

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

Regular Meeting

January 18, 2023

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, January 18, 2023 at 845 22 Road, Grand Junction, Colorado. President Sandeen-Hall called the meeting to order at 9:02 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; Joseph Michalewicz, CFO; Matt Williams, COO; Rita Sanders, Director of Marketing & Communications; Pat Kanda, Finance Manager; Bill Barlow, Operations Manager; Karen Allen, Information Technology Manager; Jeff Hurd, Attorney; Mike Moran, member.

MOTION: Motion by Woods second by Mease to approve the minutes of the December 13, 2022 regular meeting; unanimously carried.

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

I. Guests and Public Comments

Member Mike Moran addressed the board on the rate changes that occurred in 2022 and the impact that it had on him as a consumer with a net-metered interconnection and with an electric vehicle (EV). He said that he discovered his monthly bills were higher on EV rates than as a net-meter member. Moran requested the board look at rates and consider something for net-meter members who also have EVs. Additionally, he requested the board look at the credit he was given for on-peak Time-of-Use rates and consider allowing net-meter members to transfer banked, off-peak kWh to on-peak kWh at a ratio of 2:1. He has moved back to the GS-TOU rate to take advantage of using his banked kWh to charge his EV.

Sandeen-Hall said the board has made a commitment to examine the effectiveness of the Time-of-Use rates. She indicated that several other net-meter consumers had requested alternative treatment of banked kWh, and that the board has already promised to consider the request.

Walch explained the demand component of GVP wholesale power bill and that GVP introduced the EV rates to help control demand during the day and encourage EV owners to charge their vehicles overnight.

Sandeen-Hall read a member's letter of gratitude for the CashBack Credit check they received and their plans to donate it to the Ukrainian people.

II. Staff Reports

Walch shared that GVP finished 2022 without a lost-time accident—a tremendous accomplishment considering the hazardous nature of the work we do, working on energized lines, operating heavy equipment, and driving thousands of miles, often in inclement weather. He noted that GVP is a matter of days away from reaching the four-year mark without a lost-time accident. He said it's important to remain vigilant and focused on safety because we can do everything right and an injury or accident can still happen.

Operations – Barlow reported that line Construction contractor Ward Electric is working at 10 and Q Roads and CREA is on site conducting equipment inspections. Barlow noted that GVP will be interviewing three local candidates beginning next week for its journey linemen opening. He said response was excellent and GVP received 10 journeyman applications and several from apprentices.

Walch noted that most utilities are having a difficult time attracting journeyman linemen, and GVP is faring much better than most in workforce recruiting.

Barlow reported that he attended the Hotline School board meeting. They extended thanks for the board's support and to Walch for leading the charge in raising \$138,025 in donations for its relocation.

Barlow also noted that a replacement foreman pickup truck is ordered but there is no estimated delivery time. He also reported that we have not received any reports of blinks in Mack/Loma since the latest equipment change-out was completed.

Information Technology – Allen shared that IT is refreshing networks and installing a new Internet circuit that provides 10X speed at the same cost. She indicated that Tanya is programming the new rates on GVP's billing system.

Communications – Sanders provided an update on communications about the rate change, including the bill insert that will be mailed with the February GS-TOU bills. She noted that members with paperless billing will receive email notification. Sanders further indicated that the department is working on letters to other rate classifications. Sanders provided an update on media coverage of the FERC complaint. She also shared that GVP would attend the Grand Junction Area Chamber Energy Summit next week and the Mesa County Safety Fair in February at the Mesa Mall, where 750 students have signed up so far.

Engineering – Williams reported that GVP's 2022 SAIDI, the average number of minutes that service is interrupted for the year, was 83.5 minutes per member. October had a lot of ice and snow this year and some equipment failures also contributed to the higher number. Williams noted it is not as good as the 44.8-minute record in 2021, but it's a great number considering that the nationwide average cooperative SAIDI stands at more than 200 minutes.

Walch commented that we benefit from a robust distribution system. He noted that an aggressive tree trimming is a huge contributor to GVP's low number. Vegetation management is a big investment the board authorizes, and it's important for good outage numbers.

De Young noted the increase in the rate of people adopting distributed generation and asked about the impact on GVP's distribution system. Williams said we have an influx of salespeople from Utah, but that the growing number of distributed generation installations is not a problem for distribution system loading presently but could be down the road. Walch commented that GVP will need to bring on an Energy Services Administrator soon to support consumers considering distributed solar, and to assist with home energy audits.

