

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

Regular Meeting

November 21, 2024

I. Call to Order, Pledge of Allegiance, Roll Call

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, November 21, 2024 at 845 22 Road, Grand Junction, Colorado. President Brian Woods called the meeting to order at 9:04 a.m. Attendees recited The Pledge of Allegiance.

ROLL CALL:

Joe Burtard	present
Kyle Coltrinari	present
Gary De Young	present
Lindsay Gray	present
Joe Landini	present
Jesse Mease	present
Carolyn Sandeen-Hall	present
Janie VanWinkle	present
Brian Woods	present

Others present: Tom Walch, CEO; Derek Elder, Chief Administrative Officer; Joseph Michalewicz, Chief Financial Officer; Mike Kansgen, Director of Information Technology; Rita Sanders, Director of Marketing & Communication; Bill Barlow, Operations Manager; Sarah Wheeler, Controller/Benefits Administrator; Walter Fees, Engineer; Destry Smith, Energy Services Administrator; Tonya Archuleta, Applications Analyst; Dan Reid, Warehouse & Purchasing Manager; Kobi Webb, Attorney.

II. Approve Minute Record of October 16 Regular Board Meeting

MOTION: Motion by Sandeen-Hall second by Coltrinari to approve the minutes of the October 16, 2024 regular meeting; unanimously carried.

III. Approve Agenda

MOTION: Motion by Sandeen-Hall second by Burtard to approve the agenda with an amendment to add a report from the Member and Community Relations Committee after the Consent Agenda; unanimously carried.

IV. Guests and Public Comments

Walch introduced Ryan Stepanek from Twin Peaks Bible Camp, an organization that is seeking to have a GVP line extension built to serve its facilities. Stepanek provided his perspective on efforts to secure easements and rights-of-way necessary for the construction of the proposed line extension.

V. Staff Reports

Communication – Sanders provided an update on upcoming events, including Toys for Tots donations, Youth Programs and Scholarship applications, the Grand Valley Power Christmas Party and the Fruita Parade of Lights. Sanders said that the communication team is also excited to launch this month a quarterly email newsletter to connect with members who prefer electronic communication. National surveys show that 50% of cooperative members prefer email

communication, and the last CCL survey in 2022 revealed that 39% would like to receive cooperative news via email.

Member Services – Smith shared that the Colorado Energy Office has awarded Grand Valley Power a grant for a wildfire mitigation project in the Vega Lake area. The cooperative is reviewing the contract. Smith also said Grand Valley Power is working with local U.S. Forest Service representatives for permitting of work associated with GVP’s Wildfire Assessment and Resilience for Networks (WARN) grant awarded by the Department of Energy. This grant will help fund a project to convert 4 miles of overhead lines in the Mesa Lakes area to underground facilities. The biggest permitting challenge will center on a National Environmental Policy Act (NEPA) study, which must be completed prior to any work beginning on the project. Walch said the WARN grant stipulates that work must be completed in 2026. Grand Valley Power is requesting an extension because of anticipated delays in completing NEPA studies, the challenging nature of the terrain, and the short construction window due to wintry conditions on the Grand Mesa.

Information Technology – Kansgen reported that he attended an educational seminar on the Fundamentals of the Electric Co-op Business along with several Grand Valley Power employees. He said that the co-op is finalizing an Information Security Policy, which outlines employee responsibilities regarding electronic payments and sensitive information. Kansgen also said IT is working to improve cellular reception in the building and ensure systems have the most updated security.

Operations - Barlow provided an update on pole testing in the Loma, Mack, and Glade Park areas. He said the testing will be completed this week, about six weeks earlier than anticipated. Additional pole testing is scheduled for next year. Barlow also shared information about a brief outage that impacted about 500 households served by the Fruita substation. The outage followed a report from an Xcel serviceman that a GVP switch was arcing. Barlow also reported an underground failure at Powderhorn that had been repaired.

Engineering – Fees reported on upcoming maintenance projects and distribution system upgrades. He noted that all material has been ordered for the Highline Substation expansion and Grand Valley Power is receiving bids to complete the work. Fees also said that the cooperative has received a design for a new Faith Hill Church building to replace its existing facility.

