

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

Regular Meeting

December 16, 2020

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, December 16, 2020 at 845 22 Road, Grand Junction, Colorado. In order to comply with COVID-19 social distancing guidelines, the board meeting utilized audio and video platforms allowing remote participation by directors, staff members, cooperative members and the public at large. President Sandeen-Hall called the meeting to order at 9:00 a.m. Attendees recited The Pledge of Allegiance.

ROLL CALL:

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| Don McClaskey | present |
| Sylvia Spangler | present |
| Janie VanWinkle | present |
| Dennis Haberkorn | present |
| Rod Martinez | present |
| Bill Rooks | present |
| Carolyn Sandeen-Hall | present |
| Jesse Mease | present |
| Joe Burtard | present |

Others present: Tom Walch, CEO; Derek Elder, Corporate & Member Services Manager; Christmas Wharton, Communications Manager; Matt Williams, Engineering Manager; Thomas Wright, Staff Engineer; Gary Billiet, Purchasing and Warehouse Manager; Pat Kanda, Finance Manager; Joe Michalewicz, Controller; Sarah Wheeler, Benefits Administrator; Bill Barlow, Operations Manager; Karen Allen, Information Technology Manager; Gregg Kampf, Attorney.

MOTION: Motion by Martinez second by Spangler to approve the minutes of the November 18, 2020 regular meeting; carried.

MOTION: Motion by Mease second by McClaskey to approve the agenda; carried.

I. Guests and Public Comments

None.

II. CEO's Report

Staff Reports

Wharton provided an update on Governor Polis' mask mandate. Wharton shared that the mask update has been extended through January 8. Wharton noted that the latest update clarifies that masks should be worn within a public setting at all times.

Walch shared that the Governor's vaccination distribution plan is being developed. Walch noted that under the Governor's initial plan, utility personnel would not be available to receive the vaccination until spring. Walch stated that CREA is asking the Governor to consider utility line workers as essential personal and make the vaccine available during the second round.

Walch discussed current staffing levels implemented in response to the spike in COVID cases in Mesa County.

Wharton explained how GVP is following its continuity plan continuing to provide customer service while working to ensure a safe workplace. Walch stated that GVP's lobby continues to be open by appointment only. Walch noted that GVP will continue to follow Mesa County Health Department's protocols and evaluate business functions as necessary.

Communications – Wharton provided an update on the Member Services and Communications Department staffing levels. Wharton shared information and updates regarding the Colorado Youth Tour and Youth Camp, noting the deadline to apply is January 13. Wharton asked the Member and Community Relations Committee to plan on meeting to review the applications prior to the January board meeting. Wharton noted that scholarship applications are available, and several applications are in process. Wharton shared updates and activities surrounding GVP's promotion of small businesses and the surrounding communities during the pandemic.

Member Services – Elder reviewed the Past Due Accounts Receivable report and noted that past due balance levels continue to track at or below 5-year average levels. Elder provided an update on the Hometown Relief Fund and noted that the allocated funds have not been exhausted and the program is set to expire on December 31, 2020.

MOTION: Motion by Haberkorn second by McClaskey to approve extending the Hometown Relief Fund program through March 31, 2021 or until the allocated funds are exhausted, whichever occurs first; carried.

I.T. – Allen provided an update on staffing levels within the I.T. department. Allen reminded directors that scammers typically increase their phishing attempts leading up to holidays and reminded directors to contact the I.T. department prior to opening unsolicited attachments or links. Walch noted that the attempted Russian hack last month continues to be investigated and the full impact of the hack may not be known for several years. Walch reminded directors to continue to be vigilant for email scams and phishing attacks.

Operations – Barlow provided an update on staffing levels within the operations department. Barlow shared that the construction crews are working staggered shifts to minimize the contact between the crews. Barlow reported that the 2021 Mesa County Safety Fair will be virtual and GVP is working to produce a video of its high voltage presentation for the safety fair. Barlow stated that GVP is participating with the Two Rivers Wildfire Coalition to help secure grants and collaborate to improve wildfire mitigation efforts within the Grand Valley. Barlow stated that Ward Construction will begin construction on a line improvement project along G Road later this month.

Warehouse – Billiet shared staffing level updates for the warehouse department. Billiet noted that the warehouse continues to stay busy.

