

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

Regular Meeting

June 19, 2019

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, June 19, 2019 at 845 22 Road, Grand Junction, Colorado. President Martinez called the meeting to order at 9:00 a.m. Attendees recited The Pledge of Allegiance.

ROLL CALL:

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

Others present: Tom Walch, CEO; Pat Kanda, Staff Accountant; Cathy Gledhill, Manager of Finance and Administration; Sarah Wheeler, Accountant/Benefits Administrator; Mike Birch, Operations Manager; Bill Barlow, Operations Supervisor; Matt Williams, Manager of Engineering; Sherry Fix, Information Technology Manager; Karen Allen; Network Administrator; SueEllen Manley, Purchasing, Materials and Compliance Manager; Derek Elder, Member Services Manager; Christmas Wharton, Communications Specialist; Dana Pogar, Communications Intern; Gregg Kampf, Attorney.

Minutes:

MOTION: Motion by Spangler second by Sandeen-Hall to approve the minutes of the May 15, 2019 regular meeting; carried.

Walch informed directors director petitions are due June 24. If there is a contested election, ballots will be mailed before the July board meeting. Walch requested the agenda be amended to include (1) authorization to dispense with a mail ballot, contingent upon an uncontested election; and (2) consideration of a special circumstances fee payment to the directors for May strategic planning session.

MOTION: Motion by Sandeen-Hall second by Haberkon to approve the agenda as amended; carried.

I. CEO's Report

1. Staff members updated the board on activities in their respective departments. Wharton introduced Pogar, who is interning in the communications department. Wharton reported that GVP received one application from Jace Sinks for the \$2,000 scholarship to the Western Colorado Community College (WCCC) electric lineworker program. Sandeen-Hall reported the Member and Community Relations committee reviewed the scholarship application and recommends the scholarship be awarded to Jace Sinks.

MOTION: Motion by Sandeen-Hall second by Spangler to award the \$2,000 WCCC electric lineworker program scholarship to Jace Sinks; carried.

Wharton informed directors she is drafting the GVP annual report and working on preparations for the annual meeting. Wharton reported she is in contact with Senator Cory Gardner's local representative to request his presence at the annual meeting. She noted that GVP will sponsor Glade Park Movies under the Stars on July 12 and participate in the livestock sale at the Mesa County Fair July 20. Elder informed directors that the three incumbents, Martinez, Sandeen-Hall and Spangler, have turned in completed nominating petitions for board election. Nominating petitions must be returned June 24. He noted that Election Supervisory Committee members Kampf, Wells and Keeler will meet at 10 a.m. on Thursday June 27 for petition certification, candidate eligibility determination, and drawing for placement on ballot if election is necessary. Elder indicated that all candidates are invited to attend the meeting.

MOTION: Motion by Haberkorn second by Saunders to dispense with a mail ballot, contingent upon an uncontested election; carried.

Barlow informed directors Ward crew is currently working on reconductoring the line on 25 Road from I Road to Fountain Greens subdivision. Haberkorn commented that he has observed the Ward crew's work. The crew is very efficient, courteous and professional. Walch thanked Haberkorn for his observation and noted that the quality of the work and favorable working relationship with GVP should be taken into consideration when evaluating contract renewal. Barlow informed directors operations personnel are installing enhanced metering gateways and working on line construction to Thunder Valley and Aspen Valley subdivisions. Barlow reported the operations department is evaluating methods to remove cats from the top of poles, if they do not come down on their own. Birch informed directors the tree trimmers are currently working in Debeque, and needed a location to dump the clippings. Consumer Don Metzler offered his property for dumping the clippings. Birch commented Metzler extended his appreciation to GVP for the organization's commitment to safety. Williams informed directors engineering staff is designing underground service for a new elementary school at 18 ½ and K 4/10 Roads. Allen informed directors she is researching more efficient data back-up technology. Currently, it would take a full week-end to restore data should the IT system go down. Fix reported to the board the prepaid metering is active for four employees who have volunteered to test the system. Walch notified directors the staff will present a prepaid metering tariff for board review and approval at the July meeting. Walch projected that by October prepaid metering will be available to all consumers with enhanced metering installed.

Wheeler presented the April 2019 financial reports. Wheeler also informed the board she attended the Basic Benefits Training course in Washington, D.C., and expressed appreciation to the board for the education opportunity. Kanda summarized delinquent account and write-off activity. Kanda reported to the board that \$843,000 of the \$884,678 in capital credit checks issued in December have been cashed or returned undeliverable. Kanda reported the Xcel Energy production true-up is estimated to be a \$663,000 credit and a check in this amount should be received in August or September. Kanda estimated that the Xcel Energy transmission true-up will be a credit of about a \$100,000, and will be paid to GVP in October or November. The true-up credits will be recorded in the Deferred Revenue account to be used for reducing monthly power cost over a rolling twelve month period, in accordance with the applicable GVP tariff. Walch indicated that the purchased power credit may be utilized to delay the anticipated rate increase to the consumers until the spring of 2020. Haberkorn made an inquiry on the current balance of the Deferred Revenue account. Walch reported GVP maintains a revolving balance of \$600,000 to \$800,000. Mease inquired if the production true-up credit will forestall the rate increase long enough for GVP to have test data from enhanced

metering for rate restructuring. Walch responded that it was too early to tell, and that GVP staff will continue to evaluate financial data to determine when a rate increase will be necessary. Williams estimates installation of enhanced metering system will be complete in mid 2020.

