

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

Regular Meeting

January 22, 2020

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, January 22, 2020 at 845 22 Road, Grand Junction, Colorado. President Sandeen-Hall called the meeting to order at 9:00 a.m. Attendees recited The Pledge of Allegiance.

ROLL CALL:

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

Others present: Tom Walch, CEO; Derek Elder, Corporate & Member Services Manager; Christmas Wharton, Communications Manager; Matt Williams, Engineering Manager; Gary Billiet, Purchasing and Warehouse Manager; Pat Kanda, Finance Manager; Sarah Wheeler, Accountant/Benefits Administrator; Bill Barlow, Operations Manager; Mark Shaffer, Operations Supervisor; Sherry Fix, Information Technology Manager; Karen Allen, Network Administrator; Joe Foster, Safety Coordinator; Gregg Kampf, Attorney.

Minutes:

MOTION: Motion by Haberkorn second by Martinez to approve the minutes of the December 18, 2019 regular meeting; carried.

MOTION: Motion by Mease second by Martinez to approve the agenda; carried.

I. Guests and Public Comments

None.

II. CEO's Report

Walch introduced and welcomed Mark Shaffer who was promoted from working foreman to operations supervisor. Walch also reminded the board that Darrell Gilbert will be retiring on January 31 and thanked him for his 28 years of service to the cooperative.

1. Staff members updated the board on activities in their respective departments. Wheeler presented the November 2019 financial reports. Kanda summarized delinquent account and write-off activity. Kanda also reported to the board that \$740,000 of the \$875,000 in capital credit checks issued in December have cleared. Kanda also noted that GVP's distribution equity is currently 34.5%. He projects that the company will meet all loan covenants and qualify for all applicable performance discounts. Williams informed the board that GVP has engaged with an engineering consultant to perform work order inspections. Williams stated that as GVP continues to operate without a staff engineer, the inspections have lagged behind and the consultant will help GVP catch up. Walch praised staff and employees for GVP's 2019 system average interruption duration index (SAIDI) figure coming in at 74.6 minutes. He stated that when compared to historical reporting this figure should place GVP within the top three performing

cooperatives in the state and within the top 15% nationally. Elder read a thank you note from the Western Slope Cowboy Gathering for GVP's sponsorship. Elder also shared a thank you note from a young child and her grandmother who attended the 2019 GVP Family Safety Day. Elder updated directors on electric vehicle (EV) opportunities and shared that staff would continue to evaluate options as new models are introduced. Elder informed directors that GVP sold 66,513 renewable energy credits (RECs) to Holy Cross Energy. Elder shared that RECs are an attribute of purchasing renewable energy as a portion of GVP's portfolio. He noted that income from the sale of RECs will be tracked to help offset the purchase price of an electric vehicle.

Wharton informed directors of three upcoming events. She shared that GVP would be hosting a Grand Valley homeschool group for a safety presentation at GVP headquarters on January 24. Wharton also invited the board to attend a Career Show and Tell event at the Mesa County Library on January 30 featuring a "Day in the Life of a Lineman." She also reminded directors that GVP would be participating in the Mesa Mall Safety Fair on February 26 and 27. Wharton informed directors that four applications were received for GVP's Youth Tour and Camp opportunities. The Member and Community Relations Committee met prior to the board meeting to review the applications and identify the award winners. Spangler spoke on behalf of the committee and stated that GVP received four qualified applications for the three opportunities. McClaskey asked if GVP could reserve a second spot on the Youth Tour. Wharton stated that an extra spot on the Youth Tour is available. Sandeen-Hall asked how a second student on the Youth Tour would impact the budget. Wharton explained that the budget would need to be increased by \$1,400 to send a second student on the Youth Tour.

MOTION: Motion by McClaskey second by Haberkorn to increase the budget amount to allow a second student to attend the Youth Tour this year; carried.

Sandeen-Hall asked the Member and Community Relations Committee to meet following the board meeting to determine the youth tour and camp attendees. Wharton reminded directors the scholarship applications for the 2020-2021 school year are live on the GVP website. Wharton shared that she reached out to all local area high school counselors this year to promote the scholarship program, and posted scholarship announcements on Plateau Valley and Glade Park community Facebook pages. Wharton also noted that KKCO picked up the scholarship press release and aired the information.

Barlow informed directors that Trevor Lettman has been promoted to Working Foreman. Barlow shared that GVP will now work to fill the serviceman opening internally. Barlow noted that two employees will be attending crane certification classes in February. Barlow also reported that GVP will be hosting a CREA RESAP certification class on February 10. Barlow reported to the board that a crew member was struck in the chest by a vehicle bin door. Barlow noted the crew member did not miss work but did have the injury checked by a doctor. Walch commended staff and employees for passing 365 days without a lost time accident. Walch shared that GVP's DART (days away or restricted time) rate for 2019 was 2.53. Walch noted the rate is based on number of incidents divided by total hours worked; the result was higher than experienced in the past as the company has been short-staffed for most of the year, translating to few hours worked. Billiet shared that four GVP employees will be traveling to San Miguel Power Association to review their bar coding process for inventory. Billiet also noted that Western United Electric Supply is continuing to improve their bar coding program and hopes to have the system fully integrated by the end of February. Mease asked for an update on the pole separators identified in GVP's Safety Improvement Plan. Billiet stated that the design of the separators is currently being reviewed for load strength and hopefully they will be in place by the end of March. Allen reported that GVP's anti-phishing education campaign has been effective; employees receiving questionable emails do not hesitate to contact IT staff, even after normal working hours. Allen encouraged directors and employees who receive a questionable email to forward it to the IT department (before clicking on any links) to verify its legitimacy. Allen stated that KnowBe4 training will be available for directors next month prior to the board meeting.

