

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

Regular Meeting

March 20, 2019

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, March 20, 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	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; Pat Kanda, Staff Accountant; Cathy Gledhill, Manager of Finance and Administration; Mike Birch, Operations Manager; Bill Barlow, Operations Supervisor; Steve Don, Manager of Engineering; Matt Williams, Staff Engineer; Sherry Fix, Information Technology Manager; Derek Elder, Member Services Manager; Christmas Wharton, Communications Specialist; Gregg Kampf, Attorney

Minutes:

MOTION: Motion by Sandeen-Hall second by McClaskey to approve the minutes of the February 20, 2019 regular meeting; carried.

In reference to a previous director inquiry regarding the detail of the board minutes, Walch commented that GVP minutes are written in a manner to be clear and informative for a third party reader who is not knowledgeable about the industry.

Walch requested the agenda be amended to include (1) review and approval of a revision to the Generation Interconnection Policy; and (2) discussion of a personnel issue in the executive session.

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

I. CEO's Report

1. Staff members updated the board on activities in their respective departments. Elder informed the directors he and Walch attended the Chamber of Commerce Energy Briefing. Mike Kruger, the executive director of Colorado Solar and Storage Association (COSSA), formerly The Colorado Solar Energy Industries Association (COSEIA), outlined his aggressive agenda for the association. GVP hosted a meet and greet on March 13 with COSSA representatives and other representatives from the solar industry and the electric utility industry. Attendees shared their perspectives of the more aggressive agenda, such as

possible implementation of virtual net metering. Walch also urged Kruger and COSSA to police those solar companies who employ questionable sales practices. Elder reviewed the news on the law enforcement raids on illegal grow operations, reporting that 10 of the 13 locations raided are in GVP service territory. Elder informed directors the estimated accounts receivable write-offs for those locations will most likely exceed \$10,000, and staff is evaluating implementation of procedures to minimize revenue losses in these situations. He reported the automated readings provided by enhanced metering will help to reduce the lag between reading date and billing date. Wharton informed the board the scholarship committee met on March 6 and reviewed 17 completed scholarship applications, and identified eight students to be awarded scholarships this year. Wharton reported she will have the awards ceremony schedule at the April board meeting. Wharton conveyed April is National Safe Digging Month, and she has visits scheduled with four radio stations to prepare radio spots to emphasize to their listeners and our members the importance of calling 811 for underground locates before digging.

Barlow stated that the operations department has been installing gateways and relays for the enhanced metering project. Barlow noted GVP is starting to realize the benefits of the enhanced meters installed as office personnel are receiving outage notifications from meters before they are called in by consumers. Barlow reported operations personnel have discussed whether to respond to a meter outage report at night if the consumer has not contacted dispatch. Staff members established a policy to contact the consumer in the morning to verify outage before sending servicemen out. Barlow informed the board he and GVP's two foremen, Robbie Barela and Mark Shaffer, will be attending the CREA Operations and Engineering conference in April and, currently, LeRoy Lowary, meter repairman, and Mark Tucker, metering and controls technician, are attending the Rocky Mountain Meter School. Barlow reported several outages have occurred in the Mesa Lakes and Vega Reservoir areas due to the cold weather. Birch stated linemen have had to snowshoe to gain access to those areas as the 2006 snowmobiles GVP owns are trail machines. Birch noted that he diverted capital expenditure funds budgeted for a Von primary underground thumper for purchase of two snowmobiles. He also disclosed GVP has established an agreement with lineman Nick Jones for the lease of his personal snowmobile if needed. Don reported GVP needs to amend its Generation Interconnection Policy to comply with new Public Utilities Commission rules which lower the insurance liability requirements for interconnections ranging in size from 10 kW to 500 kW from \$2 million to \$1 million.

MOTION: Motion by Sandeen-Hall second by McClaskey to approve the revised Generation Interconnection Policy; carried.

Martinez extended the board's appreciation to Steve Don for his years of service. Williams indicated about 2,400 enhanced meters have been installed to date and contractors are installing approximately 100 meters per day. He also reported the operations crews have completed the installation of AMI gateways and relays in stock, so GVP has ordered the quantity needed for deployment across the entire service territory. He further noted that the software for prepaid metering should be available soon. Walch updated the directors GVP is still looking for a Staff Engineer. He also reported that Engineering Assistant Karen Bain has retired and cashiers Jennifer Barela and Deb DeRose are processing engineering department service letters and contracts. Fix informed the directors she attended the Tech Advantage conference. She reported that the NRECA RC3 program developed an on-line questionnaire for cyber security assessment. Fix noted that, while completing the self-assessment, she saw the improvement GVP has made in its security practices. Fix informed directors that Allen will be participating at the Co-Mo Electric Cyber Shield Conference in April. The National Guard participates in this conference, creating different cyber strike scenarios and the participants have to determine how to address the situation.

Kanda presented the January 2019 financial reports. Kanda summarized delinquent account

and write-off activity. Kanda reported to the board that \$817,000 of the \$884,678 in capital credit checks issued in December have cleared. He also noted that the 2018 Form 990 will be available at the April board meeting for board review. Kanda reported he will also present a 10-year financial forecast at the April meeting to provide information for strategic planning session in May. Mease inquired on the depreciation life of the AMI equipment and Kanda informed directors the equipment is being depreciated over 15 years.