Finance – Walch shared that Kanda is retiring March 31 after 31 ½ years of service. He noted that with the retirements of Pat and Service Planner Perry Rupp, GVP is losing more than 71 years of experience. Team members like Perry and Pat are big part of GVP's Hometown Service. He noted that everyone in

the boardroom owes a debt of gratitude for everything Pat has done for GVP's board and management team the past three decades.

Kanda shared that GVP's property taxes decreased \$150,000 over last year. He is going to confirm that, but said it is likely the mill levy came down with the local growth in property values and new construction. Kanda also reported that \$714,000 in member capital checks have been cashed so far, and \$17,000 have been returned because of invalid addresses.

Michalewicz provided a summary of the monthly financials and reported on disconnects, collections and write-offs. Michalewicz noted the materials audit is complete and our warehouse is in the top 1% for integrity and accuracy of inventory and accounting.

Walch said this is the last year of our three-year contract with our auditors, and we will need to secure a new contract going forward. He noted that during COVID we did not have on-site meetings with the auditors, as they did not conduct field work here. Since the auditors will be on-site to conduct field work this year, we will coordinate with them to set up a face-to-face meeting with the Finance and Audit committee to review the audit report.

Michalewicz shared that CFC is experiencing personnel changes, and we will keep the board apprised of who our contacts are going forward. He also noted that Sarah Wheeler completed her Cooperative Financial Professional Certification (CFPC), and he thanked the board for sending him to MIP.

Walch noted GVP is up for RESAP certification late spring/early summer, which will occur as an unannounced visit.

Sandeen-Hall asked about the security of our substations considering the nationwide increase in attacks on the energy grid. Barlow shared that GVP is increasing security measures and piloting deterrents such as video cameras.

III. CEO Report

Walch shared that GVP held a leadership staff retreat in December. Staff attended a Broncos game in Xcel Energy's suite. The group met with CREA to learn more about their offerings and services. Walch noted that regarding retention, GVP has been able to grow and develop its management team from within with a focus on professional development. He said this has paid dividends in employee retention at GVP.

Power Supply Update – Walch noted that GVP is still waiting for a structured term sheet from Xcel. He said that most of its current customers are looking at their options. There is potential for Xcel to gain customers going forward, but they need to recognize what those customers are looking for and develop a new approach.

Legislative Report – Walch reported regulators recognition that utilities need to harden their systems against threats. He also reported that federal regulators have opened a new rule-making process that would require using an alternative steel for transformers. This would increase costs and adversely impact an already challenging supply chain situation.

Walch noted that the CEO Close-Up included a comprehensive report on supply chain issues from the Arkansas Statewide manager, Buddy Hasten. Hasten will be on the agenda at the CREA annual meeting, and Walch recommended attendance at his presentation.

Walch and Hurd briefed the board on potential legislation limiting the ability of investor-owned utilities (IOUs) to pass certain costs on to their retail customers and asked if the board is interested in promoting such a bill. The board voiced support for pursuing the legislation.

MOTION: Motion by De Young second by Mease to approve the CEO report; unanimously carried.

IV. Consent Agenda

MOTION: Motion by McClaskey second by De Young to approve the consent agenda; unanimously carried.

V. Appoint Election Supervisory Committee

Walch shared that Election Supervisory Committee members who served in 2022 have agreed to serve again in 2023 and recommended that the board appoint committee members: Jeff Hurd, GVP's attorney with Ireland Stapleton; Wayne Keeler of Chadwick, Steinkirchner, Davis & Co.; and cooperative member Mike Wells.

MOTION: Motion by VanWinkle second by Woods to accept the recommendation and re-appoint the 2022 members of the Election Supervisory Committee for 2023.

VI. Approve 2023 Management Objectives and Development Opportunities

Walch shared that when it comes to goal setting, it's best to focus on one or two high-priority matters. Walch admitted that GVP's 2023 Management Objectives is an ambitious list, and many of the goals are ongoing. He said that specific goals will be tackled going forward, and GVP will do its best to accomplish all of them.

MOTION: Motion by Mease second by Coltrinari to approve the 2023 Management Objectives and Development Opportunities; unanimously carried.