Accounting – Wheeler shared that employees from the Accounting Department were included among the group attending the Fundamentals of the Electric Co-op Business seminar. Another group participated in a CREA course on work order processes.

Warehouse – Reid reported that the annual inventory balanced with a net adjustment less than \$50. Directors commended Reid and his team for their work and inventory management.

Finance – Michalewicz provided a summary of the monthly financials and reported on the disconnects and write-offs. Michalewicz said September was the third highest September sales volume in GVP’s history. Shoulder months are typically challenging, as high demand increases wholesale power costs, and lower kilowatt hour sales limit revenue collections.

Michalewicz and Archuleta provided an update on the transition of Cycle 2 Billing to Cycle 1. They said the programming is in place, staff are prepared, and communication continues to members.

Departmental Budget Presentations – Walch noted that this is a preliminary presentation on the 2025 budget. The final budget will be presented for board approval at the December board meeting. Looking ahead, Grand Valley Power anticipates there could be changes in the organizational structure as we explore alternatives for replacing Chief Operating Officer Matt Williams, who passed away suddenly in October. These changes will seek to meet the needs of the membership while keeping costs level.

Budget challenges included the management of fleet replacements. Staff members are exploring how to do that and overcome the cost challenges and supply chain delivery issues that have hampered fleet replacements for the past several years. Walch said the cooperative will need to borrow at higher interest rates than in the past and equity will dip because of significant infrastructure upgrades and expansions that will occur in 2025. The cooperative plans to use the surplus power cost adjustment fund to manage rising power costs in 2025.

Michalewicz led the review and presentation of GVP's preliminary 2025 budget, noting that Grand Valley Power has set itself up for success despite cost pressures.

Department managers provided a review of 2025 projects and budgets for their respective departments.

Walch asked for board direction on whether Grand Valley Power should incorporate a modest rate increase (3% or less) into the budget that would be effective in the last quarter of 2025. Directors discussed the preliminary budget and the upcoming Cost-of-Service Study and directed staff to include in the final budget revenue to be generated with a proposed rate increase in the range of 3%.

Walch asked directors to review the proposed budget and communicate questions and concerns to the Finance and Audit Committee. The Finance and Audit Committee will make its final budget recommendations to the board at the December board meeting. Walch provided an overview of the timeline to review the budget ahead of next month's board meeting. The Finance and Audit Committee agreed to schedule its budget review meeting on December 12 at 8 a.m. All board members are welcome to attend and participate.

Michalewicz reported on patronage capital retirements. Directors discussed presenting checks in person to members in Collbran who will receive large retirements.

VI. CEO Report

Power Supply Update – Walch reported that PSCo has deemed Grand Valley Power's Network Integration Transmission Service Agreement (NITSA) application complete. The next step is a transmission study that Grand Valley Power will be required to pay for.

Legislative Update – Walch said that staff and board members met with Colorado legislator Rick Taggart to discuss the upcoming Colorado legislative session, including a potential wildfire mitigation bill for electric cooperatives that would limit their liability exposure. Walch also shared that La Plata has hired former state senator Chris Hansen as its new CEO. Walch also provided information on lobbying activities.

IBEW Update – Walch noted IBEW Local 111 has a new business representative, Chris Flaherty, formerly of Tri State. Walch said that for distribution cooperatives, the average 2025 wage increase exceeds 4%. Grand Valley Power communicated an annual wage increase of 4% for all bargaining unit employees effective November 15.

Walch reminded directors that the December meeting would begin at 8 a.m. on Thursday, December 19. Due to scheduling conflicts, directors agreed to hold the January meeting on the fourth Wednesday, January 22, 2025 at 9 a.m.

Walch reported that Grand Valley Power has communicated to the Nanny Blaine project coordinators required next steps.

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

VII. Consent Agenda

MOTION: Motion by Sandeen-Hall second by Mease to approve the consent agenda items; unanimously carried.

