

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

Regular Meeting

August 19, 2020

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, August 19, 2020 at 845 22 Road, Grand Junction, Colorado. In order to comply with COVID-19 social distancing guidelines, the board meeting utilized audio and video platforms allowing remote participation by directors, staff members, cooperative members and the public at large. President Sandeen-Hall called the meeting to order at 9:00 a.m. Attendees recited The Pledge of Allegiance.

ROLL CALL:

Don McClaskey	present
Sylvia Spangler	present
Janie VanWinkle	present
Dennis Haberkorn	present
Rod Martinez	present
Bill Rooks	present
Carolyn Sandeen-Hall	present
Jesse Mease	present
Joe Burtard	present

Others present: Tom Walch, CEO; Derek Elder, Corporate & Member Services Manager; Matt Williams, Engineering Manager; Gary Billiet, Purchasing and Warehouse Manager; Pat Kanda, Finance Manager; Joe Michalewicz, Controller; Sarah Wheeler, Benefits Administrator; Mark Shaffer, Operations Supervisor; Karen Allen, Information Technology Manager; Tonya Archuleta, Applications Analyst; Gregg Kampf, Attorney; David Doder, Attorney.

Sandeen-Hall congratulated VanWinkle and McClaskey on being re-elected and introduced Joe Burtard and welcomed him to the Grand Valley Power Board of Directors. Sandeen-Hall thanked Bob Saunders for his years of service to the board.

MOTION: Motion by Martinez second by Haberkorn to approve the minutes of the July 15, 2020 regular meeting; carried.

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

I. Guests and Public Comments

None.

II. CEO's Report

Walch provided a staffing update, noting that Ethan Schaecher has started his employment at GVP as GIS Analyst. Walch noted that an offer has been made and accepted by Thomas Wright to fill the vacant staff engineer position. Walch indicated that Wright will be relocating to the area and will begin employment with GVP on October 5. Walch also reported that Working Foreman Nick Reimer has taken a position at the Western Colorado Community College Lineworker Training Facility.

Staff Reports

Shaffer provided an update on the Pine Gulch Fire. Haberkorn inquired if the power line would need to be re-conducted. Shaffer noted that crews are currently assessing the damage and will begin to

rebuild the structures and re-energize the lines as incident command deems it safe to do so. Shaffer noted that the conductor will be inspected for damage prior to being re-energized, and will be replaced if necessary.

Walch reviewed a near miss incident that took place during a recent storm outage. Walch shared that GVP is taking the time to discuss the incident and learn important lessons that will be shared throughout the organization. Walch noted that a more detailed discussion would take place next month during the board meeting.

Kanda introduced Joe Michalewicz as the new Controller. Kanda presented the financials. Kanda informed directors that the August bill from Xcel will be the last month of amortizing last year's true-up credit from Xcel as a reduction in monthly power cost expense. Kanda noted that Xcel will be notifying GVP of the final 2019 true-up amount next month. Walch noted that prior to last year the credit has been applied to the wholesale power cost surplus account. Walch recommended that the credit this year be applied to the surplus account again. Walch noted that applying the true-up credit to reduce power cost expense over the past year enabled GVP to manage power supply costs without the need for a rate increase. Kanda shared that GVP is evaluating its financial position and should not need to increase rates this year. Walch noted that GVP will perform a rate study next year with the objective of ensuring that members bear the cost that they impose on the system in a fair and equitable manner. Kanda noted that GVP has not drawn any of the Paycheck Protection Program loan funds at this time. Kanda noted that an internal expense report relating to COVID-19 was provided in the board packet.

Allen reported that last Thursday GVP's internet and telephone service were down due to an Xcel power outage that impacted GVP's Internet service provider (ISP). Allen stated that GVP is budgeting for a backup ISP in next year's budget. Allen noted that GVP received a 25 year service award from NISC. Allen provided an overview of the software suite that NISC provides to GVP. Walch noted that NISC is a cooperative that serves over half of the rural electric cooperatives across the United States. Mease inquired about updates to servers. Allen noted that GVP will be performing a hardware refresh in the next couple of months that will extend the lifespan of GVP's servers.

Williams reported that engineering is experiencing an increase in requests for service. Williams noted that GVP is working with operations to improve protections in fire sensitive areas. Williams stated that GVP is ordering equipment to change protection settings when weather conditions warrant a need to change the sensitivity of equipment for protection purposes.

Billiet provided an update on the asphalt study that was performed at GVP's facility. Billiet noted that the cracks in the asphalt have been filled. Billiet asked if there was consensus to move forward with recommendations in the study and report back to the board with estimates to repair the base and asphalt. The consensus of the board was to move forward with the study recommendations.

Walch reported on the virtual Annual Meeting. Walch noted that most of the members appreciated the showcasing of employees. Walch opined that the virtual annual meeting met GVP's objectives: provide information to members about cooperative performance; keep members engaged; and highlight the cooperative's commitment to hometown service. Walch asked directors if video reports should continue to be a part of future annual meetings even when GVP resumes meeting in person. The consensus of the board was to keep video reports as a part of GVP's annual meeting going forward.

