

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

Regular Meeting

December 19, 2018

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, December 19, 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:

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| 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; Pat Kanda, Staff Accountant; Cathy Gledhill, Manager of Finance and Administration; Sarah Wheeler, Accounting Assistant; Mike Birch, Operations Manager; Bill Barlow, Operations Supervisor; Steve Don, Manager of Engineering; Matt Williams, Staff Engineer; Sherry Fix, Information Technology Manager; Karen Allen, Network Administrator; SueEllen Manley, Purchasing, Materials and Compliance Manager; Derek Elder, Member Services Manager; Christmas Wharton, Communications Specialist; Gregg Kampf, Attorney

Minutes:

MOTION: Motion by McClaskey second by Sandeen-Hall to approve the minutes of the November 14, 2018 regular meeting; carried.

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

I. CEO's Report

1. Staff members updated the board on activities in their respective departments. Wharton commended GVP personnel who contributed to the GVP float entered in the Fruita Parade of Lights, and reported GVP received the Santa's Choice Best of Show award. Wharton reported she completed the Leadership Development course and expressed appreciation to the directors for budgeting funds for education. Wharton also informed directors she is finalizing the 2019 communications plan and preparations for customer mailings as the next phase of enhanced meters are installed. Walch notified directors he would present a review of the communications plan at the January board meeting. Wharton informed directors GVP personnel will participate in Mesa County Safety Days at Mesa Mall on February 21 and 22, 2019. Barlow reported operations personnel are continuing work on four small subdivision developments in various stages of construction, and installing gateways and relays on the eastern end of the valley for the enhanced metering system. Martinez inquired regarding safety coordination with GVP construction contractor Ward Electric. Barlow reported the contractors' safety operations are reviewed with spot checks on the job, and Ward Electric

safety personnel visit operations management regularly to discuss and review OSHA safety regulations. Walch and Kampf commented on legal issues regarding contractor safety procedures, and adverse consequences if cooperative controls details of contractor work. Walch commended efforts of operations supervisory personnel and Joe Foster, safety coordinator, to communicate the message of working safely. GVP personnel have worked for 12 months without a lost time accident. Williams reported that 6,000 enhanced meters have been ordered and contractors are scheduled to start the next phase of installing 2,500 meters in February 2019.

Elder informed the board that the Member and Community Relations Committee met to discuss appointees for the Election Supervisory Committee. Two members have expressed interest in filling the seat vacated by Richard Pryor. The Member and Community Relations Committee will make recommendations at the January board meeting. Elder also relayed to the directors members of the Scholarship Committee are interested in continuing on the committee. Elder inquired of directors if committee member, Larry Robbins' part time work at Virtual Academy creates a conflict. The directors agreed that no conflict exists as long as Robbins is transparent with other committee members in discussions and scoring with respect to any Virtual Academy candidate. It was the consensus of the board to reappoint Jon Bilbo, Sandy Haulman, Dave Bristol, Ruby McCall and Larry Robbins to the 2019 Scholarship Committee. Elder also informed the board he has responded to several subpoenas and search warrants from investigative agencies regarding member information and consumption history at various service locations. Elder coordinated with Kampf on the appropriate response. Walch reported that GVP personnel have worked with the agencies to ensure the subpoenas and search warrants are specific as to the time frame and type of records sought, and are properly served. Wheeler presented the October 2018 financial reports. Kanda summarized delinquent account and write-off activity. Kanda also reported to board capital credit checks totaling \$884,678 were mailed December 7, and checks totaling \$420,000 have cleared to date.