Financial – Kanda provided a summary of monthly financial reports. Kanda reported that \$492,000 of the \$1,400,000 in Cashback Credits checks have been cashed by the membership to date. Kanda reported on staffing levels in the Finance department. Kanda shared the disconnect report. He also noted adjustments Xcel has made on its Fuel Cost Adjustment (FCA) in recent months, and described the challenges this presents in calculating GVP's Power Cost Pass Through. Walch noted that GVP's Power Cost Pass Through allows the company to smooth out the peaks and valleys, so consumers don't see large swings in power cost fluctuations from month to month.

Michalewicz stated that he met with the Federated Insurance representative to review GVP's Insurance package. Michalewicz noted that GVP is below Federated's Workers' Compensation claims threshold and this will result in savings to GVP on rates in 2021. Michalewicz noted that GVP's wildfire risk is below the statewide average which will allow GVP to maintain its current umbrella liability coverage for wildfires at \$20 million in 2021. Many Colorado cooperatives are seeing this coverage capped at \$10 million.

Engineering – Williams provided an update on the staffing levels within the Engineering department. Williams provided a presentation on a proposal to purchase hydro generated electricity from Ute

Water. McClaskey inquired if GVP has a conflict in bidding against Xcel Energy for the electricity from this resource. Walch noted that the size of this generator is not significant to Xcel and they have not shown interest in continuing to purchase from Ute Water. Walch stated that GVP's ability to partner with Ute Water on this project strengthens our commitment to local resources. McClaskey asked how many years is normal for a power purchase agreement (PPA). Williams noted that this type of PPA would typically be for a 5-year period. Mease inquired if the load profile of this generator matches GVP's load profile. Williams noted that this resource generally runs 24/7 and would align with GVP's load profile, reducing Xcel demand charges. Mease noted that he appreciates the efforts to secure local renewable resources. McClaskey asked how often the generator is shut down. Williams indicated that the shutdowns are infrequent; maintenance generally can be scheduled to help minimize impacts with GVP's load. Rooks asked if this resource falls outside of Xcel's existing net-metering agreements. Williams noted that the size of the generator does not fall within net-metering requirements. Mease inquired about the timeline for this agreement. Williams noted that Ute Water would need to give notice by March 1, 2021 to get out of its current agreement. Mease shared support for a hydro renewable resource that produces energy with a high load factor. McClaskey inquired about the length of a PPA and Williams indicated that Ute Water is in favor of a five-year contract. Burtard shared support for this project and noted the relationship between Ute Water and GVP is a strength that lends support for the project. Walch noted that another benefit the contract would provide is additional experience managing resources outside Xcel's portfolio. The only downside – and Walch indicated that it was not significant – is that the Ute Water hydro would count against the 1.5 MW renewable energy carve-out in GVP's Xcel contract. It was the consensus of the board to put this topic on the agenda for January's board meeting.

Walch shared a legislative update on the wildland fire liability limitation bill. Walch stated that Utah cooperatives were successful in enacting utility liability limitations on wildfires legislatively. Walch noted that CREA is pursuing a similar bill in Colorado. Walch stated that the large wildfires across the state in 2020 have focused attention to the subject, and the legislature may be more likely to support cooperative proposals in this environment. Walch shared the CREA Board voted to pursue legislation in 2021 to limit liability for utilities that have wildfire mitigation plans. Walch noted that CREA's proposal is a mirror image of Utah's bill. VanWinkle shared frustration with CREA's legislative advocacy team and approach. Martinez noted that this frustration has been expressed at the CREA Board level and is reflected in evaluations for key staff at CREA. Walch noted that direct communications with directors from other cooperatives is key to addressing concerns with the direction of the CREA Board and management team in this respect.

Walch shared that Federal legislation has also been introduced that would provide for matching grant funds for utilities that institute and follow wildland fire mitigation measures. Walch noted that Sangre de Cristo Electric Association added a wildland fire surcharge to its member's bills with an annual escalator capped at \$10 per month for each member. Walch asked directors to consider how GVP would cover the expenses associated wildfire losses. Martinez noted that GVP's service territory is within an area of extreme drought. Haberkorn asked if Sangre de Cristo put a sunset on their wildfire surcharge. Walch noted that they did not identify a period of time for the surcharge. Martinez noted that any surcharge should come with accountability as to how the funds are spent. Haberkorn stated that a review of insurance coverage would be valuable in assessing the need for a wildland fire surcharge. Walch noted that staff will provide an update of the insurance coverages at a future board meeting.

Walch shared an announcement from Holy Cross Energy to be 100% carbon free by 2030. Walch noted this ambitious goal is achievable for Holy Cross, with its resources, wholesale power contracts, load profile, customer base and organizational values. Cooperatives with different resources, power contracts, customer bases and organizational values would find it more difficult to do this.