VII. Community and Member Services Committee Report

Sandeen-Hall shared that members of the Community and Member Services Committee met with Dana Pogar to review applications for the summer Youth Programs. GVP has three applicants who met the criteria for the programs. Two applicants requested the Washington DC Youth Tour, and both are excellent candidates for the experience. If the budget allows, the committee recommends sending Marisa Martinez and Katrina Jankeviciute on the Washington DC Youth Tour, and sending Lia Bunnell to Youth Camp. Sandeen-Hall noted that the applicants are from different parts of our service territory

MOTION: Motion by Mease second by Burtard to approve; unanimously carried.

VIII. Policy Committee Report

Woods shared that the committee has communicated via email, reviewed policies for consistency, and provided input to staff regarding proposed changes to GVP's Election Policy.

Hurd said the Election Policy is in the packet. He noted the original charge was to look at policy related to election disclosures. Staff have looked at policies from two other cooperatives and borrowed from them to provide more structure to GVP's policy and comply with state law. The committee has submitted those for consideration. There was also discussion regarding the order of candidate names on the ballot (state law requires a random order). De Young suggested that candidate names be rotated on ballots so that each candidate has an equal number of ballots with their name in each position on the ballot. He suggested that having such a rotation takes away any advantage or disadvantage associated with position of the candidates on ballots.

De Young would like to see the advantage and disadvantage removed. Rooks and Coltrinari shared they would also like to see that happen if the complexity and costs of this process can be managed. Mease requested that the group consider how much more time it would take for the Election Supervisory Committee to count ballots. The board directed staff to explore how the process could be managed, consult with the Election Supervisory Committee and report back to the board.

With respect to imposing a requirement that candidates for the board of directors disclose contributions supporting election campaigns, De Young asserted that he believed such a requirement, and enforcement of the requirement by removing directors, would violate GVP bylaws. Hurd opined that since the bylaws already

require that a member must agree to comply with any rules and regulation adopted by the Board of Directors, the board could enact an enforceable policy or rule requiring election campaign contributions, and that such policy could be enforced as set forth in the proposed policy.

Directors discussed the reporting of election expenses (what should be reported and how and what could be reimbursed). De Young expressed concern that the proposed reporting and other new requirements would discourage people from running for the board. Walch shared that in recent past, other co-op elections have seen significant donations to candidates from special interest- groups. Requiring disclosure would provide transparency that would help voters make informed choices when voting for directors.

MOTION: Motion by De Young to increase contribution reporting limits so that members would not be discouraged from running for the board; motion died for lack of second.

The board directed the committee to evaluate thresholds for reporting election contributions and consider whether a bylaw amendment is advisable. The Policy Committee agreed to meet at 8:00 a.m. on Feb. 15 before the regular board meeting to review these matters.

Walch indicated that the board should consider amending Policy Bulletin No. 32 – Attorney Compensation for Services so that the compensation schedule is not shared publicly.

IX. Review Director Responsibilities Regarding CEO Performance Evaluation

Sandeen-Hall reviewed the process for evaluating the CEO's performance.

X. Director Recognition

The board recognized Joseph Burtard for achieving NRECA's Credentialed Cooperative Director Certification.

XI. Executive Session – Legal Update

MOTION: Motion by McClaskey second by Mease to convene an executive session for the purpose of receiving a privileged legal update; unanimously carried.

Executive session convened at 12:41 p.m.

Regular session reconvened at 1:57 p.m.

XII. Attorney's Report

None.

XIII. CREA Report

Woods noted that a CREA board meeting is coming up this month and the annual meeting next month. Walch, who is serving as vice chairman of the CREA Manger's Association and also serves on the CREA Board of Directors in this capacity, reported that CREA is preparing a survey to circulate to the managers to identify how CREA can better achieve its mission. Sandeen-Hall reported about the CARE (a political action committee for Colorado electric cooperatives; Hall is a on the CARE Board of Directors) process for endorsing and supporting candidates seeking election to the Colorado legislature.

XIV. WUE Report

Mease reported that Western United's annual meeting is next month. They have \$31 million in sales and \$116 million in back orders. Year over year sales have been in the double digits, most notably a 38% increase in

2022. Mease shared that GVP will receive its share of WUE capital credits retired from fiscal year 2015.

XV. Continuing Business

None.

XVI. New Business

None.

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

Meeting adjourned at 2:12 p.m.

Derek Elder, Assistant Secretary

Carolyn Sandeen-Hall, President