2. Walch reviewed the mission statement and guiding principles and reminded directors of how the mission statement was developed with the collaboration of a group of directors, management staff members and front-line employees. Haberkorn stated the statement still represents the employees and directors' beliefs about the company's commitments. VanWinkle commented that the board should consider eliminating the words "strive" ("we strive to do the right thing...") and "seek" ("we seek to find new and better ways to serve...") in order to convey a definite action. She informed board the instruction at the director course for Strategic Planning indicated the mission statement should be more absolute. Walch responded use of the word "strive" recognizes that there can differences of opinion as to what the "right" course of action may be. He further noted that the word "seek" refers to the evaluation used in consideration of new and better ways to serve. Mease commented he also attended the Strategic Planning course and disagreed with the instructor's perspective of the finiteness of a mission statement. Sandeen-Hall reported that she observes every tenet of the mission statement and guiding principles in use when staff makes monthly presentations. Walch observed the directors are also guided by these principles. It was the consensus of the board to leave the mission statement as is.
3. Martinez reported he had completed the cybersecurity training provided by IT. He recommended all directors complete the training to aid in protecting personal and corporate information.
4. Walch informed directors he attended the presentation on Energy, Climate and Public Policy at CMU on February 21. The featured speaker, Steve Goreham, is the author of Outside the Green Box, Rethinking Sustainable Development. His presentation included discussion of some of the challenges faced by the traditional energy industry in the current environment. Rooks also attended the presentation and questioned the viability and financial cost of 100% wind and solar energy.
5. Walch reported to directors that the scholarship committee expressed concerns about the structure of the GVP scholarship program. Walch shared these concerns with the board.
6. Walch gave a legislative update, reporting that Senate Bill 181 regulating the oil and gas industry could have a devastating impact on the local economy if oil companies shut down drilling rigs. He informed directors CREA has not taken a position on this legislation. Another bill that will impact all businesses in Colorado is the recently introduced FAMLI – Family Medical Leave Insurance Program. If passed, all companies and employees will pay an additional tax to provide paid leave to all employees in the state. Walch commented that legislators have drafted this legislation without considering business and community input. Walch expressed concern that will be the case when legislation is drafted regarding net metering and reducing carbon emissions.
7. Walch informed directors that CFC's Steve Kettler will be sending out an online questionnaire in preparation for the May 15 strategic planning session and asked directors to complete the survey. He also informed the board members to let him know if they prefer a hard copy of the questionnaire, and he will notify Kettler. Walch indicated that the last two

strategic planning sessions focused on Technology and Financial Planning. A planning session addressing more general and diverse subject matter is anticipated this year. He noted that the electric cooperative industry faces many changes in coming years, and GVP will be addressing these changes while in the middle of a changing of the guard among its leaders on the board and management staff. Accordingly, Walch suggested the planning session include discussion of education and leadership training at the board and staff levels. Martinez advised that directors who have attended training conferences should share with the board the knowledge obtained. VanWinkle shared her view that elected board members have made a commitment to the company and should be engaged in education that provides value. Walch responded the board may want to change its procedure for determining director travel and education. The board could consider establishing a committee to review annual education opportunities and evaluate which directors would benefit from the opportunity. VanWinkle proposed the board develop an inventory of individual director strengths and weaknesses. Martinez will consider that suggestion with the upcoming director assessment.

8. Walch reviewed the 2019 Management Objectives line by line. McClaskey inquired if the objectives were listed in order of priority. Walch noted that higher priorities are generally outlined higher on the list. However, the ranking of objectives does not reflect the impact staff can have in achieving the objective, i.e. reducing the disparity of retail rates between GVP customers and Xcel Energy customers. Sandeen-Hall inquired if the staff is using data collected from the enhanced meters to analyze rates. Walch informed directors that data will be used in the future when deployment of the AMI meters is complete.

MOTION: Motion by Haberkorn second by Saunders to approve the 2019 Management Objectives; carried.

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

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

MOTION: Motion by McClaskey second by Spangler to convene an executive session for CEO evaluation and discussion of a personnel issue; carried.

Executive session convened at 11:40 a.m.

Regular session reconvened at 2:35 p.m.

MOTION: Motion by Sandeen-Hall second by Saunders to authorize Walch to contact union business agent to negotiate a wage adjustment in the Clerical, Engineering and Warehouse contract; carried; Rooks and McClaskey opposed.

MOTION: Motion by Haberkorn second by Sandeen-Hall to accept CEO evaluation and compensation in accordance with contract as determined in executive session; carried.

II. Legal

Kampf reported that his firm assisted Wharton in reviewing contract rules for offering member prizes on the GVP Facebook page.

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. Haberkorn reported Mike Promm officially retired on March 15. Haberkorn will be attending the Western United budget committee next week.

IV. Continuing Business

None

V. New Business

None

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

Meeting adjourned at 2:40 p.m.

Cathy Gledhill, Assistant Secretary

Rod Martinez, President