

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

Regular Meeting

June 21, 2017

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, June 21, 2017 at 845 22 Road, Grand Junction, Colorado. President Gormley 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
John Gormley	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; SueEllen Manley, Purchasing, Materials and Compliance Manager; 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

Minutes:

**MOTION:** Motion by O'Connor second by Haberkorn to approve the minutes of the May 17, 2017 regular meeting; carried.

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

I. CEO's Report

1. Elder updated directors on preparations for the GVP annual meeting, which will be held August 3<sup>rd</sup> at Colorado Mesa University Ballroom. Elder also reported the Election Supervisory Committee members Kampf and Pryor met on June 20<sup>th</sup> and reviewed petitions and qualifications of candidates submitting petitions to be placed on the ballot for election to the board of directors. The committee approved the applications and petitions of candidates Gormley, McClaskey, Saunders and Van Winkle. He further reported Chadwick, Steinkirchner, Davis and Company will continue with oversight of director election. Walch informed directors GVP received two applications for GVP scholarship for WCC lineman's program. One of the applicants notified GVP that, since he submitted the application, he has moved out of the GVP service territory. The Member Relations committee will recommend award of the scholarship to that applicant as the second applicant has already received the WCC scholarship. Wharton relayed to directors she is continuing work on annual meeting. She reported staff is approaching

local wineries for door prizes, and the main door prize awarded will be 12 months of electric energy generated from ten of the solar panels in the GVP community solar farm. Wharton also updated directors that currently GVP ranks first in the Grand Junction area for donations to St. Baldrick's Foundation and she invited directors to attend the shave off event being held in the warehouse Thursday June 22 at 2 p.m.

Birch informed directors the RESAP inspection team conducted the inspection the week of June 12<sup>th</sup>. Birch reported during the visit, personnel were also occupied with an on the job injury, outages due to high winds, and preparation for setting mobile substation at Orchard Mesa substation. Birch expressed disappointment in the communications between team and GVP personnel. Walch reviewed ratings from the inspection, and relayed to directors his concern that the intent of the inspectors appeared to be challenging, rather than an objective review to promote safety culture. GVP personnel will review the results and continue to improve GVP safety culture; and Walch will communicate with newly hired CREA Safety Director, Dale Kishbaugh, at a later date to discuss the manner in which the inspection was conducted and possible consequences of harming the purpose of the RESAP program. Birch commended GVP lineman as "the best in the state" when considering the lean operations staff. Gormley commented a safe work environment is the focus. Birch also informed directors of an outage in Gateway caused by an owl in the buss work at Orchard Mesa substation. Staff has filed a report with the US Fish and Wildlife department. Walch commended Manley for 30 years of service with GVP and presented her with an award. Don requested an amendment to the capital budget to replace one of the engineering vehicles, Unit 7, as it is no longer cost efficient to operate.

**MOTION:** Motion by McClaskey second by Martinez to amend the 2017 capital budget to include replacement of one engineering vehicle; carried.

Allen reported IT staff has been installing solid state drives to improve the processing speed in select company PCs. Fix requested an endorsement from the board for GVP participation in the Rural Cooperative Cyber Security Capabilities program (RC3) sponsored by NRECA and the U.S Department of Energy to assess cyber security in small to medium size distribution cooperatives. Directors discussed the importance of maintaining optimum cyber security measures. Gledhill read the support resolution "Resolved, that the Board of Directors, on the recommendation and advice of staff, hereby endorses Grand Valley Rural Power Lines Inc.'s participation in NRECA's Rural Cooperative Cyber Security Capabilities Program (RC3)".

**MOTION:** Motion by Martinez second by McClaskey to adopt resolution endorsing participation in RC3 program; carried.

Gledhill presented the April 2017 financial reports, and summarized delinquent account and write-off activity. Gledhill also updated the board \$1,342,300 of the \$1.4 million capital credit refund checks have been cashed. Walch reviewed with the directors the IRS requirement to restate RS and 401(k) plans every five years.