2. Walch reported that the CREA board of directors and managers had another joint meeting to discuss strategies for dealing with the challenges of the upcoming legislative session. Concepts that found general consensus included: (a) a focus on choosing battles carefully, prioritizing near-term impacts (like changes to net metering laws effective immediately) over those with long-term effects (changes to Renewable Energy Standards with targets more than 10- 15 years out); (b) maintaining consumer protection off-ramps that limit renewable mandates if they have material adverse impact on rates; and (c) framing the question as one of "clean energy" rather than renewables. Martinez commented that the joint meeting with CREA directors and managers could be more advantageous if the meeting occurred in the fall prior to an election. The attendees could establish the major tenets for discussion with the candidates, enabling cooperatives to be proactive rather than reactive.
3. Walch reviewed Xcel Energy's public announcement that it will cut its carbon emissions 80 percent by 2030 and will be carbon-free by 2050. Walch and the board discussed that GVP should consider establishing goals on its procurement and generation of clean energy for distribution. Walch noted that any such standard adopted by GVP should not have any material adverse impact on retail rates. The board requested Walch draft some goal parameters on clean energy for discussion at the January 2019 board meeting.
4. Walch reported that Delta Montrose Electric Association (DMEA) has petitioned the Colorado Public Utilities Commission (CPUC) to step into its ongoing dispute with Tri State and determine the amount of a buyout that will allow DMEA to terminate its contractual relationship with Tri State. Walch and Kampf noted that while there are significant questions as to whether the CPUC has the authority to make such a ruling, at this time an intervention by GVP is not warranted.

5. Walch informed directors registration is open for the CREA Annual Meeting being held in Denver on February 9-12.
6. Walch reported GJEP was a sponsor of the Colorado Business Economic Outlook 2019 presentation by CU Leeds School of Business, which reports positive economic growth in Mesa County since 2016.
7. Walch informed new director Mease of the upcoming New Director Orientation being held in conjunction with the CREA January board meeting.

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

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

8. Haberkorn reported the Audit and Finance Committee met with Walch and accounting staff on December 14 to review the 2019 Work Plan and Budget. Seven board members participated in the meeting. Martinez complimented the staff for the budget preparation. The Audit and Finance Committee recommends adoption of the 2019 Work Plan and Budget as finalized.

MOTION: Motion by Haberkorn second by Rooks to adopt the 2019 Work Plan and Budget; carried.

9. Walch reviewed the 2019 Board Calendar with the directors. He presented the time outline for the Strategic Planning meeting being held on May 15 and 16. Walch also noted the change in procedure for certifying petitions for board election. The petitions will be reviewed and approved by the election committee and certified by the Secretary of the board. McClaskey asked to amend calendar to include a review of director compensation in January. Walch noted that the board reviewed director compensation in the fall of 2018 in advance of 2019 budget discussions, and director compensation is scheduled for review in October 2019 on the proposed calendar. Martinez polled the board to measure support for McClaskey's request; three directors were in favor and three were opposed. Absent a clear consensus, Martinez indicated that a full review of director compensation would not be on the agenda in January 2019.

MOTION: Motion by Saunders second by Spangler to approve the 2019 Board calendar as proposed; carried.

10. Walch presented the revised GVP Policy Bulletin No. 80 Financial and Equity Management, with revisions proposed at the November board meeting.

MOTION: Motion by Sandeen Hall second by Haberkorn to approve Policy Bulletin No. 80 Financial and Equity Management; carried.

II. Legal

Kampf had nothing further to report.

III. CREA/Western United

Saunders informed the board he is resigning as board delegate to Western United. By consensus of the board Haberkorn was appointed delegate and Martinez alternate delegate to the Western United board.

IV. Continuing Business

Martinez commented on the educational value of the video of Mark Mills' presentation at the Basin Electric annual meeting, which Walch emailed to directors with industry news articles. At board request, Walch will resend the link to the directors and staff.

McClaskey noted that information on director compensation has not yet been published in the GVP Colorado Country Life, as discussed at the September 2018 board meeting review of Policy No. 33 Director Compensation and Travel Reimbursement. Martinez apologized for the oversight and reported he and Walch will draft an article and present it for review and discussion at the January 2019 board meeting.

V. New Business

None

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

Meeting adjourned at 11:35 a.m.

Cathy Gledhill, Assistant Secretary

Rod Martinez, President