

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

Regular Meeting

May 20, 2020

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, May 20, 2020 at 845 22 Road, Grand Junction, Colorado. In order to comply with COVID-19 Social Distance 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
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; Gregg Kampf, Attorney; David Dodero, Attorney; Joe Burtard, GVP Member.

Minutes:

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

Walch requested the agenda be amended to include consideration of a banking resolution to open a new account with Citizens State Bank to facilitate funding of the cooperative's Paycheck Protection Program loan.

**MOTION:** Motion by McClaskey second by Saunders to approve the agenda as amended; carried.

I. Guests and Public Comments

Joe Burtard thanked the board for the opportunity to attend the board meeting.

II. CEO's Report

Walch announced that GVP is the recipient of two prestigious awards from NRECA, a Spotlight on Excellence award and the 2020 Edgar F. Chesnutt award. Walch noted that cooperatives from across the country compete for the Spotlight on Excellence awards and only the winners of the Spotlight awards qualify to compete for the Edgar F. Chesnutt award. Walch stated GVP was recognized for having the best total communication's program in the country, thanks in large part to the work of Communications Manager Christmas Wharton in connection with the GVP enhanced meter rollout. Walch played an award video prepared by NRECA highlighting GVP's winning communication program. Walch presented the Spotlight on Excellence award for

the Best Total Communication Program and the Edgar F. Chestnutt award to Wharton and the employees at GVP. Walch shared that the award is normally presented at the NRECA Connect Conference; however due to the COVID-19 pandemic, the conference was cancelled and therefore NRECA will be hosting a national video presentation next week.

#### Staff Reports

Wharton reported that the Steamboat Springs Youth Camp scheduled for July has been cancelled. Wharton noted she has been communicating with the Member & Community Relations Committee regarding options for the students that were selected. Wharton recommends that GVP sends three students to Youth Tour next year, including one student that was selected for the 2020 NRECA Youth Tour, and one that was selected for the 2020 Steamboat Springs Youth Camp. Martinez asked what the budgetary impact would be. Walch shared that GVP allocates \$2,000 for each youth tour participant, compared to \$700 for each student we send to youth camp. McClaskey shared that GVP should make an exception for the 2021 budget to accommodate students who were not able to attend this year due to the pandemic. Mease asked if there is a limit on youth tour attendees. Wharton indicated that the youth tour typically does not have a limit but noted that youth camp does have capacity limitations. Sandeen-Hall reported that the committee recommends awarding this year's recipients the first opportunity to attend the youth tour next year. Walch noted that the youth tour is usually the first choice among applicants and the timing of the youth camp is usually a conflict for the students who participate in the Mesa County Fair.

**MOTION:** Motion by Martinez second by Spangler to plan to allow for GVP to send three recipients to the Washington, D.C. Youth Tour; carried.

Martinez asked that we relay our intent to send three students to the youth tour in 2021 to CEEI so they can plan accordingly. Wharton noted that she will share this information with CEEI and CREA.

Wharton reported that high school award ceremonies this year were either cancelled or scaled back, so GVP did not have the opportunity to attend and present scholarships in person. Wharton shared plans to send a gift to the scholarship recipients since they won't be able to attend the annual meeting. Wharton shared that the lineworker scholarship is open and applications are available on GVP's website through June 1. Wharton reported that at this point 116 applications have been approved for benefits under the GVP Hometown Relief Fund. Wharton noted that the program has been promoted with 211, the City of Grand Junction and Grand Valley Catholic Outreach to help inform members. Wharton indicated that GVP will be testing a bill insert with members who are more than 60 days past due to promote the fund. Wharton noted that GVP has raised \$4,095 for Food Bank of the Rockies.

