

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

Regular Meeting

October 21, 2020

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, October 21, 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; Christmas Wharton, Communications Manager; Matt Williams, Engineering Manager; Thomas Wright, Staff Engineer; Gary Billiet, Purchasing and Warehouse Manager; Pat Kanda, Finance Manager; Joe Michalewicz, Controller; Sarah Wheeler, Benefits Administrator; Bill Barlow, Operations Manager; Mark Shaffer, Operations Supervisor; Karen Allen, Information Technology Manager; Tonya Archuleta, Applications Analyst; Gregg Kampf, Attorney; James Jackson, NRECA Field Representative.

MOTION: Motion by Mease second by Haberkorn to approve the minutes of the September 16, 2020 regular meeting; carried.

Walch requested the agenda be amended to include a review of Policy Bulletin No. 100 Limitations on Employment of Relatives.

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

I. Guests and Public Comments

James Jackson, NRECA Field Representative, will be joining via video conference to review NRECA's Voluntary Contribution Acceleration Program.

Sandeen-Hall read and distributed a thank you from Eureka! McConnell Science Museum.

Sandeen-Hall presented McClaskey with his Director Gold Certificate.

II. CEO's Report

Staff Reports

Operations – Barlow reported that the new engine has been replaced in the old digger derrick truck and the unit is back in service. Barlow reported plans to incur \$3,000 in expenses for maintenance and testing at the Adobe Substation. The testing would have been scheduled for next year, but the

consultant that would be engaged will be onsite in November to install and test an unscheduled switch replacement. It was the consensus of the board to move forward with testing this year.

Information Technology – Allen reported regarding the NISC virtual Member Information Conference. She noted that a cooperative in another state was the target of malware and had to rely on NISC’s backup system to restore their servers. Allen reported that she will research and budget for any additional security measures that may be recommended as a result of NISC’s investigation. Haberkorn inquired if the directors need to take any additional measures regarding cybersecurity. Allen reminded directors that the IT department will be providing annual director cybersecurity training in the first quarter of 2021. Walch noted that GVP will continue to work internally and with consultants to keep GVP’s cybersecurity protections among the best possible. VanWinkle asked how GVP would handle ransomware. Allen shared that GVP was subject to a ransomware attack several years ago and by working with NISC was able to restore the system without paying ransom, with the experience helpful in mitigating future ransomware threats. Mease asked how GVP stores enhanced meter data. Allen reported that GVP’s enhanced meter data is stored off-site through a secure third-party.

Accounting / Finance – Michalewicz provided a summary of the financial report. Walch noted that GVP staff continues to write-off abandoned work-orders, and has completed write-offs of all such work orders originating prior to 2019. Kanda reported on disconnects and bad debt write-offs.

Kanda provided a review of GVP’s current financial position. Kanda shared member capital retirement scenarios and projections for equity at year end. Kanda noted that cashback credit checks would be mailed on December 4. Mease asked if GVP’s unclaimed cashback credit account continues to trend downward. Kanda reported that the account was trending downward but is beginning to stabilize.

MOTION: Motion by Rooks second by Martinez to authorize member capital retirement in 2020 of \$1,435,000, representing 5% of the total outstanding member capital; carried.

Member Services – Elder reviewed the Past Due Accounts Receivable report and noted that past due balance levels have returned to 5-year average levels. Elder thanked the Board for providing support to GVP members throughout the pandemic. Elder also thanked the Customer Service Representatives (CSRs) for assisting members in finding additional community resources to provide assistance during the pandemic. Elder shared a letter from the CSRs thanking the Board for providing support and resources for the CSRs.

