

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

Regular Meeting

September 21, 2016

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, September 21, 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	absent

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

Guest present: member Tracy Houston

Minutes:

MOTION: Motion by Haberkorn second by McClaskey to approve the minutes of the August 17, 2016 regular meeting; carried.

MOTION: Motion by O'Connor second by Saunders to approve the agenda as amended to include approval of GVP 2017 annual meeting date, time and venue; and adoption of GVP Mission Statement and Principles; carried.

I. General Manager's Report

1. Staff members updated the board on activities in their respective departments. Allen informed directors of an internet outage lasting approximately half a day. Walch commended Fix, Kanda and Elder for being proactive and notifying consumers who had set up scheduled payments on website which did not process due to the outage. Don reported PSE consultants met with staff to gather information and has scheduled three webinars for additional data gathering and education. PSE evaluation indicates GVP technology implementation approaches the top of the bell curve, as it has adopted technology requiring less risk and lower capital expenditures, and is more cautious implementing advances requiring more significant capital investment. Walch reviewed the proposed industrial rate revision, noting that management would be seeking approval of the change at the October

board meeting, with the rate revision effective in January 2017. The proposed increase in industrial rates should result in a more equitable overall rate structure, with industrial customers contributing a rate of return in line with GVP's other rate classes. Manley relayed warehouse personnel is preparing for physical inventory. Warehouseman Reid has revamped the layout of the warehouse for safety and improved access. Birch informed directors of a planned outage at Palisade Point to cutover newly completed line upgrade. He also relayed that the contract crew has begun the line extension project at Baxter Pass. Byers informed directors the CMU ballroom has been reserved for August 3, 2017 at 6:30 pm for the GVP 2017 annual meeting. Byers also reported he has begun promotion of the 2017 Youth Tour and Youth Camp, enlisting prior attendee Ford Atkinson for presentations at the local high schools. Elder updated directors he and Matt Williams completed the leadership training in August and expressed his appreciation to the board for the opportunity. He informed board that he has met with all employees to review and discuss the proposed new mission statement and guiding principles. Walch indicated that the proposal was well received by the employees, and asked the board to adopt it. Kanda presented the July 2016 financial reports and summarized delinquent account and write-off activity. He also relayed to the board that he attended CREA Accountants' Meeting and the group is reestablishing a property tax committee to build relationship with representatives from the Colorado Division of Property Taxation.

MOTION: Motion by O'Connor second by McClaskey to set the 2017 GVP annual meeting for 6:30 p.m. Thursday August 3rd at the CMU ballroom; carried.

MOTION: Motion by Spangler second by Haberkorn to adopt the mission statement and guiding principles; carried

2. Walch reported that police officers from the GJPD conducted a review and audit of the GVP facilities and will submit a report of its findings to GVP.
3. Walch presented a 35 year service award to Cathy Gledhill.
4. Martinez presented to staff a CREA certificate recognizing 100% management participation in CARE/ACRE. Martinez also encouraged all board members to participate in CARE/ACRE membership.

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

II. Legal

Kampf reported his firm is receiving multiple intervention filings regarding the Xcel Energy PUC filing for the Rush Creek wind project. He will report on agreement in executive session. Kampf informed directors the letters to property owners regarding encroachment on transmission easement have been mailed and the majority of recipients have complied with request to vacate easement. Walch noted that one property owner has not complied and GVP will probably have to pursue legal action.

Walch informed board members a notice that the board is seeking letters of interest and resumes from members who would like to be considered for appointment to the open board

position appeared in September and October *Colorado Country Life* magazine local pages and is posted on GVP website. Walch suggested board may want to establish dates for interviews and consider how the interview process will be structured. Board members set aside October 20 and 25 for candidate interviews. Walch will distribute all letters of interest by email for board review and poll directors on whether or not each candidate should be scheduled for interview. Directors agreed Gormley will lead the interview. By consensus, the board stressed that uniform interview questions should be posed to all candidates. Walch and Gormley were charged to develop interview questions, which will be distributed for board comment and approval.

III. CREA/Western United

Martinez referred to CREA notes in board packet; and also informed directors the 2017 budget reflects only \$510 total increase for CREA employee medical insurance. Saunders reported Western United expenses are comparable to budget and sales exceed budget.

IV. Committee Reports

Walch reviewed with the directors the recommendations for bylaw changes as drafted by the Policy and Governance Committee. The board provided direction for further action in connection with the committee's recommendations as follows:

1. Walch and Kampf should develop bylaw amendment changing language in Article V, Section 2 to eliminate requirement that member mail ballots must be placed in a special envelope to conceal marking on the ballots.
2. A bylaw amendment should be brought to the board changing language in Article V, Section 5 to lower the threshold for member petition signatures requesting the removal of a director for cause from ten percent (10%) of the members to 200.
3. The Policy and Governance Committee should reconvene to consider changes to Article V, Section 6 addressing the manner in which a vacancy occurring on the board of directors may be filled.
4. Article V, Section 7, which addresses board compensation, should be considered for amendment after the board completes a board compensation workshop, as called for during the recent strategic planning session.
5. Bylaw amendments should be brought to the board to change the name of the office of "Executive Vice President and General Manager" to "Chief Executive Officer." This will require amendment of Article VII, Section 1, and may require changes in several other sections of the bylaws.
6. Article VII, Section 11 should be amended to remove the reference to compensation for close relatives of directors.
7. A bylaw amendment should be brought to the board changing language in Article VIII, Section 2 to specifically authorize retirement of capital credits on a pro-rata basis.
8. A bylaw amendment should be brought to the board changing language in Article VIII, Section 2 deleting language authorizing the board to accelerate retirement of capital credits of any member or person who has defaulted on any obligation or indebtedness owing to the cooperative.
9. A bylaw amendment should be brought to the board changing language in Article VIII, Section 2 so that notice to consumers regarding unclaimed funds held by the cooperative may be accomplished by reference in the cooperative's newsletter directing consumers to

an online posting, provided a hard copy of the list will be available to consumers without Internet access.

10. Based upon recommendation from counsel, no change shall be made to Article IX of the bylaws addressing membership approval required for sale or disposition of a substantial portion of the cooperative's property
11. Article XII, Section 3 of the bylaws should be amended to change the reference to the "Rural Electrification Administration" to the "Rural Utilities Service." Based upon recommendation of counsel, no change shall be made requiring adherence to Generally Accepted Accounting Principles.

MOTION: Motion by McClaskey second by Martinez to convene executive session to discuss labor contract negotiations and consider proposed agreement letter with Rush Creek wind project; carried.

Executive session convened at 11:30 a.m.

Regular session reconvened at 12:20 p.m.

MOTION: Motion by McClaskey second by Martinez to authorize Walch to execute letter agreement regarding Rush Creek wind project; carried.

MOTION: Motion by Martinez second by Haberkorn to authorize Walch to execute union contracts, subject to approval by Kampf; carried

MOTION: Motion by Saunders second by Spangler to appoint Haberkorn to serve on the Ute Water Subdivision Association board of directors; carried.

MOTION: Motion by O'Connor second by Saunders to approve the general manager's report; carried

V. Old Business

None

VI. New Business

None

MOTION: Motion by Haberkorn second by McClaskey to adjourn; carried.

Meeting adjourned at 12:25 p.m.

Cathy Gledhill, Asst. Secretary

John Gormley, President