

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

Regular Meeting

May 15, 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, May 15, 2024 at 845 22 Road, Grand Junction, Colorado. President Janie VanWinkle called the meeting to order at 9:00 a.m. Attendees recited The Pledge of Allegiance.

ROLL CALL:

Joe Burtard	present
Kyle Coltrinari	present
Gary DeYoung	present
Joe Landini	present
Jesse Mease	present
Bill Rooks	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; Rita Sanders, Director of Marketing & Communications; Bill Barlow, Operations Manager; Karen Allen, Information Technology Manager; Destry Smith, Energy Services Administrator; Tanya Marchun, Communications Specialist; Sarah Abbott, Attorney; Amy Moyer, Director of Strategic Partnerships, Colorado River District; and Nina Anderson, member.

II. Approve Minute Record of April 17 Regular Board Meeting

MOTION: Motion by Sandeen-Hall second by Woods to approve the minutes of the April 17, 2024 regular meeting; unanimously carried.

III. Approve Agenda

MOTION: Motion by Woods second by Coltrinari to approve the agenda with the addition of a power supply update during executive session; unanimously carried.

IV. Guests and Public Comments

Amy Moyer, Director of Strategic Partnerships for the Colorado River District, shared information about the district's effort to preserve the Shoshone Water Rights on the Colorado River for recreational, agricultural, fisheries, energy, and environmental needs on the western slope. She provided a timeline and information about the district's work with contributing organizations to purchase the water rights from Xcel Energy.

Directors discussed what information they might need to be able to consider contributing from Grand Valley Power to the water rights purchase. They would need to weigh the impacts and examine every angle. Director DeYoung called for the question.

MOTION: Motion by Rooks second by Woods with a friendly amendment to direct staff to review the financial condition of the cooperative, including impacts on equity, cash flow, financing, rates, the status of the

cooperative's unclaimed patronage capital account, and other relevant factors that would inform the board's consideration of a contribution to the Colorado River District for the Shoshone water rights purchase, and provide a recommendation to the board regarding such a contribution; unanimously carried.

MOTION: Motion by Burtard second by Mease that GVP writes a letter of support for the purchase of the Shoshone Water Rights regardless of whether the co-op contributes; unanimously carried.

V. Staff Reports

Operations - Barlow reported that he has been working with Michalewicz to formalize a fleet management plan that takes into consideration the long lead time for purchasing trucks. They recently met with Altec and learned the company is standardizing the customizations that customers normally request, which should result in decreased lead time for orders. Barlow said that Grand Valley Power is considering ordering a digger truck in the next two years, and the new standardization plan would reduce the delivery time to two years, when it had been a five-year window.

Barlow also provided information about recent outages recorded as caused by equipment failures. In fact, for several of these outages the initial cause was weather that ultimately caused an equipment failure. These outages impacted many consumers for a short duration while crews repaired electrical equipment. Additionally, Barlow reported that Leif Karo and Kit Mabley attended a safety summit in Kansas City, and the knowledge they gained will benefit the entire cooperative. Barlow also thanked the directors who visited the Hotline School in May and said he received feedback that it was the smoothest session run thus far.

Information Technology – Allen thanked the board for approving the replacement video monitor in the board room, saying it has made a big difference in the visual quality of presentations. She also thanked Tyler Piland for his work to organize the cables and clean during the installation. Allen reported that the IT department will finish up two projects in the next month: an updated video surveillance and access control system and a new, cloud-based phone system. The systems will enhance the security and communications of the Grand Valley Power facilities.

Communication – Sanders thanked Smith, Marchun, and Director Sandeen-Hall for working with Toby Swanson of Colorado State University 4-H Extension and the 4-H Energy Lab to present to students at the Western Colorado Children's Water Festival. Sanders also thanked the board members who presented scholarship awards to recipients on behalf of Grand Valley Power at the students' senior awards ceremonies. Sanders said Grand Valley Power also presented at the Glade Park Wildfire Prevention Fair and received positive feedback and words of appreciation from members.

Member Services – Elder reported that Grand Valley Power's Director of IT position is posted. Applications have been received from mostly out of the region, but some have cooperative experience, and GVP will advertise the position locally.

