

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

Regular Meeting

December 18, 2019

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, December 18, 2019 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
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; Cathy Gledhill, Manager of Finance and Administration; Pat Kanda, Staff Accountant; Sarah Wheeler, Accountant/Benefits Administrator; Mike Birch, Manager of Operations; Bill Barlow, Operations Supervisor; Matt Williams, Manager of Engineering; Sherry Fix, Information Technology Manager; Derek Elder, Member Services Manager; Christmas Wharton, Communication Specialist; Gary Billiet, Purchasing and Warehouse Manager; Gregg Kampf, Attorney.

Minutes:

MOTION: Motion by Martinez second by Haberkorn to approve the minutes of the November 20, 2019 regular meeting; carried.

Walch requested the agenda be amended to include an executive session for review of management staff salary structure.

MOTION: Motion by Saunders second by Martinez to approve the agenda as amended; carried.

I. Guests and Public Comments

None.

II. CEO's Report

Walch recognized Cathy Gledhill and Mike Birch for their years of service and dedication to GVP on their upcoming retirements. Sandeen-Hall extended the board's appreciation to Gledhill and Birch for their years of service. Gledhill expressed appreciation for opportunity to work at GVP. Birch thanked GVP and the board for the opportunity to be a part of the organization and make a good living. Walch informed directors Kanda will be promoted to Finance Manager in January 2020 with Gledhill's retirement; Elder will take on the responsibilities of managing human resources while Wheeler will administer employee benefits.

1. Staff members updated the board on activities in their respective departments. Wharton reported that the GVP float placed 2nd overall at the Fruita Holiday Parade of Lights. Wharton read a thank

you note from the Glade Park Fire Department for GVP's sponsorship of Movies under the Stars. Wharton informed directors the scholarship applications for the 2020-2021 school year are live on the GVP website. Wharton also shared that she has taken the time to contact all local area high school counselors this year to promote the scholarship program. Wharton shared GVP's outage talking points with directors. She stated that an informed response is important when communicating with members and that employees have been given the same talking points. Sandeen-Hall stated that she is signed up for outage text notifications and recently received a notification regarding a planned outage. Wharton shared that she was recently elected to serve as the Secretary for the Mesa County Communications Officers Association (MCCOA). She also stated that as a member of MCCOA, she recently had the opportunity to participate in a tabletop exercise focusing on a Mesa County Health incident. Wharton noted that she recently submitted four entries in the NRECA Spotlight on Excellence Awards. Elder thanked directors for participating in the cash back credit check presentations to four of GVP's largest members. Sandeen-Hall shared that School District 51 uses the credits to send students to unscheduled events throughout the school year.

Barlow informed directors that GVP is conducting interviews for the Operations Supervisor position. Barlow also noted a steady workload for operations as several subdivisions are currently being developed. He noted that the Ward Construction crew should be wrapping up the completion of the G ½ Road project near 25 Road by the end of the year. Barlow also informed the directors servicemen will be rotating the areas they serve starting in 2020 so that they will be familiar with GVP's entire system. Birch shared that GVP's contractor, Ward Electric, had equipment stolen and vandalized near the Bookcliff substation and the Grand Junction Police Department is investigating. He also reminded directors that the operations department has budgeted for improved substation security in 2020 as part of GVP Safety Improvement Plan. Birch noted that GVP will be removing brush near the Bookcliff substation to help mitigate fire concerns.

Williams reported that the Enhanced Metering project is complete, with 17,673 meters installed as part of the upgrade. He noted that a total of 41 GVP members chose to opt out of the meter installation. Williams stated that 13 meters are currently not reporting as part of the project; due to the terrain and location of these meters, it will be cost prohibitive to install enough relays for these meters to communicate. He noted that these meters have very light and predictable loads and GVP will estimate these meter readings and manually verify readings twice a year. Martinez praised GVP's approach to the project and commended GVP's communications leading up to the project. Walch noted that GVP's approach helped mitigate conflict for those members who were interested in opting out. Walch stated that Meter Technician Leroy Lowary and Elder were responsible for communicating with members directly about the opt outs and did a great job of sharing benefits while managing member expectations. Billiet stated that the inventory process for the warehouse is complete. Billiet stated that the inventory process should be more streamlined in the future as GVP transitions to a bar code scanning system.

