

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

Regular Meeting

February 15, 2017

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, February 15, 2017 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:

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| 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 |
| Carolyn Sandeen-Hall | present |

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

Minutes:

MOTION: Motion by O’Connor second by Haberkorn to approve the minutes of the January 18, 2017 regular meeting; carried.

Walch reported that no agenda changes were necessary.

MOTION: Motion by Sandeen-Hall second by Haberkorn to approve the agenda; carried.

I. CEO’s Report

1. Fix informed directors the Work Management project is underway to revamp staking sheet and work order process for increased efficiencies. Barlow relayed to the board contractor Ward Electric has completed the line extension at Baxter Pass Road and will begin work on the single phase to three phase line conversion at Kannah Creek. He also reported GVP will be participating at the Mesa Mall Safety Fair on February 23-24. Byers reported that Kianna Colaiza has accepted the Washington DC Youth Tour scholarship and Aspen Welker and Emme Brown have accepted the GVP scholarships to CREA Youth Camp. Byers also confirmed to the board retired educators Sandra Hall, Mark Vana, Ruby McCall, Dave Bristol and Jon Bilbo have agreed to serve on the scholarship selection committee. The committee will meet the first or second week of March. Elder relayed to directors he has contracted to sell 69,000 Renewable Energy Credits (REC) for \$74,000. Walch relayed

that GVP is the only Colorado cooperative pursuing sale of RECs and commended Elder for his actions. Elder also reported Utility Sales and Service, contract meter reading company, has requested an increase in contract rates. Elder is negotiating with the company but noted that any increase in rates will not take effect until 2018, as 2017 Work Plan and Budget has already been approved based upon current contract rates. Elder reported that the Memorandum of Understanding with Grid Alternatives for the final phase of the low income community solar facility has been executed. Beloit University students will be on site March 9-10 for initial construction. Volunteers will set the majority of the panels March 24 and March 25. However, the final completion of this phase of the project will occur in June after other participating cooperatives have completed their low income community solar facilities. GRID Alternatives and the Colorado Energy Office are planning to mark the completion of GVP's project with a capstone celebration and will extend an invitation to all cooperatives and utilities that have participated in project; invitations will also go out to community leaders, policy makers, financial sponsors and other dignitaries. Kanda presented the December 2016 financial reports, and summarized delinquent account and write-off activity. He reported that GVP is entering 2017 with a balance of \$900,000 in the Deferred Revenue surplus, noting that this higher balance will help GVP deal with changes in the way Xcel is projecting formula based rate inputs and uncertainty regarding future transmission cost recovery. Kanda informed board GVP has initiated the ICIS sweep arrangement with Alpine Bank, and currently \$975,000 has been swept to participating financial institutions. He also reported \$1,305,000 of the \$1.4 million capital credit refund checks have been cashed.

Walch shared with the board the general manager's column in the March 2017 *Colorado Country Life* magazine, recognizing employee service excellence.

2. Rick Schmidt with Power System Engineering (PSE), presented via web link the Technology Work Plan developed by his firm. This project looked at a number of automation programs and communications alternatives to meet GVP consumer satisfaction and reliability goals. The highlight of Schmidt's presentation was his analysis of the costs and benefits associated with Advanced Metering Infrastructure (AMI), with the conclusion that AMI offers significant benefits to GVP and its consumers. Rick presented the implementation timeline and estimated capital outlay. In response to board inquiries, and noting that he has not prepared a formal business case analysis Schmidt predicted a positive return for GVP, estimating a breakeven at within seven to eight years. PSE recommends that GVP pursue an implementation study, including assistance issuing a Request for Proposal and analysis of all proposals submitted. The board asked engineering staff if it concurred with PSE recommendation. Don responded that GVP's engineering staff recommends adoption of the Technology Work Plan and contracting with PSE for AMI implementation study.
3. Walch updated directors on 69 kV transmission line pole issue. The pole and the hill are stable at present time and engineering staff and line patrol are monitoring the situation on a weekly basis. If staff observes any instability, BLM has granted permission to rebuild with the commitment to obtain new easement permits for the entire line.
4. Walch reviewed 2017 Management Objectives with recommended changes from board members.

MOTION: Motion by McClaskey second by Martinez to approve the 2017 Management Objectives; carried.

5. Walch informed directors he will postpone the report on Blue Castle Holdings and the Southwest Power Pool until March board meeting.

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

II. Legal

Kampf had nothing further to report.

MOTION: Motion by Haberkorn second by Martinez to approve the appointments of Kathy White, Dick Pryor and Gregg Kampf to the Election Supervisory committee; carried.

MOTION: Motion by McClaskey second by Spangler to approve the appointments of volunteers Sandra Hall, Mark Vana, Ruby McCall, Dave Bristol and Jon Bilbo to the GVP Scholarship committee; carried.

Walch reviewed new Policy No. 33A on employee travel and revisions to Policies 60, 62 and 69 regarding employee benefits.

MOTION: Motion by O'Connor second by Martinez to adopt Policy No. 33A and approve revised Policies No. 60, 62 and 69 with correction of title from general manager to CEO in Policy No. 62; carried.

MOTION: Motion by O'Connor second by Sandeen-Hall to approve the CEO report; carried.

III. CREA/Western United

Haberkorn reported Western United board reviewed impact study of possible recession in the next year. He also relayed Western United has refunded member patronage certificates through 2010 allocation.

IV. Continuing Business

Walch informed board the GJEP Economic Summit is being held on June 6th and encouraged directors to attend. GVP will sponsor the event at the \$2,500 gold sponsorship level.

The Audit Finance Committee reported it reviewed 4th quarter 2016 expenditures and noted no irregularities.

The Executive Committee reported it reviewed Walch's annual travel summary, noting no irregularities.

V. New Business

None

MOTION: Motion by McClaskey second by Martinez to convene executive session to consider CEO performance evaluation and compensation adjustment; carried.

Executive session convened at 12:35 p.m.

Regular session reconvened at 2:15 p.m.

MOTION: Motion by Haberkorn second by McClaskey to approve a 5 ½% annual pay raise for CEO Walch; carried.

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

Meeting adjourned at 2:20 p.m.

Cathy Gledhill, Asst. Secretary

John Gormley, President