**MOTION:** Motion by O'Connor second by Haberkorn to adopt Resolution 17-02 authorizing the Restatement of the NRECA Retirement Security and 401(k) Plans; carried.

2. Walch relayed to directors his communications with Yampa Valley Electric CEO Diane Johnson about their use of consultant Bill Leung to assist them with analysis of complex

power supply issues. Yampa and Leung are open to a cost-sharing arrangement. Walch informed board Leung is available to come to the July board meeting to discuss FERC ruling regarding PURPA. The board concurred an invitation should be extended to Leung to make presentation at July board meeting. Walch also informed directors Del Worley is available for consultation.

3. Walch noted to directors the summary of our strategic financial planning session is included in the board packet. Walch relayed to directors Kettler was impressed with the productivity of the meeting. Walch reported he plans on developing a Financial/Equity Management proposal to the board for review next month. Also, as a direct result of the recommendation to CFC representative Eric Anderson, CFC has approved a discount measurement using distribution equity with a requirement of 35% for 100% CFC borrower.

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

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

4. Rooks relayed to board the Finance and Audit Committee reviewed Kelso audit proposal for three year agreement and recommends acceptance of the proposal. Haberkorn commended Kelso for the thoroughness of the audit work completed.

**MOTION:** Motion by Sandeen-Hall second by Martinez to accept the audit engagement proposal letter from Kevin Kelso for fiscal years 2017-2019; carried.

5. Spangler reported the Community Relations committee recommends lineman program scholarship be awarded to Cody Littlefield, the applicant who currently lives in Palisade but was in GVP service territory at time of application. Spangler also relayed the committee recommended review of scholarship amounts and criteria. Walch suggested that, as the board established scholarship parameters in 2016, the program be left as is for a couple years, with some redefining of criteria.

**MOTION:** Motion by Saunders second by Spangler to award lineman's program scholarship to Cody Littlefield; carried.

**MOTION:** Motion by Martinez second by Haberkorn to certify candidates Gormley, Saunders, McClaskey and Van Winkle for placement on the 2017 GVP director election ballot; carried.

## II. Legal

Kampf relayed his firm has been working with engineering staff and Power System Engineering consultant on the master vendor agreement draft for AMI bid proposals. Kampf also updated directors on the Union Pacific Railroad request to extend service for cell tower in Horse Canyon. The railroad is not agreeable to an agreement stating it would be responsible for easement procurement for the extension.

Kampf also reported he consulted with Gledhill regarding company liability when an employee injured on the job chose personal transportation to hospital vs. ambulance services when medical attendants gave the employee the choice. Kampf reported the incident was still under workers' compensation purview, and created no additional company liability.

III. CREA/Western United

Martinez reported Empire Electric is losing the Kinder Morgan CO<sub>2</sub> pipeline transportation service, which represents 60% of its load. No Western United report as meeting is next week.

IV. Old Business

None

V. New Business

Gormley informed directors of his appointment to a committee overseeing the Hope West Hospice \$5 million capital campaign for renovation of a leased CrossRoads building to a clinic and transportation facility to implement the Programs of All-Inclusive Care for the Elderly (PACE) program funded by Medicare and Medicaid. PACE is a Medicare and Medicaid program that helps people meet their health care needs in the community instead of going to a nursing home or other care facility. Gormley reported renovation and operations of the PACE facility is projected to create 200 jobs and generate \$35 to \$40 million cash influx in a two year period. Gormley asked board members to consider a pledge for the capital campaign from the unclaimed capital credits. The board suggested a 5 year pledge of \$10,000 annually. Walch reported he will prepare a revision of the guidelines for use of unclaimed capital credits for education and charity for July meeting.

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

Meeting adjourned at 11:35 a.m.

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Cathy Gledhill, Asst. Secretary

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John Gormley, President