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

Regular Meeting

August 16, 2017

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, August 16, 2017 at 845 22 Road, Grand Junction, Colorado. Vice-President Martinez called the meeting to order at 9:00 a.m. Attendees recited The Pledge of Allegiance.

ROLL CALL:	
Don McClaskey	present
S. James O'Connor	present
Robert Saunders	present
Sylvia Spangler	present
Janie VanWinkle	present
Dennis Haberkorn	present
Rod Martinez	present
Bill Rooks	present
Carolyn Sandeen-Hall	present

Others present: Tom Walch, CEO; Sherry Fix, IT Manager; Karen Allen, Network Administrator; Cathy Gledhill, Manager of Finance and Administration; Pat Kanda, Staff Accountant; Sarah Wheeler, Accounting Assistant; Steve Don, Manager of Engineering; Matt Williams, Staff Engineer; Mike Birch, Operations Manager; Derek Elder; Member Services Manager; Christmas Wharton, Communications Specialist; Gregg Kampf, Attorney

Board members welcomed and introduced themselves to new director Janie VanWinkle.

Minutes:

MOTION: Motion by Saunders second by Haberkorn to approve the minutes of the July 19, 2017 regular meeting; carried.

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

Election of Officers:

O'Connor nominated and Sandeen-Hall seconded the nomination of Rod Martinez as President.

MOTION: Motion by O'Connor second by Sandeen-Hall to close nominations and elect Rod Martinez as President by acclamation; carried.

O'Connor nominated and McClaskey seconded the nomination of Bill Rooks as Vice-President.

MOTION: Motion by McClaskey second by Sandeen-Hall to close nominations and elect Bill Rooks as Vice-President by acclamation; carried.

O'Connor nominated and Saunders seconded the nomination of Don McClaskey as Secretary-Treasurer.

MOTION: Motion by Sandeen-Hall second by O'Connor to close nominations and elect Don McClaskey as Secretary-Treasurer by acclamation; carried.

MOTION: Motion by Saunders second by McClaskey to appoint Bob Saunders as Western United Electric Supply Corporation delegate; carried.

MOTION: Motion by McClaskey second by Haberkorn to appoint Rod Martinez as CREA delegate; carried.

MOTION: Motion by McClaskey second by Sandeen-Hall to appoint Dennis Haberkorn as alternate delegate for Western United and CREA; carried.

MOTION: Motion by Sandeen-Hall second by Haberkorn to appoint Rod Martinez as NRECA Voting delegate and Tom Walch as alternate delegate; carried.

I. CEO's Report

1. Staff members updated the board on activities in their respective departments. Elder noted the positive impact of scholarship recipient recognition at annual meeting. Directors suggested changes in qualifications for scholarship applicants, including making scholarships available to all students attending post-secondary institutions. Elder asked board members for feedback about the meeting. Board members indicated a desire to continue to hold the meeting on the first Thursday in August at CMU, as this scheduling may contribute to the increased attendance at the meeting. The board also would like to continue the joint CEO/President speech, and the use of two podiums on stage for smoother transition among speakers. Elder also informed board that members services staff, engineering staff, and Walch are discussing revision of distributed generation interconnection policy to increase commercial installation of distributed generation from 25 kW to 100 kW with no change in the residential limit of 10 kW. The board directed staff to proceed with development of amended tariffs. Wharton informed directors the GRID Alternatives Low Income Community Solar Capstone ceremony begins at 11 a.m. on September 7 at the GVP Solar Farm. Wharton also informed directors of her work in increasing GVP presence on social media platforms, including development of a Facebook page to inform members of company projects, provide updates during major outages, and educate members about cooperative principles.

   Birch updated directors on Molina Substation project to transfer load to new 25 kV transformer. Don informed board GVP has withdrawn its permit request from BLM for transmission line relocation at 32 Road as soil conditions prompting request for permit have stabilized. Fix reported that staff members participated in the initial cyber security evaluation meeting with the RC3 representatives. During the meeting staff and outside vendors responded to a comprehensive survey regarding factors impacting cyber security. Fix expressed appreciation to the board for approving GVP participation. Walch commended IT staff and Williams for implementing multiple security features prior to the assessment. Kanda presented the June 2017 financial reports, and summarized delinquent account and write-off activity. Kanda also relayed GVP has received a $640,900 check from Xcel Energy for the 2016 production true-up credit. The amount will be recorded in the Wholesale Power Cost Deferred Revenue account to be used for reducing monthly consumer kWh charges in future months.

