

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

Regular Meeting

November 14, 2018

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, November 14, 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
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; 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 Spangler second by Saunders to approve the minutes of the October 17, 2018 regular meeting; carried.

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

I. CEO's Report

1. Walch presented the "Tribute to Veterans" video created by Wharton and displayed on GVP's Facebook page on Veteran's Day. Walch also recognized Janie Van Winkle and Carolyn Sandeen-Hall for ACRE Century Club membership.
2. Staff members updated the board on activities in their respective departments. Elder updated directors on the initial enhanced metering installation. He reported 747 meters have been installed to date and the member services representatives are utilizing the remote disconnect and reconnect process for the installed meters. Wharton informed directors the applications for the Youth Tour and Youth Leadership Camp are available online on the GVP website, and the due date has been extended to January 14. She also reported GVP scholarship applications will be distributed to local high schools and will be available online on December 1. Walch also commended Wharton for her November *Colorado Country Life* article regarding Youth Tour and Youth Leadership Camp scholarships. Barlow reported the Ward contract crew has begun the next phase of changing out conductor in the Kannah Creek area. He informed directors operations personnel are working on four small subdivision

developments in various stages of construction. Williams reported that engineering and IT personnel are working with the Meter Data Management System (MDMS) integration. Williams also reported that 6,000 enhanced meters have been ordered and contractors are scheduled to start the next phase of meter installation in February 2019. Walch reviewed the proposed changes in the Generation Interconnection Procedure. The revised procedure increases the size of interconnections allowed for commercial accounts from a maximum of 25 kW to 120 % of the previous 12 month's consumption history, up to a maximum of 100 kW.

MOTION: Motion by McClaskey second by Sandeen-Hall to approve the revised Generation Interconnection Procedure; carried.

Fix relayed to the board that she has been working with NISC to develop new service order work flows in connection with the enhanced metering project. Wheeler presented the September 2018 financial reports. Kanda summarized delinquent account and write-off activity. Kanda expressed his appreciation to the board for budgeting funds for education. Kanda attended the CFC Independent Borrowers Executive Summit (IBES). When asked by VanWinkle what was his most important take-away from the summit, Kanda responded that while the training and education sessions were valuable, he believes the networking opportunities are the most beneficial element of the conference.

3. Staff members presented the preliminary 2019 Work Plan and Budget. Walch addressed the anticipated decrease in operating margins and informed directors that the anticipated rate increase some time in 2019 is not reflected in the preliminary budget. Van Winkle expressed that it is the board's role to question increases in costs with the anticipated decline in margins. Walch concurred, and expressed assurance that management staff's efforts to control costs and receive the best value for money spent are ongoing. The Executive and Audit and Finance committee will meet on Friday December 14 at 9 a.m. to review the 2019 Work Plan and Budget. All directors are welcome to attend and participate in this meeting. Directors were asked to provide comments or questions concerning the 2019 Work Plan and Budget to any member of the committee, Walch, Kanda, or Gledhill prior to the meeting on December 14.
4. Walch reviewed Policy Bulletin No. 80 - Financial and Equity Management. Walch recommended the policy's reference to RUS mortgage requirements be revised, since GVP no longer borrows from RUS. He also suggested the directors review the policy annually in October prior to considering GVP's annual patronage refund. Kanda reviewed with the directors several options for 2018 capital credit retirements, estimating that retiring 5% of unretired capital credits would equate to \$1.3 million in retirements; retiring 4% would total \$1.1 million, retiring 3.75 % would total \$1 million, and retiring 3 ½ % would total \$900,000. The board discussed maintaining an annual refund of around \$1 million. Haberkorn reported members of the Executive and Audit and Finance Committees recommend the board authorize capital credit retirements of 3.75 % of outstanding unretired capital credits in the total amount of \$1,000,972.26 for 2018.

MOTION: Motion by Haberkorn second by McClaskey to authorize capital credit retirement in 2018 of \$1,000,973, representing 3.75 % of the total outstanding patronage; carried.

MOTION: Motion by Haberkorn second by McClaskey to retire capital credits in 2018 with the retirement amount allocated 60% FIFO and 40% pro rata on all outstanding patronage; carried.

5. Walch reviewed the topics presented at the IBES. Speaker Julia Ham, CEO of SEPA, emphasized the importance of utilities designing accurate cost-based rates with the technology changes in the energy industry. Walch reported GVP will be able to more

accurately determine the costs associated with each rate based on the data collected with the enhanced meters. Other topics at the IBES included keeping pace with cyber security, and use of drone technology.

6. Walch reviewed the front-page article and editorial in the *The Grand Junction Sentinel* extolling the virtues of Delta-Montrose Electric Association's (DMEA's) broadband venture. The article has generated a few responses from GVP consumers. If a larger segment of the GVP membership expresses interest in broadband, Walch and the directors concurred it would be appropriate to address the topic during the May 2019 strategic planning session.
7. Walch requested an overall management salary increase factor of 3.25 % for 2019. The 3.25 % increase is consistent with the index from tables in the 2019 Employers Council Fall Planning Packet used for determining GVP bargaining unit wage adjustments.

MOTION: Motion by Haberkorn second by Rooks to approve a 3.25 % staff salary adjustment factor for 2019, with specific salary adjustments to be administered by CEO Walch; carried.

8. Walch presented the engagement letter from auditor Kevin Kelso, and his new firm, Jackson Thornton, for the periodic compliance review of pension and benefit plans required by NRECA.

MOTION: Motion by Sandeen-Hall second by Spangler to authorize Walch to execute the engagement letter with Jackson Thornton for the NRECA Pension and Benefit plan review; carried.

9. Walch noted the safety statistics included in his report indicate that the last GVP's last lost time accident or DART injury occurred on 11/28/2017. He advised the directors that if the workforce makes it to December without an accident, he will award bargaining unit employees with a small cash bonus for completing one year without a lost time accident.

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

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

II. Legal

Kampf reported his firm assisted engineering staff with reviewing an easement for a cell tower service on 13 Road. In addition, his firm reviewed the Notice of Intent to Impose Environmental Use Restrictions recently received from the Fruita Development LLC, and determined no comment was necessary as there is no impact on GVP's ability to serve on the property.

III. CREA/Western United

Martinez reported attendance at the CREA Energy Innovations Summit was up 10% over last year. Pending legislation for 2019 includes amending the board election process to remove the requirement of a security sleeve and implementing electronic voting for director election. Saunders relayed that Western United margins for its fiscal year are 13% higher than last year.

IV. Continuing Business

President Martinez reported the Executive Committee reviewed third quarter 2018 CEO expenses

and the Finance Committee reviewed third quarter general fund disbursements and noted no irregularities.

V. New Business

Directors who attended education courses and/or the CREA Innovations Summit commended the educational value of the courses as well as the presentations and networking.

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

Meeting adjourned at 1:30 p.m.

Cathy Gledhill, Assistant Secretary

Rod Martinez, President