

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

Regular Meeting

October 17, 2018

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, October 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
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; Gregg Kampf, Attorney

Minutes:

MOTION: Motion by Sandeen-Hall second by McClaskey to approve the minutes of the September 19, 2018 regular meeting; carried.

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

I. CEO's Report

1. Staff members updated the board on activities in their respective departments. Walch noted that Elder is attending the first two-week session of the MIP program and Wharton is attending the CREA Member Services Meeting so he presented the member services report. Walch informed directors the applications for the Youth Tour and Youth Leadership Camp are available online on the GVP website, and Wharton is working diligently with local high school counselors to promote these programs. He also informed directors GVP personnel will participate in the Fruita Truck or Treat on Saturday October 27 as well as host a Trick or Treat safety event in the office on October 30 and 31. Barlow reported that operations personnel are changing out transmission poles, constructing single phase taps and working on five small subdivision developments in various stages of construction. Barlow informed directors he is enrolled in the MIP Select management training program. Birch reported that tree trimming crews are working in the Collbran area. Manley informed directors warehouse personnel are taking physical inventory. Williams reported that the US&S contractor has installed over 500 of the enhanced single phase meters to date, with only one customer choosing to opt out. GVP's meter technician is installing all three-phase meters. Williams

also informed directors Eaton personnel will be on site the last week of October to work on configuration and troubleshooting of the enhanced metering system. Williams reported GVP plans to complete installation of enhanced meters in the valley in 2019, with full system installation and integration by the end of 2020. Don reported six distributed generation interconnections were completed in the third quarter of 2018, with several applications pending. GVP's distribution system now has a total of 322 interconnections in place with capacity of 1.9 megawatts. Don also reviewed the proposed changes to the Generation Interconnection Policy, increasing 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. This is a consumer-friendly move that demonstrates that GVP is willing to work with commercial consumers interested in renewables. Approval of the policy will be on the agenda for the November board meeting. Allen expressed appreciation to the directors for budgeting funds for education. Allen, Wharton and Robbie Barela participated in the CREA Leadership Course. Allen reported that IT staff and Wharton are working with NISC on a new "Messenger" product, which will expand GVP's communications with customers regarding outages, programs, etc. Fix relayed to the board that she has been developing new service order work flows for integration with the enhanced metering project.

Wheeler presented the August 2018 financial reports. Kanda summarized delinquent account and write-off activity. He 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, and 3% would retire about \$800,000. He reported \$700,000 is currently held in CFC commercial paper for anticipated patronage capital refund, and the authorized refund checks will be mailed on December 7. The board will be asked to authorize 2018 capital credit retirements at the November board meeting. Kanda reported that he and power supply consultant Bill Leung attended the Xcel customer meeting on October 15 to preview projected production and transmission rates for 2019. Xcel reported wholesale rates will increase by about 1.8% in 2019, without taking the Fuel Cost Adjustment (FCA) into account. Walch and the directors discussed that the use of more renewable resources should reduce the FCA, unless natural gas prices increase.

2. Walch reviewed the Safety Statistics and Customer Service Follow-up Survey Summary presented in the CEO report. Mease complimented personnel for the robust safety record.
3. Walch reported that corporate donations to a CARE 527 organization are taxable at the rate of 35%, and the board concurred that it will no longer consider such a contribution on the part of GVP.
4. Walch presented projected compensation and benefits costs for 2018 and 2019. He reported the 2019 projection includes an average increase of 3.25% for management staff, consistent with the index from tables in the 2019 Employers Council Fall Planning Packet used for determining GVP bargaining unit wage adjustments. Walch reviewed the method of administering merit increases to management staff members. Van Winkle noted that the budget should reflect the 2019 CEO salary agreed upon by the board, and Walch and the board concurred.
5. Walch informed the directors that service planner Tom Holman is retiring in January 2019. In addition, several department managers are planning retirement in 2019. Walch reviewed with the board the succession planning in progress for senior staff members. He reviewed continued employee training and development for employee advancement in each department and other strategies being considered to deal with succession planning issues.

6. Walch presented Policy No. 88 on Protection and Disposal of Personal Identifying Information (PII), which is a new policy necessary to ensure compliance with recent state statutory enactments.

MOTION: Motion by Sandeen-Hall second by Haberkorn to approve Policy No. 88 – Protection and Disposal of Personal Identifying Information Maintained by GVP; carried.

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

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

7. The directors reviewed the 2019 Director travel and education plans and estimated expenses associated with these plans. Martinez requested the estimate be increased to include a couple more days for the Region VII meeting. Walch reviewed the policy provisions, noting that if a director wants to attend a meeting not approved at this time, the director should seek approval from the board or executive committee. Van Winkle advised she may have to withdraw from the October 2019 training if other obligations interfere.

MOTION: Motion by Sandeen-Hall second by Mease to approve 2019 Director Travel for Conferences and Education as submitted; carried.

II. Legal

Kampf reported his firm is assisting engineering staff with obtaining an easement for a cell tower service on 13 Road. In addition, his firm is reviewing a Notice of Intent to Impose Environmental Use Restrictions recently received from the Fruita Development LLC, and will advise whether further action by GVP is in order.

III. CREA/Western United

No CREA or Western United meetings were held this past month. Martinez reported that he attended the CREA Budget Committee meeting. Although CREA is budgeting a deficit in 2019, there will be no dues increase for 2019 as CREA has adequate cash reserves. The Budget Committee is recommending a 4 % increase in dues for 2020 and 2021.

IV. Continuing Business

None

V. New Business

Martinez suggested the directors implement a practice of making a presentation to all board members after attending a conference. Martinez reported speakers at the Region VII meeting discussed the director skill sets necessary for an evolving member base, changes in political climate, and the ratemaking process. Sandeen-Hall attended CFC Commitment to Excellence workshop and commended CFC for the excellent training.

Haberkorn reported he attended the Ute Water Subdivision annual meeting. The membership authorized installation of a new pump for the irrigation system.

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

Meeting adjourned at 11:35 a.m.

Cathy Gledhill, Assistant Secretary

Rod Martinez, President