Fix shared that 15 GVP employees along with a third-party facilitator participated in a tabletop exercise through the Rural Cooperative Cybersecurity Capabilities program (RC3). Walch noted that the exercise identified a few areas for improvement but overall the company and staff are well positioned to work through critical incidents. Walch commended the participants for their teamwork, technical expertise and communications. Allen reported that GVP will be upgrading two critical servers and the phone system in 2020 as part of the work plan.

Wheeler presented the October 2019 financial reports. Kanda summarized delinquent account and write-off activity. Kanda reported that GVP converted a \$3.5M line of credit for the enhanced meter project to a 15-year note.

2. Six directors, including the audit and finance committee and the executive committee, met on Monday, December 16 to review the final proposed 2020 Work Plan and Budget. Kanda reported that staff recommended changes to the proposed budget for additional pole racks in the pole yard and

additional funds for flagging due to projections of increased workload in public right-of-ways. Gledhill provided a summary of payroll and benefit cost projections. Gledhill also noted a projected increase of \$90,000 to payroll for 2020 due to recommendations in management staff compensation study. VanWinkle shared that the committee and directors in attendance at the budget review committee meeting are very comfortable with the proposed 2020 budget. VanWinkle appreciates the thoroughness of staff in preparing the budget. Haberkorn thanked staff for paying attention to the details in the budget.

MOTION: Motion by VanWinkle second by McClaskey to approve the 2020 budget and work plan; carried.

3. Wharton presented GVP's 2020 Strategic Communications Plan. Wharton noted that even though the Touchstone Energy survey results use the latest and greatest techniques to generate good cross-sectional representation, GVP also relies on direct member communications and feedback from community events to help develop the communications plan. Haberkorn asked how many members use the internet and how GVP determines which communication channels are effective. Wharton explained that according to Touchstone's survey, 98% of rural cooperative members have access to the internet. Wharton also shared how GVP crafts different messages for different communication's channels. Martinez noted that community events play a big part of GVP's communications plan. Wharton stated that the board calendar for 2020 will be updated to include the community events. Mease asked if the demographic information that GVP uses in its communication plan focuses on just members or does it take into account household demographics. Wharton shared that GVP uses household demographic information to help draft content that is event specific whether it needs to reach members or member's children that may be interested in scholarships, etc. Walch noted that Wharton uses several platforms to deliver value. Wharton stated that GVP's website traffic has increased by over 50% this year and GVP's outreach through social media channels is generating engagement that is leading to increased awareness of GVP's community outreach. Spangler stated that Wharton is doing a great job reaching the rural communities.
4. Walch provided a wholesale power update. Walch noted that he met with Xcel Energy representatives on December 5, with Xcel indicating they want to keep GVP as a wholesale customer. Walch shared that preliminary meetings are taking place with other utilities and wholesale power providers to determine what options are available to GVP. Walch stated that GVP needs to see whether Xcel Energy can reduce the impacts of stranded investments that are passed along to GVP members through future rates. Walch reported that it is important for GVP to find the right balance of risk, reliability and rate stability as it evaluates its options.

Walch noted that as GVP explores its options, it should keep in mind that its goal is fair pricing – not necessarily the lowest price available. Walch stated that the lowest price will most likely come with the greatest risk and lack long-term stability. Walch reported that GVP should seek fair pricing, reliability and low risk. Walch shared that GVP's load profile is predictable and steady which is very attractive to wholesale power providers.

Walch noted that Holy Cross Energy CEO Bryan Hannegan has offered to moderate a wholesale power supply planning session for GVP. The general consensus of the board is to move forward with the Holy Cross strategic planning offer. Walch noted that he will work with Hannegan to schedule the power supply strategic planning session for May.