Walch reported on the 2020 NRECA CEO Close-Up. Walch noted a focus of the close-up was cybersecurity. He noted that experts indicate that culture of a company is more critical in defending against cybersecurity attacks than technology. Walch praised Fix and the IT department for implementing training

and programs to educate employees. Fix gave a presentation on NRECA's Rural Cooperative Cybersecurity Capabilities (RC3) program. Fix noted that GVP began participating in the program in 2017 and continues to use the program to evaluate opportunities to better defend against cybersecurity threats.

2. Walch noted that a distributed generation reported was in the board packet material and would be reported on a quarterly basis. Walch stated the organizational chart was also included in the board packet. Walch explained that automating functions has resulted in increased efficiencies and GVP will continue to evaluate job functions and titles as responsibilities change.
3. Walch provided a review of GVP's Safety Improvement Plan (SIP). Walch stated that the three-year SIP reinforces the company's goals for safety and cultivates a homegrown safety culture. Walch shared that an effective SIP provides a safe workplace for employees and promotes, tracks and recognizes safe work practices. Walch highlighted three objectives GVP will achieve in 2020 – assess the safety culture, develop and implement substation access and control practices and policies, and upgrade warehouse and yard facilities to enhance safety.
4. Walch provided a power supply update. Walch stated that Tri-State's announcement that it would retire its Colorado coal mine and generators was a watershed moment. Walch noted that the utility industry and energy market in Colorado is changing and the impacts to GVP are unknown at this time. Walch stated the power supply industry will undergo a transition period. Walch also noted that GVP's service territory will feel some of the economic impact since it is the retail hub of the area. Mease asked if Tri-State was catering to its larger members. Rooks shared that Tri-State is doing what is necessary to stay in business under current market conditions. Walch noted that Tri-State will need to transform its current business model and impacts may be felt across the state.

Walch stated Holy Cross Energy (HCE) has initiated a FERC proceeding with Xcel Energy, focusing on interpretation of its transmission TIE agreement, which differs from GVP's contractual arrangement. Walch noted one of the challenges to GVP in evaluating power supply options is understanding transmission issues and costs. Consultant Bill Leung is working with GVP to better understand these issues.

5. Walch provided a legislative update. Walch stated that GVP, the state's business community, and organized labor support a common-sense approach to any family medical leave legislation that may be introduced. Walch reported that CREA's Governmental Relations Specialist, Tim Coleman, is doing a good job keeping cooperatives informed of legislative issues.
6. Walch asked the board if it would like to consider moving the June board meeting as it conflicts with the CFC Forum in Salt Lake City. It was the consensus of the board to take up this issue at the February board meeting. Haberkorn stated he would not be able to attend the WUE annual meeting. Martinez, who is the alternate delegate, confirmed that he would be attending. Directors voiced support for McClaskey to be GVP's voting delegate at the NRECA annual meeting in New Orleans. Walch stated a report would be provided next month on the status of strategic initiatives approved by the board in 2019.

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

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

MOTION: Motion by Martinez second by McClaskey to appoint Gregg Kampf, Wayne Keeler and Mike Wells to the Election Supervisory Committee for 2020; carried.

II. Legal

Kampf reported he has been contacted by Charter Communcation's legal department regarding the joint-use pole attachment agreement. Kampf stated that he worked with Williams about a right-of-way issue regarding a prescriptive easement.

III. CREA/Western United

Martinez gave a presentation on Colorado Advocates for Rural Electrification (CARE). Martinez stated that CARE is a political action committee (PAC) that supports candidates who run for the Colorado General Assembly. He shared that the decisions to support candidates are made by a nine person committee. Martinez shared that GVP does not contribute funds to CARE. He noted that the tie between CREA and CARE is relaying the importance of cooperative and rural values to candidates. Martinez stated that membership in CARE is voluntary and the responsibility of the individual. He shared a thank you on behalf of the CARE committee for 100% participation from GVP directors in CARE. Walch reminded directors that the CREA Legislative Directory is now free through CREA's app online for those that wish to contact their representatives.

Haberkorn reported WUE's next meeting will include a strategic planning session on Thursday, January 30. Haberkorn stated that WUE finished installing its new inventory software, P21. He shared the bar coding interface system with NISC is working, but had a few glitches to work out. Haberkorn stated that the new warehouse facility is expected to be completed by March 1. Haberkorn noted that tariffs on steel and aluminum have increased costs and staff is working to control costs where they can. Mease iquired if WUE is stocking broadband components. Haberkorn stated that the WUE board has decided not to carry broadband components, but he did share that WUE will begin supplying electric vehicle charging stations.

IV. Continuing Business

Sandeen-Hall stated the CEO evaluation form will be distributed at the February board meeting and should be returned to the executive committee prior to the March board meeting.

V. New Business

Sandeen-Hall shared an experience with a neighbor who was unhappy about the service they received from Xcel Energy in connection with the reconstruction of a natural gas distribution line. Sandeen-Hall stated that she shared the information with a GVP employee who then made contact with a local employee from Xcel Energy who remediated the situation. Sandeen-Hall expressed appreciation for GVP employees to go above and beyond even when dealing with other utilities.

Mease shared information regarding DMEA's subsidiary, Elevate. Mease stated competing private businesses are expressing concern. Walch stated that even though competition is healthy, GVP takes a very pragmatic approach in evaluating services that are already being offered and focuses instead on delivering on our core competency, delivering electricity.

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

Meeting adjourned at 12:05 p.m.

Derek Elder, Assistant Secretary

Carolyn Sandeen-Hall, President