Communications – Wharton updated the board on the Hometown Relief Fund. Wharton shared upcoming communications regarding GVP’s PrePay Power My Way program. Wharton noted that GVP currently has 32 members signed up for the PrePay Power My Way program. Wharton shared an update on GVP’s Operation Interdependence fundraising efforts, including \$609 raised by employees and directors with an all-you-can-eat pancake breakfast. Wharton stated that GVP contacted Mesa County Libraries to help distribute information regarding GVP’s coloring contest for the troops. Wharton reported that the Youth Tour and Camp are presently still scheduled to take place during the summer of 2021. Wharton shared posters and information packets that will be distributed to local schools regarding the Youth Tour and Camp and thanked Pogar for her efforts to promote the programs. Wharton stated that GVP will be hosting a Facebook live event on November 23 that will include two past recipients of the Youth Tour. Wharton updated the board on GVP’s Glow Halloween event on October 29 and 30, which will include a curbside pickup option this year. Wharton provided a final report on the budgeted and actual costs for the 2020 annual meeting, noting that the actual cost for the meeting came in lower than budget projections.

Engineering – Walch introduced Thomas Wright, GVP’s staff engineer. Williams provided an overview of a recent outage that affected four substations. Williams noted that the issue was the result of an Xcel substation crew testing relays which tripped GVP’s transmission line and created the power outage. Williams reviewed the system map and identified areas that are prone to longer outages due to radial feeds and the difficult terrain. Walch stated that GVP will explore options to improve reliability for large areas served by radial feeds. Walch noted that large outages create additional

strain on GVP's phone system. Walch stated that GVP staff members continue to explore outage communication options.

Williams reviewed a proposed territory swap with Xcel Energy that would allow GVP to serve the Iron Wheel subdivision. Walch stated that Xcel has accepted GVP's proposal, which includes giving up GVP service territory in the Fruita Industrial Park.

MOTION: Motion by Martinez second by Mease to authorize Walch to work with counsel to seek an amendment of its Certificate for Convenience and Necessity to move forward with the proposed service territory exchange; carried.

Walch provided a staffing update, noting that an increase in workload for the Engineering department has created the need to fill an administrative assistant position that was left vacant a couple of years ago due to a retirement. Walch asked the board to consider a change to the organizational chart to restore the position.

MOTION: Motion by McClaskey second by Martinez to approve changes to the organizational chart to include an Engineering Administrative Assistant position; carried.

Walch stated that management staff began reviewing the personnel and administrative policies and will continue through the end of the year. Walch reviewed and proposed changes to Policy Bulletin No. 100 – Limitations on Employment of Relatives.

MOTION: Motion by Martinez second by Spangler to approve the changes to Policy Bulletin No. 100 – Limitations on Employment of Relatives; carried.

Walch provided a legislative update. Walch reviewed a letter received from Federated Insurance indicating that the high liability exposures associated wildfires will restrict Federated's ability to provide umbrella liability insurance coverage at current levels. Walch noted that this report highlights the importance of legislative action to limit liability for utilities who serve in areas with high wildfire risk.

Walch also shared information on the redistricting process in Colorado. Walch stated that it is important for rural Colorado to participate in the legislative redistricting process. Walch indicated that he was contemplating applying for appointment to the redistricting commissions. He noted that if selected, this role would place heavy demands on his time in 2021. It was the consensus of the board that Walch should pursue such appointment.

Walch conducted the annual review of Policy Bulletin No. 80 – Financial and Equity Management. Mease asked if the performance discount increases with GVP's increase in equity. Walch stated that GVP's performance discount is based on GVP maintaining at least an equity level of 35%. The discount is not enhanced if distribution equity is increased beyond that level.

Walch introduced James Jackson and asked him to review NRECA's Voluntary Contribution Acceleration Program (VCAP) for defined benefit plans. Jackson provided a summary of NRECA's Voluntary Contribution Acceleration Program.

Walch noted the VCAP program is a hedge against rate increases and would help control pension plan costs. Mease noted that the 45% discount on the billing rate is significant and GVP should look at this as a long-term hedge against increases. Mease asked for additional information from Kelso to understand how this expense would be amortized. The board expressed interest in a 5-year term in the VCAP program. Walch asked directors to consider the contribution amount and discuss the program further at November's board meeting. Walch encouraged directors to submit questions prior to the November meeting so Kelso and NRECA could address the questions.