Smith presented the Distribution Generation Annual Reconciliation Summary, noting that Grand Valley Power has completed the settlement process of buying down net-metering members' excess banked kilowatt hours in accordance with its tariff at the avoided cost rate. State statutes require GVP to account for net-metering monthly and settle the banks annually.

Walch said that while most cooperatives settle on December 31, Grand Valley Power has one of the more complicated but most friendly processes that allow net-metering members to use banked hours through the winter and then settle during the shoulder months before the summer season.

Smith reported that Grand Valley Power sent checks to 231 members this year totaling \$46,154.87, compared to 106 members who received checks last year. Smith said several factors contributed to the increased number of buybacks, including an increase in interconnected systems and a mild winter.

Discussion ensued about the calculation of the avoided cost rate and increase in the number of net-

metering members who received checks for on-peak banked kWh this year (31) compared to last (11).

Smith also noted that GVP's recently filed Renewable Energy Standards report reflected that GVP's energy portfolio included 55.39% generated from eligible renewable resources, compared to 48.16% last year. Walch said 55% should be one of the top marks in the state.

Finance – Michalewicz provided a summary of the monthly financials and reported on the disconnects and write-offs. He reported that due to the mild weather, kilowatt sales are down from last year, and Grand Valley Power will need to draw down on its Power Vision Loan with CFC to maintain cash flow.

VI. Review 2023 Form 990

Michalewicz presented Grand Valley Power's 2023 Form 990 to be filed with the Internal Revenue Service.

VII. Approve Allocation of 2023 Margins to Member Capital

Michalewicz reported on the allocation of margins to member capital, including allocations from affiliated associations. He indicated that the co-op would issue 2023 allocation notices to members on May 28.

MOTION: Motion by Woods second by Sandeen-Hall to authorize allocation of \$3,139,754 of margins to member capital for 2023; unanimously carried.

VIII. Approve NRUCFC Financing Resolutions

Michalewicz presented three resolutions:

- Resolution R24-02 Authorizing New Power Vision Loan
- Resolution R24-03 Authorizing Increasing Committed and Non-Committed Lines of Credit to \$5 million
- Resolution R24-04 Authorizing a Certificate of Resolutions and Incumbency

Michalewicz said that Resolution R24-02 authorizes a new loan through CFC's Power Vision finance product.

MOTION: Motion by Sandeen-Hall second by Coltrinari to approve Resolution R24-02, authorization of the CFC Power Vision loan request; unanimously carried.

Resolution R24-03 authorizes increases to Grand Valley Power's lines of credit. Michalewicz noted that GVP is grandfathered into having uncommitted lines of credit (CFC will no longer offer uncommitted lines of credit to members that do not already have them in place).

MOTION: Motion by Mease second by Woods to approve Resolution R24-03, authorization of increases to committed and uncommitted lines of credit to \$5 million each; unanimously carried.

Walch said that Resolution 24-04 certifies that the financing resolutions were passed legally during a board meeting, which is required by CFC.

MOTION: Motion by Landini second by Sandeen-Hall to approve Resolution R24-04, Certificate of Resolutions and Incumbency; unanimously carried.

IX. CEO Report

Walch shared that an overseas entity is being investigated for fraud in a case that names him and Grand Valley Power as victims. Walch provided information about the Confluence Center of Colorado, a collaboration that will be located near Dos Rios Bike Park and house educational resources for water issues.

Legislative Report – Walch said CREA had a successful legislative session, achieving key amendments on many bills. He said it is not apparent that any of this year's bills will impose further requirements or reporting on cooperatives. He noted that regarding new federal regulations, Colorado is not adversely impacted, as the

state already has strict carbon emissions reduction requirements in place.

Walch reported that he and Ruth Marks, CEO of Mountain View Electric Association, were invited to present on behalf of the CREA board and managers to a working-group examining possible reforms of Colorado's net-metering law. The group is chaired by former Governor Bill Ritter and led by former PUC Commissioner Jeff Ackermann. Walch said he and Marks covered the unique challenges that co-ops have and what can be done to work on resource adequacy as the group examines net-metering issues. He said that based on discussions at the CREA annual meeting, co-ops will agree to reform that is triggered when a designated penetration rate is achieved. Since Grand Valley Power currently has the highest solar penetration rate among Colorado cooperatives outside of metro areas, such an approach could help GVP address net-metering subsidies more effectively. Walch said Xcel also gave a presentation on net-metering to the group. Walch said he has been invited to be a part of the state group going forward and participate in talks about potential legislative reform.

