

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

Regular Meeting

July 21, 2021

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Thursday, July 21, 2021 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
Sylvia Spangler	present
Janie VanWinkle	present
Dennis Haberkorn	present
Rod Martinez	present
Bill Rooks	present
Carolyn Sandeen-Hall	present
Jesse Mease	present
Joe Burtard	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; Mark Shaffer, Operations Supervisor; Karen Allen, Information Technology Manager; Joe Michalewicz, Controller; Thomas Wright, Staff Engineer; Gregg Kampf, Attorney; Jacob Thomas, GDS Rate Consultant (virtual participant); Bill Leung, Power Supply Consultant (virtual participant); John Krajewski, Power Supply Consultant; Jeff Hurd, Attorney.

MOTION: Motion by Martinez second by Haberkorn to approve the minutes of the June 17, 2021 regular meeting; carried.

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

I. Guests and Public Comments

None.

II. CEO's Report

Staff Reports

Communications – Wharton provided an update on plans for the Annual Meeting. Wharton reported that the Annual Reports were mailed on Monday, July 12 and the ballots were mailed to members on Wednesday, July 14, 2021. Wharton reviewed the COVID protocols that GVP will follow for the Annual Meeting.

Operations – Shaffer provided an update on the Lands End Fire and reported that GVP lost 4 poles due to the fire. Shaffer reported on an outage near DeBeque due to a vehicle accident.

Warehouse – Billiet reported that the warehouse access road and gate project is complete. Mease inquired if the secondary road and access would be maintained for future use. Billiet reported that GVP will maintain the secondary access point for emergency use.

Engineering – Williams provided a review of the RUS Form 300. Williams noted that while GVP is not required to maintain and report on the RUS Form 300, it is a good business practice to continue to report on the status of compliance with the guidelines set forth in the RUS Form 300. Williams noted that one area of improvement that GVP will address is the requirement for an idle service policy. Williams reported that GVP does not have an idle services policy in place. Williams provided a proposal for changes to GVP Rules and Regulations to address idle services to include a three-year grace period to maintain an idle service. VanWinkle inquired if the proposed changes took into account the remote services that are historically used for emergencies and/or extreme circumstances. Haberkorn inquired how the idle services are accounted for on GVP's balance sheet. Kanda noted that idle services are reported in the heading on GVP's balance sheet. Mease inquired about the number of recent idle services. Williams stated that the development of new subdivisions is included with more recent idle services. Walch inquired if any directors would be interested in serving on an ad hoc committee to review the proposed policy. VanWinkle shared that she may be interested after reviewing the proposed policy and speaking with members. Burtard and Spangler shared an interest in serving on an ad hoc committee to review the proposed policy.

Williams also reported that Federated asked for the inclusion of force majeure language in GVP's rules and regulations to limit liability exposure for events beyond the cooperative's control. Haberkorn inquired if liability language will lead to wildfire liability concerns. Kampf noted that the proposed changes would not increase existing liability for wildfires.

Information Technology – Allen provided an update on the RC3 program. Allen shared that GVP participated in NRECA's pilot program relating to Rural Cooperative Cybersecurity Capabilities (RC3). Walch noted that GVP was one of about 60 cooperatives nationwide selected to participate in the pilot program. Allen provided a summary of a cybersecurity attack that took place over the July 4 holiday weekend. Allen noted that Jimmy Weber, GVP's on-call I.T. employee, noticed the attempted attacks on GVP's third-party vendor and was able to isolate the software to prevent penetration into GVP's network. Walch shared the benefit of programs like RC3 that provide education and assistance for small rural electric cooperatives to avoid these types of attacks. VanWinkle inquired if GVP has a policy or plan in place in case of a cybersecurity attack. Allen noted that GVP does have an incident response plan in place to address multiple types of events.

Finance – Kanda provided a summary of the monthly financials. Kanda reported on the disconnects and write-offs. Kanda provided an update on the deferred revenue account. Kanda stated that GVP has paid all but \$96,000 in cashback credits. Kanda noted that the remaining balance will be allocated to member accounts and if current addresses are received, GVP will return those credits.

