

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

Regular Meeting

September 18, 2019

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, September 18, 2019 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; Cathy Gledhill, Manager of Finance and Administration; Pat Kanda, Staff Accountant; Sarah Wheeler, Accountant/Benefits Administrator; Mike Birch, Operations Manager; Bill Barlow, Operations Supervisor; Matt Williams, Manager of Engineering; Sherry Fix, Information Technology Manager; Derek Elder, Member Services Manager; Christmas Wharton, Communications Specialist; Gary Billiet, Purchasing and Warehouse Manager; Gregg Kampf, Attorney.

Minutes:

MOTION: Motion by Mease second by McClaskey to approve the minutes of the August 21, 2019 regular meeting; carried.

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

I. CEO's Report

1. Staff members updated the board on activities in their respective departments. Elder expressed appreciation to the board for the opportunity to participate in the NRECA Interact Conference. He reported that he has been evaluating bids from three local collection agencies as the company's current collection agency, Advantage Network, has been sold. GVP will contract with Wakefield Management, which has agreed to the same terms as the company had with Advantage Network. He also informed directors member services personnel will work the soft collection process with delinquent consumers rather than continue to use Transworld for that service. Elder reported he will work with Kampf on the legal issues regarding soft collection phone calls. Wharton notified directors of upcoming events for the employee charitable project this year, Operation Interdependence. She extended an invitation to the directors for the final fundraising event at 5:30 p.m. September 27 at Edgewater Brewery. Wharton informed the directors that, to date, fundraising events and employee and company contributions for the project are approximately \$1,450. Wharton reported GVP will host its family safety day at headquarters on Monday, October

14th. She also reported that, as October is National Co-op Month, GVP will host an on site Member Appreciation event on October 30 and 31 to promote safety for the trick or treaters on Halloween.

Barlow informed directors operations personnel are working on single tap services. Operations personnel are also installing relays and gateways for the enhanced metering system south on Highway 141 and in areas where there is a gap in communications. Birch reported that, at the request of the Clifton Fire Department, tree trimming crews have been trimming trees in Middleridge Subdivision in Clifton. Billiet informed directors his department is preparing for annual physical inventory scheduled for the middle of November. Williams informed board members that over 13,500 enhanced meters have been installed to date. He noted installation of meters is complete in the Grand Mesa, Debeque and Glade Park areas. Mease inquired if the data transfer from the enhanced meters is working. Williams reported that both the connectivity and data transfer is working as planned. Williams informed directors that the cooperative has reached an agreement with Utah Power and Light concerning the UP&L customer meters which GVP has served for 20 years or more. GVP will set a primary meter at the state line. UP&L will pay charges associated with the primary meter and assume responsibility for metering and collections from its retail customers. Williams also notified directors graphics/mapping technician, Darrell Gilbert, is retiring at the end of January, 2020. Fix informed the board that IT is completing the final self assessment of the NRECA Rural Cooperative Cybersecurity Capabilities (RC3) program. She also reported department personnel are participating in a professional hacking class in order to test GVP technology system vulnerability. Wheeler presented the July 2019 financial reports. Kanda summarized delinquent account and write-off activity. Haberkorn inquired about the disconnect process with the enhanced meters. Elder reported the process will remain the same, with the disconnects being scheduled over several days after the delinquent due date. Kanda informed the board he will attend the October 14 Xcel meeting for information on 2020 formula based rate projections.

2. Walch directed the board's attention to the strategic goal action plans developed by management staff. Kanda reviewed the Rate Strategy action plan. In response to inquiries from directors, Walch reviewed how the use of the Deferred Revenue Surplus account and amortization of the Xcel production cost refund to reduce monthly power cost over the next year should allow GVP to delay a rate increase for at least one year. The Rate Strategy action plan calls for staff to send out requests for proposal to rate consultants for cost of service study and rate design analysis. The board will be responsible for the selection of the rate consultant. The consultant will provide input on a broad range of rate design options so the board can analyze the fairness and impact to the consumers before making a determination on rate design.

Williams and Fix reviewed the proposed action plans for the Technology and Cybersecurity Strategic goal. Fix informed directors Allen and Williams will be attending the NISC Member Information Conference next week and will be evaluating new technology platforms. She also reported that the final phase of the RC3 program will include utilizing a tool kit to create and resolve a desktop cybersecurity crisis. Walch informed directors that the IT department's social engineering training was working, recently 50 test phishing emails were sent out, and none of the GVP employees targeted took the bait. Walch reported all directors are welcome to participate in the training. Haberkorn complimented staff for the comprehensive action plan outlined to implement the Technology and Cybersecurity strategic goal.

Elder presented the action plans for the Programs and Services Strategic goal with the focus on new and better ways to serve GVP consumers, including an update on the implementation of outage notification by text message for GVP consumers. Walch encouraged directors to participate in the outage notification program when it is available so

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they are familiar with the information participating consumers are receiving. Elder discussed the action plan for a company purchase of an electric vehicle in 2020 for evaluating and developing an EV program for GVP. Sandeen-Hall asked directors to review the action plan for board action at October meeting. Sandeen-Hall expressed appreciation to staff members for its work in developing the action plans.