2. Walch read a complimentary letter from a consumer regarding service provided by GVP service planner Perry Rupp.
3. Kanda distributed and reviewed CFC proposals for buyout of RUS debt, detailing three alternate scenarios: (1) prepayment penalty amortized over the life of the loans; (2) prepayment penalty amortized over ten years; and (3) serial notes with short term repricing. Directors and staff discussed administrative advantages of dealing with CFC, as compared to RUS. It was noted that refinancing of RUS debt at this time would not, by itself, result in interest cost savings, but interest savings in connection with future borrowing could make up for that increased cost. Savings associated with future borrowing would be greater because of CFC discounts for 100% borrowers. By consensus of the board, Walch was directed to request CFC and CoBank to provide proposals for RUS debt buyout at the September meeting.
4. Walch relayed to directors he received a request from Mesa County Commissioner Scott McGinnis asking the cooperative to provide financial support for the "Back the Badge" outreach effort promoting the upcoming ballot initiative proposing a sales tax increase to fund public safety operations. Since the county is responsible for law enforcement and public safety in the rural reaches of GVP service territory, such support seems consistent with GVP mission. Walch also noted that he would use his column in the October Colorado Country Life local pages to encourage members to vote in the upcoming election where the public safety ballot initiative will be decided, along with a school bond issue and mill levy.

MOTION: Motion by O'Connor second by Haberkorn to approve a $1,000 donation to the information campaign for "Back the Badge" Public Safety Ballot Initiative; carried.

5. Walch relayed to the board Public Service Company is filing with the PUC a request for an amended resource plan to include early retirement of Comanche 1 and Comanche 2 coal plants by 2025 to be replaced with wind and solar generation. Legal counsel in Washington DC is reviewing the filing.
6. Walch informed board of incident in which a landscape contractor employee fell in an irrigation pump house on the grounds of the Highline substation.
7. Walch relayed bid for replacement of bucket truck is $30,000 higher than projected in capital budget; Birch requests use of funds budgeted for other capital items not needed in 2017. By consensus, the board approved this approach.
8. Walch discussed the value of disseminating information to the board electronically via the Call to Order application. As that requires directors to purchase iPads and follow GVP security procedures on iPads, Walch suggested the board consider adoption of an annual allowance to directors of $150 for purchase or replacement of an iPad.

MOTION: Motion by McClaskey second by Rooks to approve an annual $150 allowance payable to directors to help cover cost of securing iPad, provided directors follow GVP security protocols when using devices; carried.

9. Walch informed directors Williams, Wharton and Barlow are creating a virtual tour of the GVP distribution system. They will present to the board the tour of transmission lines and substations at a subsequent board meeting.

10. Walch presented a proposed Financial and Equity Management Policy, consistent with direction provided by the board at its recent financial strategic planning session. Walch recommended that this policy replace the existing Board Policy Bulletin No. 80.

MOTION: Motion by Sandeen-Hall second by Rooks to approve the proposed Financial and Equity Management Policy, replacing and amending Policy Bulletin No. 80; carried.

MOTION: Motion by O'Connor second by Haberkorn to approve the CEO report; carried.

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

II. Legal

Kampf relayed his firm worked with engineering staff and Power System Engineering consultant on the non-disclosure agreement changes for AMI bid proposals.

III. CREA/Western United

No report. Meetings have not been held.

IV. Continuing Business

Walch relayed to directors that pursuant to direction from the board, John Gormley had contacted Candy Siderius at Mountain States Employers Council for assistance in reviewing CEO compensation structure. Martinez indicated that he would contact Siderius and coordinate the project going forward.

Directors volunteered for board committees.

Finance and Audit Committee: McClaskey, Haberkorn, Rooks
Compensation and Benefits Committee: McClaskey, Haberkorn, Martinez, Sandeen-Hall
Policy and Governance Committee: Spangler, Rooks, O'Connor, VanWinkle
Member and Community Relations Committee: O'Connor, Spangler, Saunders, Sandeen-Hall

V. New Business

None.

MOTION: Motion by Saunders second by Haberkorn to adjourn; carried.
Meeting adjourned at 12:45 p.m.

Cathy Gledhill, Asst. Secretary

Rod Martinez, President