

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

Regular Meeting

September 21, 2022

The Board of Directors of Grand Valley Rural Power Lines, Inc. (GVP), met in regular session on Wednesday, September 21, 2022 at 845 22 Road, Grand Junction, Colorado. Vice President VanWinkle called the meeting to order at 9:04 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 and Communications; Thomas Wright, Staff Engineer; Dan Reid, Purchasing and Warehouse Manager; Pat Kanda, Finance Manager; Sarah Wheeler, Controller & Benefits Administrator; Bill Barlow, Operations Manager; Karen Allen, Information Technology Manager; Jeff Hurd, Attorney.

President Sandeen-Hall is a remote participant. Vice President VanWinkle will serve as presiding officer of the meeting.

VanWinkle introduced Rita Sanders who began employment on September 6 as GVP's Director of Marketing and Communications. Sanders expressed appreciation for the opportunity to join Grand Valley Power.

Director DeYoung offered an amendment to the August 17, 2022 minutes that would include additional information regarding consumer Greg Randall's proposal relating to off- and on-peak credits for net metered solar consumers. Walch suggested that a copy of Mr. Randall's letter to the GVP board be attached to the minutes.

MOTION: Motion by Burtard second by DeYoung to approve the minutes of the August 17, 2022 regular meeting as presented, and to include the letter penned by consumer Greg Randall; unanimously carried.

DeYoung proposed additions to the September agenda to include a discussion of the rate restructure implemented in March and discussion of GVP's "Empower Hour" scheduled for October 27. Walch noted that the rate restructure discussion is appropriate under the agenda item of 2022-2023 Board Priorities and the Empower Hour topic will be covered under the staff reports. DeYoung withdrew his proposed additions to the agenda.

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

I. Guests and Public Comments

None.

II. CEO's Report

Walch reported that GVP journeyman lineman, Zeb Birch, returned from his trip to Guatemala where he was part of the team sent by Colorado and Oklahoma to electrify an impoverished village. Walch stated that Birch will attend next month's meeting to provide a report to the directors.

Walch recognized Karen Allen for 15 years of service and thanked her for her dedication.

Staff Reports

Operations – Barlow presented a video that was produced by the Grand Junction Fire Department in partnership with Grand Valley Power to highlight multi-agency training drills. The video highlights the pole-top rescue training and mayday drill that GVP linemen are required to complete annually.

Barlow provided an update on three initiatives identified in the company's Safety Improvement Plan (SIP). Barlow reviewed outages from the past month, sharing that most outages were weather related.

Finance – Michalewicz provided a summary of the monthly financials. Michalewicz reported on the disconnects and write-offs. Kanda provided a summary of the Power Cost Adjustment surplus account. Kanda reported that GVP will receive Xcel Energy's projected 2023 formula rate in October.

Michalewicz and Kanda provided an overview of the monthly financial reports, including the special equipment capitalization report, RUS Form 219, statement of cash flows, current economic trends, accounts receivable report, and the Form 7 (GVP's income statement and balance sheet).

Engineering – Wright reported that GVP maps continue to be updated to help GVP linemen quickly identify equipment and locations from their iPads. Wright provided a review of the triple/single recloser training and explained the benefits of a three-phase recloser acting as three individual reclosers.

Member Services – Elder reminded directors that CREA's Fall Meeting and Energy Innovations Summit will be held November 5 – 8 in Westminster, Colorado.

Communications – Sanders reported that GVP's Hometown Marketplace opened on August 6. GVP's Hometown Marketplace is an online marketplace that provides energy efficiency products for GVP members and includes a rebate for programmable thermostats purchased through the marketplace for a limited time.

Sanders provided a summary of upcoming events in which GVP will be participating, including Fruita's Truck-n-Treat on October 22 and the Rocky Mountain PBS KIDS Fest on October 1. Sanders reported that GVP will be hosting the first "Empower Hour" on October 27 at Ute Water beginning at 5:30 p.m. The initial "Empower Hour" will be an opportunity for GVP members to learn more about time-of-use rates and visit with GVP staff and directors. DeYoung expressed disappointment that promotions for the event did not expressly state that GVP representatives would respond to member input or questions. Several directors stated that this was generally understood by most members. Walch indicated that subsequent promotions for the "Empower Hour" would state that member questions would be addressed. DeYoung also noted that he expected that the session would focus on addressing the concerns net-metering consumers had with GVP's time-of-use rates. Discussion ensued among directors and staff as to whether to target a limited group of consumers for this event, or to use the event to address the interests of all consumers with questions and concerns about the rate restructuring. Several directors stated that they believed the focus of the event should not be limited to net-metering consumers.

MOTION: Motion by DeYoung to send all net-metering customers a postcard inviting them to attend the Empower Hour event; the motion dies due to a lack of second.

Walch suggested that the board move to the discussion regarding the 2022-2023 Board Priorities since DeYoung had a previous engagement and would be leaving the meeting around 11:15

III. Discuss 2022-2023 Board Priorities

VanWinkle asked Walch to introduce the discussion regarding the 2022-2023 board priorities. Walch reported that GVP continues to experience substantial upward wholesale power cost pressure from PSCo. Walch stated that GVP members bear the burden of these increasing costs. He noted that PSCo has openly communicated that power costs will continue to increase. Walch expressed a desire to focus on GVP's wholesale power supply options to help minimize the risk that members will bear with increasing power costs. Walch asked for director commitment to focus on understanding the issues and making the tough decisions.