Walch provided an update on the 2020 company Christmas party. Walch noted that due to COVID-19 restrictions, he recommends that GVP cancel the company Christmas party at the DoubleTree Hotel. Walch stated that he would work with staff to provide recommendations regarding alternatives. Walch noted the company will still try to focus on comradery and team-building among the employees in smaller group activities. The board was in agreement.

Walch reminded directors that staff will present departmental budgets next month, with final budget approval to take place at the December meeting. Walch also noted that Eric Anderson, CFC Regional Vice President, will be in attendance next month to review the Key Ratio Trend Analysis (KRTA).

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

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

III. Executive Session

MOTION: Motion by Haberkorn second by Martinez to convene an executive session for review of the company contribution to management staff's medical insurance, review of the management staff compensation salary adjustments for 2021, and attorney succession planning; carried.

Executive session convened at 12:52 p.m.

Regular session reconvened at 2:22 p.m.

MOTION: Motion by Martinez second by Haberkorn to approve an option to management staff for the company to pay either \$1,300 or 85% with a cap of \$1,500 towards their monthly health insurance plans beginning on January 1, 2021; carried.

MOTION: Motion by Burtard second by Mease to approve a 4% management staff salary adjustment factor for 2021, with specific salary adjustments to be administered by the CEO; carried.

IV. Discuss 2021 Director Travel Budget

Walch shared that NRECA and CREA continue to adjust and cancel conferences as the uncertainty around COVID continues. Sandeen-Hall asked directors to continue monitoring the status of NRECA, CREA, and CFC events. Sandeen-Hall stated that directors should continue to seek opportunities to participate in virtual conferences and educational opportunities.

Walch stated that staff will prepare the 2021 budget for Director Travel and Expenses based on the 2020 budget.

V. Attorney's Report

Kampf reported that the pole attachment agreement with Charter is still in negotiation.

Kampf reported that his firm is reviewing a line extension that crosses a pipeline easement in a subdivision. Kampf stated that Dodero testified last week in the San Isabel Electric Association case against Black Hills Energy regarding certificated service territories. Kampf shared that San Isabel's case is similar to San Luis Valley's case several years ago. Kampf updated the board on the CREA attorney's meeting. Kampf stated that CREA will be working with the 2021 legislative bodies to improve legislation relating to director elections. Kampf noted that Mountain View Electric Association and El Paso County are in dispute regarding county rights-of-way and relocation of utility facilities considered major facilities.

VI. CREA Report

Martinez shared that CREA did not have a meeting last month. Martinez noted that the CREA meeting

scheduled for next week has been rescheduled as a virtual meeting due to increases in COVID numbers.

Martinez shared participation numbers for CREA's virtual education seminars and noted that CREA saved \$44,000 compared to the budgeted amount for the seminars. Martinez noted that CREA was pleased with the number of participants and will offer an upcoming third class on either rates, capital credits, or equity management. The consensus of the board was to recommend a class on rates.

VII. WUE Report

Haberkorn stated that he participated in the Western United Electric regular meeting on October 9 via the Zoom platform. Haberkorn reported that WUE received bids from two companies to construct the St. George, Utah facility. Haberkorn shared that WUE is working with an investigator and their attorney to try to recover a deposit that was paid for a cable cutting machine that was not delivered.

Haberkorn noted that the WUE board continues to review policies and recommend changes as identified. Haberkorn stated that he would provide copies of the recommendations to anyone who is interested. Haberkorn also noted that the calendar of events for 2021 continues to evolve as the pandemic lingers.

VIII. Continuing Business

Walch noted that the asphalt paving report identified impacted areas as expected. Walch stated that he has had preliminary discussions with Ute Water regarding temporary access to GVP's warehouse yard and that GVP will move forward with plans to repair the asphalt and base next summer.

VanWinkle noted that the members of the Finance and Audit Committee reviewed expenditure reports for the first three quarters of 2020 and detected no irregularities. Sandeen-Hall reported Executive Committee members reviewed and approved CEO expense and travel summaries for the same period.

IX. New Business

Haberkorn shared a newspaper article regarding the upcoming election.

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

Meeting adjourned at 2:36 p.m.

Derek Elder, Assistant Secretary

Carolyn Sandeen-Hall, President