Member Services – Elder reported that the member services team continues to prepare for the annual meeting. Elder shared that GVP attended the Mesa County Fair Livestock sale and purchased three animals during the sale.

Walch provided an update on the RESAP inspection that took place on July 12, 2021. Walch noted that CREA's Director of Loss Control, Dale Kishbaugh, led the team and reported that all team members were very impressed with GVP employees and facilities. Walch noted that while a few minor critical points were recorded, Kishbaugh applauded the significant improvement that GVP has shown since its last RESAP visit. Walch applauded the employees for taking ownership in GVP's safety culture.

Cost of Service Study Update – GDS Rate Consultant, Jacob Thomas joined the meeting via Zoom. Thomas provided a summary of the cost of service study performed by GDS Consultants. Thomas noted that while preliminary results show that GVP rates are adequate at this time, increased costs and growth in total utility plant could put upward pressure on GVP rates.

Power Supply – Walch noted that an Administrative Law Judge (ALJ) ruled that Xcel Energy wholesale customers could not intervene in the Colorado PUC hearing for Xcel Energy retail customers. Walch shared that GVP continues to put pressure on Xcel to prevent or minimize future rate spikes in wholesale power costs.

Walch reminded directors that CFC Regional Vice President Eric Anderson will provide a cooperative financial training session for directors on July 29.

Walch shared with directors that the NRECA Regional meeting is scheduled for September 28-30, 2021. Sandeen-Hall reminded directors that NRECA is also making the meeting available virtually on September 29-30, 2021.

Walch thanked VanWinkle for the opportunity to attend the Colorado Cattlemen's Association Banquet.

Walch noted that the NRECA CEO Close-Up Conference is scheduled for August 19, 2021. Walch asked the board to consider starting the August board meeting at 8:00 a.m. on August 18, 2021 to allow for travel time to attend the CEO Close-Up. The consensus of the board was in agreement to move the start time for the August board meeting to 8:00 a.m. on August 18, 2021.

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

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

III. Authorize Budget Amendment

Mark Shaffer provided a summary of contractor expenses relating to the use of a mini excavator for the operations team to use during construction and outages. Shaffer asked the board to authorize a capital expenditure of \$30,000 for a purchase of a mini excavator and trailer. Shaffer noted that most of the linemen either are or will become certified to operate the mini excavator thereby creating a savings to GVP that will pay for itself in less than one year.

MOTION: Motion by Martinez second by Mease to authorize the purchase of a mini excavator and trailer; carried.

IV. Attorney's Report

Kampf reported that he has been working with Williams on the policy updates. Kampf noted that the final draft pole contacts agreement contract has been sent to CenturyLink for its review.

V. Executive Session – Update on February Fuel Cost Adjustment and Power Supply Strategy

MOTION: Motion by Haberkorn second by Mease to convene an executive session to discuss updates on the February Fuel Cost Adjustment dispute and power supply strategies; carried.

Executive session convened at 11:50 a.m.

Regular session reconvened at 1:46 p.m.

VI. CREA Report

Martinez noted that CREA board minutes were included in the board packet. Martinez shared that the CREA Budget and Finance Committee did finalize the audit report for CREA. Martinez shared that the CREA Pedal the Plains event was cancelled. Martinez noted that the CCL magazine expenses will increase by 8% beginning in September due to postage increases by the USPS. Martinez stated that CREA is considering a staff restructuring as a result of the retirement announcement by Geoff Heir. Sandeen-Hall shared appreciation for CREA's willingness to explore restructuring for the benefit of CREA members.

VII. WUE Report

Haberkorn noted that WUE's next board meeting is scheduled for August. Haberkorn shared that WUE reviewed and accepted the audit report. Haberkorn noted that a shortage of material continues to impact lead times for material.

VIII. Continuing Business

None.

IX. New Business

VanWinkle shared that a county official approached her regarding GVP's pole attachment policy. Walch and Williams noted that they will reach out to the county regarding the request.

MOTION: Motion by Martinez second by Spangler to adjourn; carried.

Meeting adjourned at 2:21 p.m.

Derek Elder, Assistant Secretary

Carolyn Sandeen-Hall, President