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

X. Consent Agenda

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

XI. Executive Session – Personnel Matters, Legal Update, Power Supply Update

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

Executive session convened at 11:57 p.m.

Regular session reconvened at 2:56 p.m.

MOTION: Motion by DeYoung second by Sandeen-Hall to approve the sabbatical leave policy as discussed in executive session, subject to review by legal and human resources; unanimously carried.

MOTION: Motion by Sandeen-Hall second by Coltrinari to accept the proposal from Mycoff Fry Partners as presented during executive session to assist the cooperative in succession planning activities.

XII. Strategic Plan Recap

Walch reviewed the draft goals and objectives summarizing the results of April's strategic planning session. It was the consensus of the board to approve and adopt these goals and objectives. Walch reminded the board that it was the responsibility of management staff to develop specific strategies and tactics to meet the goals and objectives approved by the board.

Walch noted that the development of GVP's rate philosophy may be one of the top priorities coming out of strategic planning. Walch said that Grand Valley Power is seeing a trend of diminishing kWh sales that he attributes to the growth of net-metering interconnections. He said that because fixed costs are built into the kWh charge, it will become difficult to recover those costs if the cooperative continues to see declining energy sales. Walch noted considerations as to why it would be beneficial to move forward with rate restructuring as early as spring 2025 and recommended beginning the search for a Cost-of-Service Study consultant. Discussion ensued.

MOTION: Motion by DeYoung second by Coltrinari to begin the process of selecting a Cost-of-Service Study consultant; unanimously carried.

XIII. Consider Director Meeting Attendance Supplement for Strategic Planning Session

Sandeen-Hall said the board has a policy allowing supplemental compensation for directors for a reason.

Most directors are employed and either run their own business or work for someone else, and there is some burden on those who run their own businesses or work and take time away for volunteer duties. Walch noted that it is valuable to have directors participate in the strategic planning process. Coltrinari said if director participation in strategic planning justified the call for the supplement, then he supports its approval.

MOTION: Motion by Sandeen-Hall second by DeYoung to approve a supplement of \$200 for directors who attended the strategic planning; carried 8-0 with 1 abstention (Burtard).

XIV. Attorney's Report

Abbott reported that she attended a CREA legal seminar on May 3. Grand Valley split the cost of her attendance with White River and DMEA, whom she also represents.

XV. Director Reports on Conference and Training Activities

None.

XVI. Colorado Rural Electric Association Report

Woods gave Walch kudos for representing Grand Valley Power during the CREA joint board and managers meeting in Grand Junction. Walch said that the CREA board and managers appreciated the CREA meetings in Grand Junction, and they were impressed with Grand Valley Power facilities and processes.

Walch said one major takeaway from the meeting was that cooperatives serve different memberships with different needs, and cooperative leaders need to respect that about each organization; but at the same time co-ops need to consider doing things for the greater good of Colorado cooperatives even if it isn't what is best for the individual cooperative at the time.

Walch also noted that Jenna Hirsch has developed a menu of resources for CREA's safety program that will be more equitable for all cooperatives, and that the Oklahoma Association of Electric Cooperatives will continue its effort to bring electricity to Guatemalan villages, and Grand Valley Power should consider participating.

XVII. Western United Electric Supply Report

Mease reported that transformer lead times remain long. Walch noted that WUE is staying on top of supply chains.

XVIII. Continuing Business

None.

XIX. New Business

Walch shared information about grant funding for a significant upgrade of the Redlands Water and Power facility, and GVP is continuing to work on purchasing excess generation from that facility. Burtard noted that he supports these efforts and encouraged Walch and the GVP staff to expand them to include procuring additional hydroelectric generation from Ute Water Conservancy District.

XX. Adjourn

MOTION: Motion by Landini second by Sandeen-Hall to adjourn; unanimously carried.

Meeting adjourned at 3:28 p.m.

Rita Sanders, Assistant Secretary

Janie VanWinkle, President