Haberkorn asked if the candidates had issues with the new petition process due to social distancing requirements. McClaskey noted that it was different but worked. Burtard noted that the process was relatively straight-forward. VanWinkle stated the process was fine.

Elder reviewed the Past Due Accounts Receivable report and noted that members are beginning to get caught up on past due bills. Elder shared that GVP would resume disconnects for non-payment on August 26. Elder stated that GVP mailed letters to members who may be subject to disconnect in July,

identifying the timeline and sharing contact information for outside resources that may be able to assist members who have been impacted by the pandemic. Elder also noted that GVP will work with members using GVP's Hometown Relief Fund and PrePay to help keep the lights on.

Walch provided a wholesale power supply update. Walch noted that GVP transmission costs should be similar regardless of its wholesale power supplier. Walch noted that GVP continues to explore options under its contract with Xcel Energy. Walch noted that GVP continues to explore partnering with other utilities to share administrative costs and secure an affordable, reliable source of energy.

Walch reviewed the union negotiation process and results. Walch expressed appreciation for the board's direction and participation in the process. Rooks noted that the five-year contract was good for the cooperative. Sandeen-Hall noted that the contract was a win-win for the company and employees.

MOTION: Motion by Martinez second by Haberkorn to approve the CEO report; carried.

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

III. Approve CFC Paying Agent Service Board Resolution

Walch reviewed the CFC Paying Agent Service Board Resolution, noting that Michalewicz would be added as a paying agent for GVP in connection with his role as Controller.

MOTION: Motion by Martinez second by Spangler to approve the CFC Paying Agent Service Board Resolution; carried.

Walch updated the Board on GVP's 2019 Member Capital Allocation. Kanda noted the allocation notices will go out during the second week of August.

IV. Election of Officers

Sandeen-Hall noted that the term for GVP board officers is one year and the current slate was elected during the August 2019 board meeting.

MOTION: Motion by Martinez second by Spangler to retain the same slate of GVP board officers (President Carolyn Sandeen-Hall, Vice President Dennis Haberkorn, and Secretary-Treasurer Janie VanWinkle) for another year; carried.

V. Appoint Delegates for Affiliated Organizations

MOTION: Motion by Martinez and second by McClaskey to appoint Dennis Haberkorn as Western United Electric Supply Corporation delegate; carried.

MOTION: Motion by McClaskey and second by VanWinkle to appoint Rod Martinez as CREA delegate; carried.

MOTION: Motion by VanWinkle and second by Spangler to appoint Mease as alternate delegate for Western United Electric Supply Corporation and McClaskey as alternate delegate for CREA; carried.

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

Finance and Audit Committee: McClaskey, Haberkorn, VanWinkle, Rooks
Compensation Committee: McClaskey, Haberkorn, Martinez, Sandeen-Hall, Rooks

VI. Attorney's Report

Kampf noted his firm is still working on the Charter Pole Attachment Agreement and they feel they are getting close to an agreement. Kampf stated he worked with the filming crew and staff on the annual meeting video. Kampf also reported that he helped CSD count ballots and oversee the voting process for the director election.

Dodero reviewed fiduciary responsibilities for directors of GVP. Dodero summarized fiduciary duty as the duty of care and the duty of loyalty. Dodero stated that directors should be informed, take their responsibilities seriously and listen to outside experts to help make informed decisions that are reasonable for the organization. Dodero shared that directors should be loyal to the organization and avoid conflicts of interest.

VII. CREA Report

Martinez reported that CREA did not have a meeting this past month. Sandeen-Hall noted that CREA has provided virtual education materials.

VIII. WUE Report

Haberkorn reported that WUE is on track with budget. Haberkorn noted he is on the Policy, Bylaws and Budget Committee and the committee met last week regarding some clean-up of old bylaws for things such as how the bylaws address virtual meetings. Haberkorn stated that the full board will review the job descriptions and compensation policies. Haberkorn noted that an equity management plan discussion will be reviewed at the next board meeting. Haberkorn stated that next week's meeting will be held in person as well as virtually.

IX. Continuing Business

Mease asked for an updated board expense report. Mease inquired if board expense items still reflect flights and registration fees for conferences that were cancelled due to COVID-19. Walch stated that staff will contact Mease to review the expense report.

X. New Business

Haberkorn asked other directors how the director reimbursement policy should be applied for virtual meetings. Walch noted that CREA delegates get \$200 for attending a virtual meeting without traveling outside of Mesa County. McClaskey noted that directors should coordinate attendance so that an appropriate number of directors attend virtual conferences. Sandeen-Hall asked that the Policy & Governance Committee review the compensation for attendance of directors for virtual meetings.

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

Meeting adjourned at 12:38 p.m.

Derek Elder, Assistant Secretary

Carolyn Sandeen-Hall, President