

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

Regular Meeting

May 17, 2017

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, May 17, 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; Pat Kanda, Staff Accountant; 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; consumer Frank Hoffman; Steve Kettler and Eric Anderson of NRUCFC.

Minutes:

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

Walch requested amendments to the agenda to include 1) authorization of restated Power Purchase agreement with Public Service Company of Colorado, 2) board approval to pay special circumstances supplement for directors' participation in Financial Strategic Planning session, and 3) consideration of recessing the board meeting to be reconvened after Financial Strategic Planning session.

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

I. CEO's Report

1. Fix updated directors that GVP has been accepted as a candidate for 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. Fix informed directors the program requires a Resolution of Support from the board, which will be presented to the board at the June meeting. Birch informed directors the GVP system fared well through the recent wind storms. He also relayed

the Ward contract construction crew has been released from its current GVP project to assist Midwest Energy in line reconstruction after storm damage. Elder reported nominating petitions are now available and must be returned June 19. Directors up for reelection are Gormley, McClaskey, and Saunders. He further reported the GRID Alternatives and the Colorado Energy Office “capstone” ceremony is planned for August 18. Elder informed directors GVP is a sponsor of the June 6 GJEP Economic Summit, which includes ten registrations to the summit. Derek requested directors notify Walch or himself if they want to attend the summit. Wharton relayed to directors she is currently working on annual report draft, annual meeting planning, and Capstone ceremony. Walch commended Wharton for the positive changes on the GVP website. Kanda presented the March 2017 financial reports, and summarized delinquent account and write-off activity. Kanda updated the board \$1,340,000 of the \$1.4 million capital credit refund checks have been cashed. Walch reviewed the schedule of capital credit allocation and retirement history, noting the trend of increasing retirement percentage since 2001.

2. Walch updated board on Colorado legislative activity. Xcel Energy proposed legislation allowing flexibility in creating economic rates to attract industrial loads. The CREA board stated it would support if the legislation included requested amendments to reduce the economic impact on electric cooperatives. Xcel Energy balked at the amendment request so the bill was not introduced. Walch informed directors funding for the Colorado Energy Office expires in June 2017, which may affect the Capstone ceremony.
3. Walch informed board Senators Cory Gardner and Michael Bennett and Representative Scott Tipton have introduced bills to relocate the Bureau of Land Management offices to Grand Junction, Colorado, and have requested assistance with letters and resolutions supporting the relocation.

MOTION: Motion by Martinez second by O’Connor to adopt Resolution R17-01 endorsing the relocation of Bureau of Land Management headquarters to Grand Junction, Colorado; carried.

4. Walch updated directors that RUS field representative, Arsenio Dela Cruz, will be on site at GVP June 27 to conduct a Civil Rights Review and Form 300 System Operations and Maintenance review.
5. Walch informed board Power System Engineering (PSE) Representatives Rick Schmidt and Kyle Kopczyk were on site May 15 and 16 to meet with GVP AMI core team members to identify and evaluate GVP priorities for AMI system. This exercise is designed to refine preparation and analyses of bid proposals. Walch described the ranking process utilized and distributed a summary of results produced. He noted that the process highlighted the importance of system effectiveness. Walch also reviewed additional cost savings with implementation of an AMI system, including reduction in meter reading contract, \$60,000 per year savings for reduced Disconnect for Nonpayment (DNP) visits, \$300,000 per year for reduced service transfer trips. Sandeen Hall and Martinez reported that they have queried other systems’ directors about the implementation of AMI, and all responses have been positive.

Walch reviewed the history of board action regarding the development of the AMI scenario, which began with the 2016 Strategic Planning session establishing Technology development as the top priority. Currently, Walch relayed directors have three choices: (1) continue on current course of implementing initial phase of AMI installation, (2) obtain a

business case analysis that will cost \$30,000 to \$35,000, or (3) terminate the AMI project. Walch suggested the board consider recessing the board meeting and reconvening after the Financial Strategic Planning session to vote on the AMI development.

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

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

MOTION: Motion by O'Connor second by Saunders to authorize Walch to execute the restated Power Purchase agreement with Public Service Company of Colorado; carried.

II. Legal

Kampf had nothing further to report.

III. CREA/Western United

Martinez reported director Eleanor Valdez is retiring from San Luis Valley REC board. Haberkorn relayed Western United board conducted Prom's evaluation and awarded a 5% pay increase. The board also discussed reducing number of meetings annually from six to four. The majority of directors voted to continue with six meetings.

IV. Old Business

None

V. New Business

MOTION: Motion by O'Connor second by Martinez to approve \$200 special circumstances supplement pay to directors for participation in Strategic Financial Planning session; carried.

MOTION: Motion by Martinez second by Sandeen-Hall to recess until after concluding the Financial Strategic Planning session; carried.

Regular session recessed at 10:30 a.m. May 17, 2017.

MOTION: Motion by Martinez second by Sandeen-Hall to reconvene regular meeting; carried.

Regular session reconvened at 12:50 p.m. May 18, 2017.

- Walch reminded directors the AMI bid proposal process will include an initial phase of build out for evaluation. After PSE has sent RFP's and evaluated bids, accounting staff will update the financial forecast with actual costs. President Gormley polled directors on the need to proceed with a business case analysis and board consensus was no formal business case analysis is necessary.

Walch expressed gratitude to Steve Kettler and Eric Anderson for coordinating the Strategic Financial Planning session.

MOTION: Motion by Martinez second by Sandeen-Hall to proceed with RFP and bid analyses conducted by PSE for AMI procurement and implementation over a two year period; carried.

MOTION: Motion by Sandeen-Hall second by Martinez to adjourn; carried.

Meeting adjourned at 1:25 p.m. May 18, 2017.

Cathy Gledhill, Asst. Secretary

John Gormley, President