Walch reported additional organizational priorities, including member listening sessions, director commitment, education and involvement, and review of policies and bylaws. VanWinkle asked for director input on priorities. Burtard reported interest in continuing succession planning. DeYoung reported agreement with priorities but expressed interest in adding a review of the results of the rate restructure. Mease asked for input regarding a risk management policy to precede the power supply discussion. Rooks expressed agreement for the need to include risk management discussions concurrently with power supply. VanWinkle asked if directors have the commitment to schedule additional meetings to address power supply. Woods expressed agreement to focus on power supply. Coltrinari expressed agreement and asked that consideration be given to afternoon sessions.

MOTION: Motion by DeYoung second by Rooks to set the 2022-2023 board priorities in the following order: power supply, policy and framework for future evaluation of the rate restructure, director engagement, and succession planning. The board then discussed the policies, potential modifications, and the advisability of the motion as presented. At this point DeYoung withdrew his motion and Rooks withdrew his second.

Following an extended discussion, the directors reached a consensus placing power supply/energy risk management, and associated director education and engagement as the cooperative's top priorities in the coming year. In addition to these top priorities, the board's second-tier priorities will include addressing governance and policy matters, developing a framework for future evaluation of GVP's rate restructure, and succession planning.

DeYoung had a prior commitment and was excused from the meeting at 11:24 a.m.

VanWinkle asked for input from staff to establish timelines and expectations that should be identified. Walch stated that a timeline should be fluid to match the desired comfort level that directors need to make the identified organizational decisions. Walch reported a desire to have enough information to have a general direction identified on power supply by the end of the year.

The consensus of the board was to schedule a committee of the whole meeting to review confidential power supply issues on Monday, October 10 from 3:00 – 5:00 p.m.

Walch asked for input to schedule CFC Finance Training for Directors in October. Sandeen-Hall reported that previous director input indicated that most directors were available during the afternoon of October 18. VanWinkle stated that GVP will work with CFC to schedule the training session for Tuesday, October 18 to be held at GVP headquarters from 2:30 – 6:00 p.m.

Walch provided an overview of upcoming director training opportunities including CREA's Fall Meeting and NRECA's Winter Director Education Session.

Upon conclusion of the discussion regarding 2022-2023 Board Priorities, staff and CEO reports resumed.

Information Technology – Allen provided cybersecurity training for directors. Cybersecurity topics covered included malware, ransomware, phishing, and SMS phishing.

Power Supply Update – Walch provided a review of a recent meeting with Xcel Energy President Robert Kenney. Walch discussed fuel cost adjustment projections, concerns over costs associated with stranded assets, the possibility of a restructured power supply agreement, and potential savings that could be realized due to in the Inflation Reduction Act.

Legislative Report – Walch reported that GVP is exploring savings opportunities that may be available in the Inflation Reduction Act through Direct Payment incentives.

Walch provided an update on the Mesa Hotline School training field relocation project. Walch reported that following GVP’s lead in spearheading fundraising for the project, Colorado Cooperatives have raised \$90,000 to date.

MOTION: Motion by McClaskey second by Burtard to approve the CEO report; unanimously carried.

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

IV. Establish Date, Time and Venue for 2023 Annual Membership Meeting

Elder noted that GVP historically holds the annual meeting on the first Thursday in August. Elder reported that GVP has contacted CMU and verified that the Meyer Ballroom is available to GVP for Thursday, August 3, 2023.

MOTION: Motion by Burtard second by Coltrinari to set the 2023 GVP Annual Meeting for 6:30 p.m. Thursday, August 3, 2023, at the Meyer Ballroom on the CMU campus; unanimously carried.

V. Adopt Resolution 22-03 Authorizing Amendment of NRECA Retirement Plans

Elder provided a summary of the NRECA Resolution authorizing amendment of the NRECA Retirement Plans.

MOTION: Motion by Mease second by Woods to adopt Resolution 22-03 Authorizing the Amendment of NRECA Retirement Plans; unanimously carried.

VI. Adopt Resolution 22-04 Establishing Non-Metered Service Tariff

Walch reported that the non-metered service tariff was presented last month and asked if directors have questions.

MOTION: Motion by Woods second by Rooks to adopt Resolution 22-04 Establishing a Non-Metered Service Tariff; unanimously carried.

VII. Discuss Amendment and Consolidation of GVP Privacy Policies (Board Policy Bulletin Nos. 88, 89 and GVP Privacy Policy) Resolution 22-05 Amendments to Grand Valley Power Privacy Policies

Elder provided a summary of the proposed changes to Board Policy Bulletin Nos. 88, 89 and the Privacy Policy. Elder stated the proposed updates were identified through a review of best practices, review of legal requirements, and review of GVP processes.

MOTION: Motion by Mease second by Burtard to adopt Resolution 22-05 Amendments to Grand Valley Power Privacy Policies; unanimously carried.

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

On VanWinkle's suggestion, the board reached a consensus to postpone review of legal and fiduciary duties of directors and the conflicts of interest policy to next month.

IX. Appoint Committee Members

VanWinkle reported that Sandeen-Hall has communicated with directors regarding board committees and will provide the board committee assignments the following month.

Sandeen-Hall joined the meeting in person at 1:15 p.m.

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

MOTION: Motion by McClaskey second by Coltrinari 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 1:19 p.m.

Regular session reconvened at 3:25 p.m.

XI. Attorney's Report

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

XII. CREA Report

Woods reported that he attended two virtual CREA Education and Finance committee meetings. Woods noted that CREA did not have a board meeting in the past month.

XIII. WUE Report

Mease reported that WUE has a \$100M backlog in orders and lead times are continuing to increase. Mease noted that due to the backlog of inventory, WUE is not offering firm pricing at the time of order. Mease reported that 86.5% of all sales are to member cooperatives.

XIV. Continuing Business

None.

XV. New Business

None.

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

Meeting adjourned at 3:29 p.m.

Derek Elder, Assistant Secretary

Janie VanWinkle, Vice President