

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

Regular Meeting

April 17, 2019

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, April 17, 2019 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
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; Pat Kanda, Staff Accountant; Cathy Gledhill, Manager of Finance and Administration; Sarah Wheeler, Accounting Assistant; Mike Birch, Operations Manager; Bill Barlow, Operations Supervisor; Matt Williams, Manager of Engineering; Sherry Fix, Information Technology Manager; SueEllen Manley, Purchasing, Materials and Compliance Manager; Derek Elder, Member Services Manager; Christmas Wharton, Communications Specialist; Gregg Kampf, Attorney; Joe Foster, Safety Coordinator; Scott Ward, CREA Job Training and Safety Instructor.

Minutes:

MOTION: Motion by Saunders second by Sandeen-Hall to approve the minutes of the March 20, 2019 regular meeting; carried.

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

Barlow introduced Joe Foster and Scott Ward, the new CREA Job Training and Safety Instructor. Scott informed the board he was hired by CREA on January 7 this year, and will be on site at Grand Valley Power for a week five times a year to assist with safety training and compliance.

I. CEO's Report

1. Walch informed the board Wharton attended the Colorado Rural Electric Member Services conference, where communication awards were presented. Walch extended congratulations to Wharton for receiving four awards for her writing and photography in Colorado Country Life magazine articles.
2. Staff members updated the board on activities in their respective departments. Wharton requested board participation in presenting scholarship certificates at local high schools, and individual board members volunteered to provide coverage for all high school award ceremonies. Wharton reported GVP is a sponsor of the May 11 Kite Day at Sherwood Park

10 a.m. to noon, and staff will be distributing kites and safety packets. Wharton informed directors she is in the process of hiring a summer intern. Elder informed directors nominating petitions can be picked up May 14 and must be returned June 24. Directors up for reelection are Martinez, Sandeen-Hall and Spangler. Elder reviewed with directors a presentation he prepared on electric vehicles and their impact on cooperatives. His review included an analysis of business/product life cycle. He informed directors the purpose of the presentation is to disseminate basic information for board discussion and evaluation at the May strategic planning meeting. Barlow stated that the operations department completed line construction in subdivisions on Orchard Mesa and 26 and I Road. He also informed directors operations personnel has been coordinating with Colorado Parks and Wildlife to construct an osprey nest on 44 Road in Debeque. Barlow reported he and working foremen Robbie Barela and Mark Shaffer attended the CREA Operations and Engineering conference in Lamar. The conference included a presentation on the process used by a cooperative for developing a drone program. Barlow reported experimental use of drones in specific areas in Grand Valley Power territory may be useful. Birch informed the board GVP plans to install additional lighting on the west boundary of GVP property, which will require approval from the City of Grand Junction. Birch recommends the use of wood poles on the west side of the yard if the board approves. The board concurred. Fix reported that Karen Allen is currently attending the Co-Mo Electric Cyber Shield in Indiana. Wheeler presented the February 2019 financial reports. Kanda summarized delinquent account and write-off activity. Kanda summarized delinquent account and write-off activity. Kanda reported to the board that \$837,000 of the \$884,678 in capital credit checks issued in December have cleared. Kanda reported he has been asked to make presentations at the Montana cooperative statewide meeting as well as the national Tax, Finance and Accounting conference. Kanda expressed appreciation to the directors for the opportunity to participate in these conferences.

3. Kanda presented an updated financial forecast to the board in preparation for the upcoming strategic planning session. He reviewed the financial ratio drivers used, noting he used a modified debt service (MDSC) requirement of 1.25, which is projected to meet CFC mortgage requirements (1.35 MDSC in two of the three most recent years). The forecast indicates the need for a 4 to 5% rate increase if rolled out in October. Walch discussed the advantage of rolling out the increase in a “shoulder” month where consumption is lower due to moderate weather. Walch informed the board staff will design a rate increase involving all three rate components: connectivity, energy (kWh) and demand charges. Modifying all components should help ensure all consumers are bearing the cost they impose on the distribution system. Walch informed directors this rate increase should provide financial health and stability for the cooperative until 2022, when the cooperative has sufficient data from the enhanced metering system for a rate consultant to develop a cost of service study. Further information and analysis will be presented at the June meeting for board discussion. Haberkorn inquired if the Deferred Revenue Surplus has an impact on the forecast. Walch responded the Deferred Revenue Surplus account does not impact the financial forecast, but it could possibly be used to reduce the impact of the rate increase. In response to an inquiry by Mease, Walch indicated that staff was confident that its assumptions were sound and the projected increase would be sufficient to provide adequate revenue until the 2022 cost of service study. Of course, if circumstances render the assumption materially inaccurate, further adjustments could be required. Haberkorn inquired how much future rates will be impacted by the cost of the enhanced metering installation. Walch assured directors staff will provide that assessment, but over the long term enhanced metering will provide more value due to the efficiencies regarding disconnects for non-pays, readings and service changeovers.

Kanda also noted that GVP’s 2018 Form 990 was included in the materials for board review; filing is due May 1. By consensus of the board, the draft included in the board packet was approved for filing.

4. Walch gave a legislative update, noting that multiple amendments have been added to the FAML I – Family Medical Leave Insurance Program legislation. Walch expressed hope the legislation will pass as a bill to study the issue. VanWinkle expressed concern that if the FAML I legislation is passed, it includes an initial increase of 200 employees in the Department of Labor. Walch reported Senate Bill 181 regulating the oil and gas industry has been signed by the governor. He informed directors a ballot initiative to reverse some of the impact on oil company drilling is already being drafted. Proposed HB 1313 adopts the Xcel Energy version of the Clean Energy Plan, and would allow Xcel to add to its rate base 50 percent of all renewable generation required to comply with that plan. Many observers view this as a “blank check” that will enrich Xcel shareholders, at the expense of Colorado ratepayers. Walch informed directors the managers of Xcel wholesale power customers drafted a letter to legislators requesting the bill be amended to require Xcel’s participation in a regional transmission organization (RTO).
5. Walch updated directors the auditors have still not scheduled audit field work. As reported previously, health issues and weather-related travel challenges have impacted Jackson Thornton’s ability to complete audits across the state. CFC has agreed to a 60 day extension of the due date for GVP’s completed audit report.
6. Walch reviewed the schedule for the strategy session. There will be a brief board meeting on the morning of May 15, followed by strategic planning session for the balance of the day. Kettler and Anderson will host a dinner for directors and staff in the evening. The strategic planning session will reconvene on the morning of May 16.

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

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

II. Legal

Kampf had nothing further to report.

III. CREA/Western United

Martinez reported the majority of the CREA board meeting discussion focused on legislative activity.

The Western United financials were also included in the CEO report. Haberkorn reported the company has updated its computer system, which will increase efficiencies in the warehouse.

IV. Continuing Business

McClaskey inquired of the process to determine which directors attend out of area meetings. Martinez and Walch noted that travel requests were reviewed and approved by the board in September so that related costs could be included in the budget. Martinez advised that a director can still petition to attend a meeting after the approval. Sandeen-Hall suggested directors receive a reminder of upcoming meetings. Van Winkle believes the board should consider establishing a

committee to review annual education opportunities and evaluate which directors would benefit from opportunities available.

V. New Business

Walch notified directors he will request the board consider authorization to conduct a compensation study for management staff positions. With the current and pending retirements of management staff, job descriptions and responsibilities are changing, and require an updated compensation study. Haberkorn inquired who would conduct the study. Walch reported the consultant would be selected by the board based on expertise and objectivity.

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

Meeting adjourned at 11:45 a.m.

Cathy Gledhill, Assistant Secretary

Rod Martinez, President