Elder provided an update on GVP's electric vehicle charging station. Elder stated the station will be operational by the end of June, triggering the release of grant funds from the ReCharge Colorado program. Elder reminded directors that GVP announced in March that it would not disconnect members for non-payment during the pandemic and noted that Governor Polis issued an executive order suspending utility disconnects for non-payment the following week. Elder provided a report tracking the current percentage of member accounts past due compared to historical levels. Elder noted that GVP has seen the balance for accounts that are 60-90 days past due increase by 500% in March. Elder shared that over half of this increase is attributed to three commercial accounts that have been long-time members of GVP. Elder noted the commercial members have communicated with GVP from the beginning of the pandemic and continue to communicate with GVP. Elder stated that GVP will continue to work with members who have past due balances but noted that GVP should resume normal non-payment procedures by the end of summer.

Williams reported that engineering is busy with residential requests for new services. Williams stated that engineering completed the staking and material procurement for a 98-lot subdivision last week. Williams noted that an existing customer is planning for an additional 2-4 MW of capacity, which will require a substation and distribution line upgrade. Williams noted that GVP has seen an increase in the number of distributed generation installations.

Barlow reported that Joe Foster continues to provide remote safety videos and communications and is beginning to transition to in-person training on a limited basis over the next month. Barlow shared that journeyman lineman Leif Karo will join GVP on June 8. Barlow noted that once Karo joins the operations department, the department will be fully staffed for the first time under his tenure as Operations Manager. Barlow reported on the outages caused by high winds on May 11. Barlow stated that approximately 3,000 meters were without power due to a fault on an Xcel Energy transmission line. Barlow reported that Xcel had to patrol the line and respond to reports of downed power lines in that area before they could reenergize the line. Barlow noted that Shaffer worked closely with Xcel to communicate between the organizations so the line could be energized in a safe manner. Walch shared an update on the Rural Electric Safety Achievement Program (RESAP). Walch noted that one of GVP's apprentice linemen shared a concern during a safety committee meeting that having a group of inspectors from multiple locations across Colorado travel across the state to several locations does not follow the current pandemic recommended guidelines. Walch noted he shared this concern with CREA and CREA agreed to suspend the RESAP inspection in 2020. Walch stated that CREA is working with NRECA and Federated Insurance to allow a temporary four-year RESAP cycle instead of the current three-year cycle in light of the current pandemic.

Shaffer noted that the operations crews continue to run staggered shifts. Shaffer reported that the crews are working on a subdivision, RV park and line conversion from overhead to underground.

Billiett noted that the warehouse is staying busy keeping up with engineering and operations. Billiett noted Eric Lowary is changing out sprinkler heads and working to improve the landscaping around the facility. Billiett stated the warehouse barcoding transition and training is scheduled for June 9.

Fix shared that GVP will be performing a phone upgrade next week. Fix noted that the IT department will also be transitioning to the virtual server for the phones during the upgrade. Walch reminded the board that Fix will be retiring on July 6 after 38 years of service to GVP. Walch stated that GVP promoted Karen Allen to succeed Fix as IT Manager. Fix reported that she is focused on a successful transition as she prepares for retirement. Allen thanked the board for the opportunity and acknowledged that she has big shoes to fill. Allen reported that IT will be performing hardware upgrades and iVUE upgrades over the next couple of months. Walch noted that Allen will continue to perform most of her network administration functions as the IT Manager. Walch shared that Fix and Allen have worked to evaluate the needs within the department and have developed a job description for a new position. The job title for this position is applications analyst. It has been posted internally and should be filled in June.

Wheeler presented the financials. Kanda shared that the Controller position in the accounting department was posted last week and to date GVP has received eight resumes with several high quality applications.

Walch provided an update on COVID-19 Continuity Plan operations. Walch noted that GVP was one of the first cooperatives in the state to reopen its office. Walch stated that GVP continues to see an increase in the number of members who have signed up for SmartHub accounts online. VanWinkle shared that while online opportunities are efficient, she prefers doing business in person and appreciates GVP's efforts to safely resume normal operations. Walch noted that the timing of the installation of the enhanced meters was beneficial due to the fact that the customer service representatives could continue to work from home to answer member questions and upload meter readings without sending employees out the in the field during the pandemic.