Walch asked for the directors' position on a challenge that was issued at the beginning of 2020 to become 100% participants at the Century Club level for ACRE. Sandeen-Hall stated that currently not all GVP directors are Century Club level members and asked for director input. Haberkorn shared his opinion that the Century Club level participation signals backing for a cause that is not supported by a

significant portion of the board. There was not consensus to support the Century Club challenge for 2020 or 2021.

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

MOTION: Motion by McClaskey second by Martinez to approve the consent agenda items; carried.

III. Finance and Audit Committee Report

Walch shared that the updated 2021 budget reflects the Pension Plan Voluntary Contribution Acceleration Program (VCAP) payment and savings. Michalewicz stated that the proposed budget reflects a reduction in tree trimming expenses and a reduction for Adobe Substation testing (which took place in November 2020). Sandeen-Hall inquired about the purchased power expense in the current proposed budget compared to the preliminary budget. Kanda explained that the current proposed budget reflects GVP's sale of renewable energy credits (RECs) which reduced the purchased power expense.

VanWinkle shared the Finance and Audit Committee's review of the 2021 budget. VanWinkle noted that GVP's growth in assets continues to impact the budget. Mease asked if the work-order write-offs are current. Kanda noted that GVP is within 18 months of being current which falls in line with utility best practices. Walch noted that the budget is a projection that staff uses to guide business decisions through the year.

MOTION: Motion by VanWinkle second by Haberkorn to approve the 2021 budget and work plan; carried.

IV. Approve the 2021 Board Calendar

Walch shared updates regarding NRECA and CREA's plan to offer online conferences and education through the first quarter of 2021. Walch noted that the proposed board calendar reflects the current outlook for 2021 conferences and meetings. Walch reminded directors to monitor the status of planned activities as NRECA and CREA continue to update their schedules throughout 2021.

MOTION: Motion by Mease second by McClaskey to approve the 2021 board calendar; carried.

V. Adopt Revisions to Policy Bulletin No. 101 – Safety

Walch presented the proposed changes to Policy Bulletin No. 101 – Safety. Walch noted that the last revision to this policy was in 1998.

MOTION: Motion by Mease second by Rooks to approve the proposed changes to Policy Bulletin No. 101 - Safety; carried.

VI. Adopt New Proposed Policy Bulletin No. 110 – Educational Assistance

Walch presented the proposed Policy Bulletin No. 110 – Educational Assistance. Walch shared that GVP has provided educational assistance and tuition reimbursement for several years without a formal policy. Walch noted that this proposed policy follows GVP historical practices.

MOTION: Motion by Burtard second by Mease to approve the proposed Policy Bulletin No. 110 – Educational Assistance; carried.

VII. Review Proposed Revisions to Policy Bulletin No. 107 – Conflict of Interest

Walch reviewed the proposed revisions to Policy Bulletin No. 107 – Conflict of Interest. Sandeen-Hall noted that the proposed revisions will be on the January agenda for approval.

VIII. Review Proposed Revisions to Policy Bulletin No. 108 – Whistleblower Policy

Walch reviewed the proposed revisions to Policy Bulletin No. 108 – Whistleblower Policy. Sandeen-Hall noted that the proposed revisions will be on the January agenda for approval.

IX. Attorney's Report

Kampf reported that the pole attachment agreement with Charter Communications is approved and executed. Kampf reported that his firm has reached out to begin the process of executing a similar agreement with Century Link. Kampf stated that his firm has worked with Walch on the updates to the policies.

X. CREA Report

Martinez noted that the CREA board report was included with the board report. Martinez stated that evaluations of the Executive Director have been completed. Martinez shared that the March meeting has been rescheduled.

Martinez shared a report on the impact from wildfires in Colorado in 2020. Martinez stated that other electric cooperatives are applying for FEMA funds to help cover costs associated with the wildfires. Mease asked about the differences in the white paper regarding wildfire litigation to the proposed legislation. Martinez noted that the fee per mile of line along with identifying liability limits is not in the proposed legislation. Mease asked if the legislation identifies best practices that should be followed. Martinez noted that a wildfire mitigation plan will be left to each cooperative to identify best practices.

XI. WUE Report

Haberkorn noted the WUE report was included in the board packet. Haberkorn shared that WUE will be receiving the cable cutting machine that was not delivered earlier this year. Haberkorn provided a staffing update for WUE.

XII. Continuing Business

None.

XIII. New Business

None.

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

Meeting adjourned at 12:24 p.m.

Derek Elder, Assistant Secretary

Carolyn Sandeen-Hall, President