. Walch highlighted the objectives which are designed to ensure the financial integrity of the cooperative so that it can provide reliable electric service now and into the future. No changes were recommended.

V. Review Director Compensation

Sandeen-Hall stated that Policy Bulletin No. 33 & Policy Bulletin No. 41 were provided in the board packet. The board reviewed the policies, and no changes were proposed.

VI. Compensation and Benefit Review

Walch shared that GVP received the 2022 Employers Council Fall Planning Packet containing the 2023 pay increase projections. Walch noted that GVP labor contracts with the bargaining unit employees use the Fall Planning Packet to set wages for the following year. Walch stated that the agreement provides that increases will be no less than 2% and no greater than 4% for each year covered by the agreement.

Walch reported that beginning in January 2023, Grand Valley Power and its employees will be required to contribute to Colorado's FAMLI program. Walch noted that required contributions in the amount of 0.90 % of wages will be shared equally between the company and the employees (0.45% paid by GVP and 0.45% paid by each employee).

VII. Discuss 2023 Director Education and Conference Travel Opportunities

Sandeen-Hall noted that directors were provided a schedule of training opportunities and conferences for 2023 and asked directors to review the opportunities and be prepared to discuss their schedules at the November board meeting.

VIII. Review Legal and Fiduciary Duties of Directors and Conflicts of Interest Policy

Hurd provided a review of legal and fiduciary duties and reviewed GVP's conflict of interest policy.

IX. Appoint Committee Members

Sandeen-Hall reviewed director assignments to board committees. After director input, the new committee assignments are as follows:

Finance and Audit Committee: McClaskey, Mease, Rooks

Compensation Committee: McClaskey, Sandeen-Hall, Rooks

Policy and Governance Committee: Burtard, Coltrinari, DeYoung, VanWinkle, Woods

Member and Community Relations Committee: Burtard, Mease, Sandeen-Hall

**MOTION:** Motion by DeYoung second by Burtard to approve the committee assignments as identified; unanimously carried.

Sandeen-Hall asked directors to select delegates for the upcoming Colorado NRECA Annual Membership Meeting.

**MOTION:** Motion by Mease second by VanWinkle to designate Brian Woods as the delegate and Joe Burtard as the alternate delegate for the Colorado NRECA Annual Membership Meeting; unanimously carried.

X. Executive Session – Personnel Issues, Power Supply RFP Update, Legal Update

**MOTION:** Motion by VanWinkle second by Mease to convene an executive session for the purpose of discussing personnel issues, receiving a power supply update, and receiving a privileged legal update; unanimously carried.

Executive session convened at 2:41 p.m.

Coltrinari had prior commitments and left the meeting at 3:40 p.m.

Regular session reconvened at 3:47 p.m.

**MOTION:** Motion by Mease second by Rooks to authorize the CEO to implement a 1% wage increase over the November 15, 2021, wages for bargaining unit employees effective December 1, 2022 (in addition to the 4% increase required under the bargaining agreements); unanimously carried.

XI. Attorney's Report

Hurd reported that key legal issues had been covered in executive session.

XII. CREA Report

CREA will meet during the first week of November.

XIII. WUE Report

Mease shared that transformer prices and lead times continue to increase due to a shortage of core steel.

Mease reported that WUE continues to have over \$100M in backlog orders and lead times are continuing to increase. Mease shared that 84% of all sales are to member cooperatives. Mease noted that GVP received a capital credit retirement check from WUE in the amount of \$174,000.

XIV. Continuing Business

None.

XV. New Business

None.

**MOTION:** Motion by McClaskey second by Mease to adjourn; unanimously carried.

Meeting adjourned at 3:53 p.m.

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Derek Elder, Assistant Secretary

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Carolyn Sandeen-Hall, President