Walch reported that Hometown Relief Fund applications are steady. He noted that the program has met objectives in that it has not been burdensome to administer. Sandeen-Hall shared appreciation from the members for the approach that GVP has taken with the fund. VanWinkle asked if GVP will track the recipients and note if the assistance helped them catch up and avoid disconnection. Elder stated that GVP will be able to track and analyze the effectiveness of the Hometown Relief Fund.

Walch provided an update on the Payroll Protection Program (PPP) application. Walch noted that NRECA worked to clarify that a 501(c)12 organization is eligible for PPP funds. Walch shared that it is GVP's responsibility to keep all options open at this time to protect our members and hedge against future rate increases that could result if GVP sees large increases in write-offs of bad debt. Walch noted that if GVP secures PPP funds, it would act responsibly and return any excess funds once the impact to GVP is known. Walch stated that since we provide service on credit, GVP will not know the full economic impact until we are several months past the pandemic. Walch stated that without the PPP, if GVP experiences a large increase in write-offs, the loss of revenue could put upward pressure on rates, impacting all GVP members.

Walch stated the pandemic has legislators focusing on budget deficits and funding. Walch noted that some of the bills that CREA and GVP were watching at the beginning of the session will more than likely not be taken up during this year.

Walch shared a staffing update. Walch noted that the operations and engineering departments will be fully staffed as of June 8. Walch shared that the new position in IT may create some internal movement which could lead to an opening in another department. Walch noted that GVP will be interviewing candidates for the Controller position in June.

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

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

### III. June Board Meeting

Sandeen-Hall shared that the June board meeting date was changed in January due to a conflict of dates with the CFC Forum in Salt Lake City. Sandeen-Hall noted that the CFC Forum has been cancelled and asked directors if the June board meeting should be reinstated to its original date of June 17.

**MOTION:** Motion by McClaskey second by Martinez to reinstate the original June board meeting date to June 17; carried.

### IV. Audit Report

Kevin Kelso and George Lynch with the Kevin S. Kelso, CPA, P.C., P.A. auditing firm joined the meeting via Zoom. Walch introduced all in attendance to Kelso. Kelso provided a summary of the audit report. Haberkorn inquired if the internal controls have remained strong through the staffing transitions that have taken place. Kelso noted that internal controls are fluid and will continue to evolve while filling a vacancy that currently resides within the finance department at GVP. Kelso stated that they found internal controls to be adequate and appropriate. Walch noted that after consultation with Kelso, GVP has been innovative in the way that it amortizes its formula rate true-up credit from Xcel to pass it back to members over the course of the year to offset the need for a rate increase. Walch shared appreciation for Kelso's ability to work with GVP to provide input on these kinds of programs. Walch asked if Kelso has any concerns with the audit team's ability to communicate with GVP's financial and management staff. Kelso stated he had no concerns in this area.

**MOTION:** Motion by McClaskey second by Saunders to accept the audit report for the year ended December 31, 2019; carried.

Sandeen-Hall noted that Kelso has submitted a proposal to continue providing services to GVP for the next three years. VanWinkle inquired how many years Kelso has provided the audit services. Walch noted that Kelso began doing GVP's audit in 2015. Walch noted the relationship between the auditor and board is critical. Mease expressed an appreciation for the detail that Kelso provides. Haberkorn stated that Kelso's internal control checks change each year, so they are constantly looking at different processes and controls.

**MOTION:** Motion by Martinez second by VanWinkle to approve the three-year contract with Kevin S. Kelso, CPA, P.C., P.A.; carried.

V. Coronavirus Impact

Walch asked for guidance and direction from the board regarding the annual meeting and election process given the current pandemic situation. Walch noted that GVP's bylaws state that 100 members must be present at the annual meeting to constitute a quorum. Walch stated the bylaws state that if 100 members are not present at the meeting but mail voting for the directors occurs prior to such meeting, the election of directors shall occur so long as at least 100 valid votes are cast, including mail ballots and ballots voted in person at the meeting. Walch noted the most important elements of the annual meeting are the election and business reports. Since it is uncertain whether a gathering of 100 members would be allowed, Walch proposed that GVP provide a video presentation of the reports for members electronically in lieu of hosting an in-person meeting. Walch stated that since GVP will not be spending money on food, funds could be allocated to hire a professional to provide a video presentation. Walch noted that steps could be taken to allow for in-person voting by providing access to drop off ballots at GVP's lobby in a ballot box. Walch noted that staff will provide recommendations regarding how member questions could be addressed.