2. Walch reviewed with the directors the strategic meeting recap. Walch read the strategic goals as drafted by facilitator Steve Kettler: (1) Enhance the cooperative's culture of safety (2) Explore and evaluate potential opportunities in purchasing wholesale power; (3) Develop rate structures utilizing data from the enhanced metering system; (4) Seek out and cultivate alliances with other entities to increase effectiveness; (5) Create and execute a plan that increases utilization of new and existing technology applications, while protecting assets and data from cybersecurity threats; (6) Identify, develop and implement programs and services to meet the needs of a changing membership; and (7) Craft and implement a plan that assures a competent, engaged workforce, with an emphasis on the development of future leaders.
3. The board held a conference call with auditor Kevin Kelso of Jackson Thornton CPA and Consultants. Kelso presented preliminary audit results and reported to the board the firm made no adjusting entries to the financial statements. Kelso further updated the directors his firm will have the preliminary draft of financial statements to GVP financial staff by the end of this week. Kelso informed the board his firm is directly in contact with the lenders regarding delay of the audit report preparations. Walch inquired if this delay is a one-time occurrence. Kelso responded this is a one-time delay due to the acquisition of his firm by Jackson Thornton. Walch requested a schedule for the 2019 audit. Kelso reported he would have a schedule available by November 1.
4. Walch updated the directors on participation in an introductory conference held with Jeff Heit, Operations Director of Guzman Energy, Bill Leung , wholesale power consultant, and Steve Johnson, General Manager of Yampa Valley Electric Association. Walch reported that any deal with Guzman Energy would involve increased risk as Guzman Energy does not own generation assets. GVP and Guzman Energy will execute a non-disclosure agreement and share information in order to develop a more detailed proposal. Walch informed directors he and Bill Leung are exploring other opportunities for evaluation.
5. Walch informed directors GVP has received a contract template and lease offer from Verizon Wireless for installation of cell tower on GVP headquarters property. Staff determined a small tract in the northwest corner of the property is viable as there would be no traffic obstruction. Walch reported that based on input from Gregg Kampf, the lease offer appears considerably lower than market. The board concurred, and instructed Walch to try to negotiate more advantageous lease terms.
6. Walch announced to directors that Manley's retirement date is August 7, 2019. Walch also informed directors Mike Birch celebrates a 40 year work anniversary this month. Walch expressed appreciation to the board for creating the good company environment that promotes commitment from the employees. He also reported to directors GVP has received notice from International Brotherhood of Electric Workers (IBEW) that Local 969 is being amalgamated with Local 111. GVP has been asked to sign a recognition and continuation agreement. Walch informed board GVP is consulting with legal counsel at Employers Council before signing the agreement.

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

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

7. The directors considered compensation of special circumstances pay as outlined in Policy No. 33 for the May strategic planning meeting. Sandeen-Hall expressed opinion that she does not consider the additional one-half day for a strategic planning a special circumstance.

MOTION: Motion by Haberkorn to authorize \$200 special circumstances pay to directors. No second.

8. Martinez reported the Executive Committee members will meet in July to discuss evaluation procedures for the CEO. All board members will be invited to participate in the meeting. Martinez also notified the board the Director Training and Education Committee members McClaskey, Spangler, Martinez, VanWinkle, Saunders will meet in June to discuss board education and participation issues. Again, all board members will be invited to participate in the meeting. Martinez commented that the value of education and knowledge of the changing industry must be weighed against concerns about the cost of the education.
9. Martinez distributed the Board Performance and Review self evaluation. He requested all directors thoroughly review and complete the evaluation for discussion at the July board meeting. Mease notified Martinez he will not be present at the July meeting. Martinez reported he will distribute the evaluation electronically to Mease as well as VanWinkle and McClaskey.
10. Spangler requested the Member and Community Relations Committee schedule a meeting to review the scholarship criteria. The board determined the meeting should be postponed until after board election and committee assignments.

II. Legal

Kampf reported his firm assisted with the non-disclosure agreement with Guzman Energy. He also informed directors of the consumer complaint filed with PUC against San Luis Valley REC. The complaint cited unjust and unreasonable rates in connection with a revenue-neutral rate restructuring that includes demand rates and time of use rates.

III. CREA/Western United

The CREA report was included in the CEO report to the board.

The Western United financials were also included in the CEO report.

IV. Continuing Business

Walch informed directors that Elder has received a completed fourth petition for the board election.

V. New Business

Martinez informed directors NRECA has created a directors' community for networking. Board members should be receiving an email invitation to join.

MOTION: Motion by Sandeen-Hall second by Rooks to adjourn; carried.

Meeting adjourned at 12:00 p.m.

Cathy Gledhill, Assistant Secretary

Rod Martinez, President