5. Walch provided an auditor update. He noted that the merger between Jackson Thornton and Kevin Kelso was being unwound. Walch reported that GVP's contract with Kelso is still good through 2020. He recommended that GVP engage in an RFP process for auditing services after the current term with Kelso expires.
6. Walch provided a report from the CREA Manager's Meeting. Walch stated that San Luis Valley Rural Electric Cooperative (SLVREC) has reported eight eagle kills over the last two years from contact

with power lines, prompting a visit from a U.S. Fish and Wildlife Service enforcement officer. Walch stated that SLVREC is making major modifications to its specifications for construction. Walch shared that GVP has an Avian Protection Plan in place and that all construction and maintenance is done in accordance with this plan.

Walch shared that some cooperatives working to mitigate wildfire risk are encountering resistance to efforts to trim vegetation on Forest Service land. Walch noted Forest Service representatives dealing with GVP are generally cooperative.

Walch reported that GVP is still negotiating with a developer on placing a cell tower on a portion of GVP's property located west of the headquarters building. Walch stated that GVP is also working with DMEA on an updated agreement for dispatching services.

MOTION: Motion by Martinez second by Haberkorn to convene an executive session for review of management staff compensation study; carried.

Executive session convened at 11:30 a.m.

Regular session reconvened at 12:03 p.m.

MOTION: Motion by Haberkorn second by Spangler to approve the revised management staff salary ranges; carried.

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

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

MOTION: Motion by Martinez second by Haberkorn to approve the 2020 board calendar; carried.

II. Legal

Kampf reported his firm is working with Charter on a joint-use pole attachment agreement. Kampf noted that the last agreement was drafted and signed in the 70's. Kampf stated that the agreement should be completed in the next couple of weeks and will be sent to Charter/Spectrum when it is completed.

III. CREA/Western United

Martinez reported the CREA board has approved the 2020 budget. Martinez stated the final budget includes a 7% administrative increase and a 14% increase in the loss prevention portion of the budget. Martinez stated that the budget committee will begin meeting soon to review the CREA needs for 2021 and beyond to help forecast increases so the impacts to cooperatives may be minimized. Martinez reported that the board performed the CEO evaluation for CREA. He stated that improved communications and legislative efforts were the focal point of the review. Martinez stated that he will report to the GVP board next month on the impacts and benefits that were provided by ACRE/CARE in 2019.

Haberkorn reported Western United had a good year with sales to contractors up by 77% while the sales to members remained flat. He reported that most of the contractor business is out of state, but GVP benefits from this increase through our membership discounts. Haberkorn noted that the new computer ordering and inventory system has been updated and is working well. Haberkorn stated that the construction of the building is progressing and completion is expected by the end of March. Haberkorn reported that Western United's capital credit retirement is within a five-year cycle and the company retired over \$22M last year.

IV. Continuing Business

Sandeen-Hall reported the Executive and Finance and Audit Committees reviewed and approved Third Quarter 2019 expenditures and CEO expenses. The board discussed a comprehensive review of board policies, and it was agreed that this topic should be reviewed in further detail in 2020.

V. New Business

VanWinkle asked to discuss director attendance at meetings and conferences. VanWinkle asked if it is beneficial to have multiple directors attending the same conference. Haberkorn shared that he feels the legislative conference is important for all directors. Walch noted that it is beneficial to have new directors attend with veteran directors to help answer questions and share experiences. Haberkorn shared recommendations from other cooperatives regarding the Gettysburg experience, and its impact on strategic planning effectiveness. Sandeen-Hall shared that registration is open for the February CREA Annual Meeting and certificate training sessions. Walch stated that Elder can help directors register if necessary. Sandeen-Hall shared a congratulatory note from CREA that GVP's board of directors and management staff have a 100% participation rate in the CARE/ACRE program. Sandeen-Hall stated that this program helps advocate for the interests of rural electric cooperatives.

Walch reminded directors the January 2020 board meeting has been rescheduled for January 22.

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

Meeting adjourned at 1:00 p.m.

Derek Elder, Assistant Secretary

Carolyn Sandeen-Hall, President