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Walch presented the draft of the action plan for the Workforce Development Strategic goal. Walch outlined the process for the individual development plan which employees will be encouraged to complete with their supervisors and managers. Van Winkle inquired if the wording "from time to time" with action plan step to conduct all employee customer service training could be changed to establish a more definite time frame. Walch noted GVP takes the opportunity to participate in state wide service training through CREA when it is available. Van Winkle inquired whether the action plan could be amended to encourage staff members to be more involved in community affairs. Walch indicated that he could revise the action plan to include such a provision.

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Sandeen-Hall advised all directors to thoroughly review the action plans for these four strategic goals for board action at the October meeting.

Walch informed directors the action plans for the final three strategic goals, Enhancing our Safety Culture, Exploring Wholesale Power Purchase Opportunities, and Cultivating Partnerships and Alliances to Advance our Mission, will be presented at the October board meeting.

- Walch informed directors he attended both the Clean Energy Jobs Panel discussion and the Energy Legislative Committee meeting on Thursday, September 12. At both discussions, Walch communicated the challenges the Western Slope faces with the loss of fossil fuel jobs due to the clean energy mandate, which will not be replaced by clean energy jobs on the Western Slope. Walch also informed directors he attended a non CREA sponsored managers' meeting in Colorado Springs on Monday, September 16. The managers discussed power supply and legislative issues.

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- Walch updated the directors on a meeting held with Guzman Energy September 17. Guzman will present GVP with a term sheet outlining a proposal for its services. Walch also informed directors that Tri-State and WAPA have decided to join the Southwest Power Pool. Walch reported that tension still exists between Tri-State G&T and its members as several of them are pushing for partial requirements contracts. Current members will still be responsible for costs associated with the early retirement of fossil fuel facilities. Should GVP have the opportunity to enter into a partial requirements contract with Tri-State G&T, these stranded costs should not be embedded in its rate.

- Walch informed the board that he will be participating in a meeting with managers of several cooperatives to discuss ways to work together to increase efficiency and spread investment risk.

- Walch reported former working foreman, Robbie Barela, has accepted the open service planner position in the engineering department. Lineman Nick Reimer has been promoted to the working foreman position. Gary Billiet has hired Eric Lowary for the custodian/material handler position in the warehouse.

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

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

MOTION: Motion by Spangler second by Martinez to approve Resolution R19-01 Change in Authorized Signatories; carried.

7. Sandeen-Hall reviewed the proposed changes to the Policy Bulletin No. 33 Director Compensation and Travel Reimbursement. Martinez commented on the proposed changes to the policy, expressing concern that directors may choose to forego education due to the limited travel allowance. Sandeen-Hall thanked Martinez for his comments.

MOTION: Motion by VanWinkle second by McClaskey to approve Policy Bulletin No. 33 Director Compensation and Travel Reimbursement with revision of striking the words “travel compensation” in paragraph H2. Call for question. 5 ayes; 3 nays. Motion carried.

8. Sandeen-Hall commented that, as the board members receive a \$150 annual stipend for iPad allowance, it is recommended directors use the iPads as well as their GVP email address for GVP correspondence.

MOTION: Motion by Martinez second by Saunders to set the 2020 GVP annual meeting for 6:30 p.m. Thursday, August 6, 2020 at the CMU ballroom; carried.

Directors received the planning checklist for 2020 meetings and conferences. Sandeen-Hall requested the board members review the checklist and complete for discussion at the October board meeting. Haberkorn commented on the inclusion of the Gettysburg Leadership Experience and encouraged directors review the curriculum for consideration of its value in training.

President Sandeen-Hall reviewed director assignments to board committees. After director input, the new committee assignments are as follows:

Finance and Audit Committee: McClaskey, Haberkorn, VanWinkle (chair)
Compensation Committee: McClaskey, Haberkorn, Martinez, Sandeen-Hall, Rooks
Policy and Governance Committee: Spangler, Rooks, VanWinkle, Mease
Member and Community Relations Committee: Spangler, Saunders, Sandeen-Hall, Mease

II. Legal

Kampf reported his firm has been busy reviewing consumer complaints to PUC for the San Luis Valley rate protest case. Kampf offered to share the experiences with directors when the board evaluates possible demand rate charge for residential consumers.

III. CREA/Western United

Martinez reported he participated in a telephone conference call and the directors reviewed the increase in CREA employees’ insurance premiums, the OSHA regulation regarding crane training for drivers of digger/derricks. Walch informed directors Birch is reviewing the regulation to determine its applicability to GVP. Haberkorn reported the auditors issued an unqualified opinion on Western United financials for the year ended June 30, 2019. Haberkorn also commended Western United personnel for its cost savings tactics, such as replacing vehicles with pre-owned vehicles.

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IV. Continuing Business

Sandeen-Hall reviewed with the directors the Executive Committee's summarization of key issues and recommendations regarding the CEO evaluation. Mease inquired if the results of the Great Co-ops Consortium input should be included in the evaluation. Sandeen-Hall suggested the board delay that consideration until GVP has participated in the consortium and reviewed the results. The board concurred.

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V. New Business

None

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

Meeting adjourned at 1:30 p.m.

Cathy Gledhill, Assistant Secretary

Carolyn Sandeen-Hall, President