McClaskey expressed concerns regarding the demographic of the typical attendee to participate in an online meeting format. Mease noted that those members may not attend an in-person meeting because they are part of a demographic that is most vulnerable. Walch shared that the members who are truly engaged may find a way to have others help them access the meeting. VanWinkle asked if staff could provide the quality of video necessary without hiring an outside entity. Walch shared that while our staff is capable, GVP does not have the equipment necessary to capture the video and audio necessary for a quality presentation and does not have expertise or resources in high-level video editing required for this kind of production. Mease asked if requiring members to presubmit questions will become the norm moving forward. Walch stated that this year is unique and that GVP should consider reinstating personal questions at the annual meeting in the future.

**MOTION:** Motion by Spangler second by McClaskey to authorize management to engage professional services to produce video reports for a virtual annual meeting; carried.

Walch reported on the economic impact of COVID-19 on the pension fund. Walch noted that NRECA utilizes smoothing methodologies to minimize the impact and level out the ups and downs of the market.

Walch stated that Citizens State Bank requires board authorization to allow Walch and Kanda to be signatories on a new checking account to facilitate funding of GVP's Payroll Protection Program loan.

**MOTION:** Motion by Mease second by VanWinkle to authorize Tom Walch and Pat Kanda to be signatories on a new checking account to be opened at Citizens State Bank; carried.

VI. Attorney's Report

Kampf shared that his firm helped Wharton with the Hometown Relief Fund rules. Kampf stated that he worked with Walch regarding the PPP loan rules and application. Kampf noted the Charter pole agreement is progressing slowly. Kampf stated that GVP has received a revision from Charter but waiting on exhibit forms. Doderer noted that he has worked with Walch regarding the director election process. Doderer noted a review of a line rebuild within a right-of-way.

VII. CREA Report

Martinez noted the CREA board notes were included in the board package. Martinez reported CREA held a Zoom meeting on April 30. Martinez shared that an executive committee meeting was also held, and it was decided to cancel the fall meeting due to the pandemic. Martinez noted that they are working to identify dates the meeting could be rescheduled. Martinez stated an executive meeting will be held next Thursday to evaluate the reduction of dues to cooperatives for the third quarter since CREA is unable to travel to visit

cooperatives. Martinez shared the Energy Trails international trip may be rescheduled. Martinez asked Walch how the weekly managers teleconference facilitated by CREA is being received. Walch noted that the sessions are effective and productive.

VIII. WUE Report

Haberkorn noted that WUE will have a virtual meeting May 28. Haberkorn stated elections will be held during the August Meeting. Haberkorn noted the WUE report is included in the board packet. Haberkorn shared the financials look solid and WUE staff will be presenting the budget during the next meeting. Haberkorn reported that staff will propose a 3-year forecast that includes a 2.5% increase in costs each year. Haberkorn noted that lead times are continuing to adjust and evolve due to supplier operations being disrupted.

IX. Continuing Business

None

X. New Business

Thank you notes from Mesa Hotline School and Glade Park Cowboy Poetry and Music Festival were shared with the board. Sandeen-Hall shared a congratulatory note from NRECA for winning a spotlight on excellence award.

Mease inquired if the PUC has provided a ruling on the just and reasonable charges in the Tri-State case since HB20-1225 was passed giving them jurisdiction in the matter. Walch noted that a hearing started on May 18 with an Administrative Law Judge regarding the Tri-State case.

Sandeen-Hall reminded directors to turn in hours.

**MOTION:** Motion by Martinez second by Haberkorn to adjourn; carried.

Meeting adjourned at 12:26 p.m.

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Derek Elder, Assistant Secretary

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Carolyn Sandeen-Hall, President