

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

Regular Meeting

January 17, 2018

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, January 17, 2018 at 845 22 Road, Grand Junction, Colorado. 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	absent
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; Cathy Gledhill, Manager of Finance and Administration; Pat Kanda, Staff Accountant; Sarah Wheeler, Accounting Assistant; Mike Birch, Operations Manager; Bill Barlow, Operations Supervisor; Steve Don, Manager of Engineering; Matt Williams, Staff Engineer; Derek Elder, Member Services Manager; Christmas Wharton, Communications Specialist; SueEllen Manley, Purchasing, Materials and Compliance Manager; Gregg Kampf, Attorney.

Minutes:

MOTION: Motion by O'Connor second by Sandeen-Hall to approve the minutes of the December 13, 2017 regular meeting; carried.

Martinez requested an amendment to the agenda to include an executive session to discuss Employers Council CEO compensation review.

MOTION: Motion by Sandeen-Hall second by O'Connor to approve the agenda as amended; carried.

I. CEO's Report

1. Staff members updated the board on activities in their respective departments. Fix informed board the contractor will begin rebuild of the security system in late January, which will enhance physical and cybersecurity. Don reported 17 distributed generation interconnections were completed in the fourth quarter of 2017 for a total of 290 interconnections with capacity of 1700 kW in place on GVP's distribution system. Barlow informed directors GVP crews energized four subdivision developments since the last board meeting. Barlow also reported operations crew is building a temporary feed and moving a pole in preparation for the Orchard Mesa Substation upgrade project. Walch reviewed the 2017 System Average Interruption Duration Index (SAIDI) results with the directors, noting the decrease in average

customer outage minutes for the year. Birch informed directors GVP is hosting a Western Slope Operations managers' meeting on January 24. He also shared with the board that Preston Dillingham completed his apprenticeship program and passed the journeyman written test. Walch commended Barlow, Birch and Shaffer for supporting Dillingham with a successful apprenticeship. Walch informed the board the operations department will most likely hire a part-time intern this summer with intention of adding an apprentice in 2019.

Elder informed directors he has arranged sale of 16,661 Renewable Energy Credits (RECs) from 2016 for 55 cents per REC. Wharton updated directors on GVP website and social media advertising campaign for the 2018 Washington DC Youth Tour and Youth Leadership Camp, and noted that despite these efforts, no applications were received. She reported that she and Elder will brainstorm ideas to generate interest in the programs for 2019. She also reported that 14 scholarship applications have been partially completed and one fully completed on a new online portal. The application deadline is March 1. Wheeler presented the November 2017 financial reports. Walch noted to the board that year-to-date operating expenses, exclusive of power cost, are within \$10,000 of budget projections, which reflects the value of departmental participation and ownership in connection with budget process. Kanda summarized delinquent account and write-off activity. Kanda reported to board that of the \$1,147,971 in capital credit checks mailed, checks totaling \$909,000, have cleared to date.

2. Walch distributed CARE/ACRE envelopes and encouraged membership in CARE/ACRE as participation helps preserve and promote rural values.
3. Walch reviewed the benefits of executing a retainer agreement with power supply advisor Bill Leung on a cost sharing basis with Yampa Valley Electric. Leung would provide additional input and advise on electric industry developments with a cost of \$1,250 per month to GVP.

MOTION: Motion by Haberkorn second by O'Connor to approve the power supply advisor retainer agreement with Bill Leung; carried.

4. Walch reported to the board regarding efforts of the four wholesale power customers (Intermountain, Holy Cross, Yampa Valley and GVP) to prepare a joint response to Xcel Energy Clean Power Plan. Walch reported the customers have authorized Washington counsel Bob O'Neil to address the impact of the new tax legislation on Xcel's proposed plan.
5. Walch updated the board on proposed legislation amending the 811 dig notification system. The original draft had eliminated the recovery of attorney fees as a remedy if a dig-in occurs. However, that provision is supposed to be put back in the proposed bill. Walch noted that he is on a CREA task force charged with analyzing the proposed legislation and proposing changes that will better serve the interests of CREA member cooperatives. He indicated that the task force is taking the position that the legislation should provide for an authoritative commission to enforce the provisions of the bill and develop rules to prevent excavators and owners from causing others to incur unnecessary costs. The composition of this commission is important, and the legislation should ensure that cooperatives and other utilities that are both excavators and owners are properly represented on the commission.
6. Walch updated directors on January 16 meeting with the consultant for the developer of a large hydroponic greenhouse operation that is considering building facilities in GVP's service territory. GVP proposed a cost plus rate with upfront line extension costs paid by greenhouse owner. Walch informed consultant GVP cannot offer any incentives that increase risk exposure for GVP or its members.

7. Walch reported that GVP offices will be closed to consumers on Monday, February 19 for employee and management training. In addition, an AMI user group meeting will be scheduled to discuss AMI communications and policy strategies. Directors are invited to participate in this meeting.
8. Walch informed directors of a new option NRECA will provide with pension plan. Beginning in 2019 cooperatives will be able to eliminate the lump sum payment option from pension plan retirement distributions. It is anticipated that this will reduce the pension premium cost. Walch recommended GVP evaluate that option when it becomes available.

MOTION: Motion by Haberkorn second by Sandeen-Hall to approve the CEO report; carried.

9. Martinez presented the current board policy on director compensation, Policy Bulletin No. 33, for annual review by the directors. Haberkorn presented analysis of 2017 CREA board compensation survey, and expressed his concern the current level of compensation for director travel has affected director participation in meetings and education courses. Haberkorn recommended the \$300 per day director fee for meeting travel be reinstated in the policy. Board discussion ensued.

MOTION: Motion by O'Connor second by Haberkorn to revise Policy No. 33 to increase director travel compensation from \$100 per day to \$300 per day. Martinez polled all directors for input. Call for question. Motion carried with 4 ayes; 3 nays.

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

II. Legal

Kampf relayed his firm is working with GVP personnel on the Eaton AMI contract. Dodero also assisted in developing response to the Xcel Energy Clean Power Plan at the Public Utilities Commission.

III. CREA/Western United

No report as both CREA and Western United meetings are being held next week. The board appointed Haberkorn as CREA delegate and Sandeen-Hall as alternate delegate.

IV. Continuing Business

None.

V. New Business

None

MOTION: Motion by O'Connor second by Sandeen-Hall to convene executive session for purpose of reviewing Employers' Council CEO Compensation report; carried.

Executive session convened at 12:20 p.m.

Regular session reconvened at 1:40 p.m.

Meeting adjourned at 1:40 p.m.

Cathy Gledhill, Assistant Secretary

Rod Martinez, President