

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

Regular Meeting

May 16, 2018

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, May 16, 2018 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
S. James O'Connor	present
Robert Saunders	present
Sylvia Spangler	present
Janie VanWinkle	present
Dennis Haberkorn	present
Rod Martinez	present
Bill Rooks	present
Carolyn Sandeen-Hall	present

Others present: Tom Walch, CEO; Karen Allen, Network Administrator; Cathy Gledhill, Manager of Finance and Administration; Pat Kanda, Staff Accountant; Sarah Wheeler, Accounting Assistant; Mike Birch, Operations Manager; Steve Don, Manager of Engineering; Matt Williams, Staff Engineer; Derek Elder, Member Services Manager; Christmas Wharton, Communications Specialist; SueEllen Manley, Purchasing, Materials and Compliance Manager; Gregg Kampf, Attorney

Minutes:

MOTION: Motion by Haberkorn second by Saunders to approve the minutes of the April 18, 2018 regular meeting; carried.

MOTION: Motion by Sandeen-Hall second by Rooks to approve the agenda; carried.

I. CEO's Report

1. Staff members updated the board on activities in their respective departments. Elder informed directors nominating petitions can be picked up May 14 and must be returned June 18. Directors up for reelection are Haberkorn, O'Connor and Rooks. O'Connor informed the directors he will not be running for reelection. Elder also reported to the board the petition packet includes clarification on how the biographical sketch will be used, and how the election will be incorporated into the proceedings at the annual meeting. Wharton relayed to the directors her work with local communication organizations, including the Joint Information Center (JIC). In the event of an emergency or incident, JIC members coordinate public information efforts. Wharton informed the board that five employees and one director have volunteered to participate in the St. Baldrick's head-shaving fund-raising event being held at GVP on June 21. Gledhill informed the board employee Nita Mancuso is retiring on June 19. Birch informed directors GVP crews are currently working on line extensions to four new subdivisions of 20 lots or more. Birch reported on a fire arising in connection with a power outage near Collbran. Walch reviewed the Ward Construction contract extension

request as presented in the CEO report to the board. Walch reported that Ward accepted his proposal for a 2.75% annual increase for up to two years. Birch informed directors GVP has established a good working relationship with Ward.

Williams reported the actions GVP is taking to mitigate fire risks. Reclosers on the Mesa Lakes line have been set to immediately trip open in the event of a fault with no reset. Linemen will increase patrols on the lines before closing in the fuse. Walch informed directors this will result in more outages with longer restoration time, but the top priority is safety and fire prevention. Williams also reported the steel structure has been erected in connection with the Orchard Mesa Substation expansion. The power transformer should be installed the first week of June and energized by the first of July. He informed directors he recently completed the final two-week session of the NRECA Management Internship Program (MIP) and expressed appreciation to the board for the development opportunity. Manley reported the improvement of parking spots and ramps for disabled and the overlay of front and rear parking area has been completed. She also reported that warehouse employee Doug Grinolds recently obtained his bachelor's degree in Business Management. Allen informed the board she is currently exploring options for enhancing the cell phone coverage signal in the headquarters building. Walch affirmed that linemen and servicemen use cell phones for communicating with consumers and a stronger signal is necessary for reliable coverage. Wheeler presented the March 2018 financial reports. Kanda summarized delinquent account and write-off activity. Walch reviewed a historical graph of distribution equity on a monthly basis and noted equity decline occurs in December with the patronage capital refund. Walch inquired if there is any interest in the annual patronage capital refund being distributed earlier in the year. Board discussion ensued, and the board agreed GVP should continue the practice of issuing capital credit refunds in December.

2. Walch reported the Audit and Finance Committee reviewed first quarter 2018 expenditures and noted no irregularities. President Martinez reported the Executive Committee reviewed first quarter 2018 CEO expenses and noted no irregularities.
3. Walch reviewed Resolution R18-02 authorizing CFC power vision loan request of \$19,910,285. Kanda informed directors he anticipates \$4.5 million of the loan will be drawn in 2018. Walch reported CFC also has a new line of credit product, As Offered Uncommitted Line of Credit (LOC). The interest rate on this LOC is .45 basis points lower than traditional LOC, but CFC has the right to refuse an advance request based on its liquidity. The board supported applying for the \$4 million dollar As Offered Uncommitted Line of Credit and retaining the existing Line of Credit. Walch also informed directors he asked CFC representative Eric Anderson to contact Steve Kettler and reserve May 15-16, 2019 on the calendar for a GVP strategic planning session.
4. Walch updated the directors on legislative activity. Walch reviewed the shift in public opinion in Mesa County and Colorado regarding renewable energy. He expressed his opinion that cooperatives need to take a leadership role in finding a way to deal with legislative and policy issues associated with reducing carbon emissions, rather than allowing the environmental community to establish future renewable energy mandates without appropriate consideration of the cost impact of these mandates. The joint CREA board/managers session held late last month identified the challenges that we face but made no progress towards identifying any solutions. Directors discussed whether GVP should contribute to the Colorado Advocates for Rural Electrification (CARE) 527 organization. It was the consensus of the board that additional information regarding CARE 527 planned expenditures is necessary before GVP can be in position to contribute. Walch indicated that he would contact CARE officials and request the necessary information.

5. Walch informed the board that La Plata Electric Association has amended its bylaws and policies to require director election campaign funding disclosure. This action was taken to ensure greater transparency and is a response to campaign funding provided by special interests outside the La Plata service territory. Martinez suggested the GVP board may want to consider implementing similar bylaw and policy requirements to maintain transparency.
6. Walch updated the board on succession planning issues among senior members of GVP's management staff. He reviewed continued employee training and development for employee advancement in each department and other strategies being considered to deal with these issues.
7. Walch extended an invitation to the directors to attend the upcoming Grand Junction Economic Partnership Western Colorado Economic Summit being held on June 6 at CMU.

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

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

MOTION: Motion by Haberkorn second by O'Connor to approve Resolution No. R18-02 authorizing application for a CFC Power Vision Loan not to exceed \$19,910,285; carried.

MOTION: Motion by Rooks second by Sandeen-Hall to approve a two-year contract extension with Ward Construction with a 2.75% annual increase; carried.

II. Legal

Kampf reported his firm assisted with preparing the Utility Sales and Service master agreement contract for meter reading and installation of meters for initial phase of AMI project.

III. CREA/Western United

Martinez reported he was a member of the CEEI committee that interviewed and selected linemen for the international project to bring electricity to two villages in Guatemala. He also relayed Mike Prom, CEO of Western United, is retiring in 2019.

IV. Continuing Business

None

V. New Business

None

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

Meeting adjourned at 12:00 p.m.

Cathy Gledhill, Assistant Secretary

Rod Martinez, President