VIII. Approve 2024 CashBack Credits

Michalewicz reviewed GVP's equity management policy, which provides a target of retiring 3-5% of the member capital account on an annual basis. Michalewicz shared management's recommendation that the board approve retirement of 4% of the outstanding unretired member capital balance. This would trigger member capital retirement of \$1,333,951.48 for members in the month of December.

MOTION: Motion by Mease second by Gray to authorize a 2024 member capital retirement of \$1,333,951.48, representing 4.0% of the total outstanding unretired member capital, and issue Cash Back Credits in the same amount; unanimously carried.

IX. Approve Resolution R24-10 – Adopting Revisions to Grand Valley Power General Rules and Regulations

Walch said staff have updated Grand Valley Power's General Rules and Regulations to make the language consistent throughout.

MOTION: Motion by De Young second by Landini to approve Resolution R24-10 – Adopting Revisions to Grand Valley Power General Rules and Regulations.

X. Approve 2025 Director Travel Requests

Directors discussed travel requests for 2025: De Young – NRECA Summer School and New Director Orientation; Gray – CREA Annual Meeting and New Director Orientation; Sandeen-Hall – CFC forum and CREA meetings as GVP's CARE representative; VanWinkle – CFC forum; Woods – CREA Annual Meeting; Coltrinari, Gray, Mease, Woods, and Walch – Legislative Conference in Washington, D.C. in April.

XI. Member and Community Relations Committee

Director Sandeen-Hall reported that the Member and Community Relations Committee met before the board meeting to discuss a new scholarship and possible donation. Sandeen-Hall said Grand Valley Power has reached its annual donation cap of 7.5% of donated capital; however, it has made exceptions in the past. The committee discussed donating to the Grand Mesa Nordic Council for the construction of its Skyway Station and does not recommend making a contribution at this time.

The committee also recommends that the cooperative designate a new, renewable scholarship in honor of its former Chief Operating Officer, Matt Williams. The scholarship would be \$1,500 per year, and would be renewable for up to four years, eventually adding a total of \$6,000 to the existing scholarship expense of \$20,500 per year. The scholarship would be awarded to a member of a household served by Grand Valley Power who is seeking a degree in a Science, Technology, Engineering or Math (STEM) field of study at any institution of higher education. Sandeen-Hall said that other entities have expressed interest in contributing to this scholarship fund; however, Grand Valley Power would need to create a 501(c)(3), and the committee recommends having GVP's attorney explore that possibility.

MOTION: Motion by Sandeen-Hall second by Gray to establish a new scholarship in honor of Matt Williams, the Matt Williams STEM Scholarship, that is \$1500 per year and renewable for up to four years to any college or university; unanimously carried.

XII. Executive Session – Personnel Matters, Power Supply, Privileged Legal Report

MOTION: Motion by Sandeen-Hall second by Mease to convene an executive session for the purpose of discussing personnel matters, for receiving a privileged power supply update and for receiving a privileged legal report; unanimously carried.

Executive session convened at 1:46 p.m.

Regular session reconvened at 3:17 p.m.

MOTION: Motion by Mease second by Sandeen-Hall to authorize an update of management duties or organizational chart restructuring as needed, and as discussed during executive session; unanimously carried.

MOTION: Motion by Sandeen-Hall second by Gray to approve employee bonus awards for safety excellence award and other accomplishments, as discussed during executive session; carried 8-0 with 1 abstention.

XIII. Attorney's Report

Webb reported that key legal issues had been covered in executive session.

XIV. Colorado Rural Electric Association Director's Report

Walch reported that CREA does not plan to propose any rule changes related to associate membership but may address the subject in the future.

XV. Western United Electric Supply Director's Report

Director Mease reported that Western United sales have increased, and the historic long lead time is decreasing. He said that Grand Valley Power will receive its share of recently retired WUE capital credits.

XVI. Continuing Business

Director De Young summarized a handout from Western Colorado Alliance titled "What Grand Valley Power users really want."

XVII. New Business

None.

XVIII. Adjourn

MOTION: Motion by Landini second by Mease to adjourn; unanimously carried.

Meeting adjourned at 3:35 p.m.

Rita Sanders, Assistant Secretary

Brian Woods, President