

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

Regular Meeting

November 15, 2017

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, November 15, 2017 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	present
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; Karen Allen, Network Administrator; Cathy Gledhill, Manager of Finance and Administration; Pat Kanda, Staff Accountant; 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 Haberkorn second by Sandeen-Hall to approve the minutes of the October 19, 2017 regular meeting; carried.

Walch requested amendments to the agenda to include 1) consideration of legal firm’s proposed fee increase beginning on January 1, 2018; and 2) approval of the contract for Orchard Mesa substation upgrade.

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. Don updated the directors on progress of AMI vendor review. Walch reported staff participated in comprehensive presentations from three vendors determined to provide the best fit for GVP’s AMI system: Landis & Gyr, Silver Springs, and Eaton. Staff members are conducting thorough reference checks and cyber security review, and staff will make its recommendation to the board at the December meeting, seeking authorization to enter negotiations with the selected vendor. Williams reported that GVP mailed out four Requests for Proposals for Orchard Mesa Substation 69-12.47 kV expansion project and received two bids. The low bid was submitted by Great Southwestern Construction bid, in the amount of \$1,046,051. GVP

has prior experience with the performance of this contractor, and staff recommends that the board authorize execution of a contract with Great Southwestern Construction for the Orchard Mesa Substation expansion.

MOTION: Motion by Spangler second by O'Connor to authorize Walch to execute Orchard Mesa Substation 69-12.47 kV expansion construction contract with Great Southwestern Construction; carried.

Barlow updated directors on current construction activity. Ward contracting has completed the first stage of replacing conductor on the Kannah Creek 3-phase line upgrade, and replaced a transmission pole at Orchard Mesa Substation. Elder informed the board the Grand Junction Chamber of Commerce made a presentation requesting GVP increase its membership level. Staff evaluated the fit with our mission statement, and determined GVP will remain at the entrepreneur membership level and add a \$1,000 sponsorship of the Chamber leadership summit and \$1,200 contribution to support the CMU 20,000 initiative. Elder also informed directors he begins a term on the Fruita Chamber of Commerce board in January 2018. Spangler, as chairperson of the Member and Community Relations Committee, reported the committee met this morning and recommended revisions to the GVP scholarship criteria, providing clarification on the following points: (1) applicant must live in the GVP service territory at the time of application; (2) applicant must have a high school degree, but need not be a graduating senior; and (3) prior GVP scholarship award recipients are not eligible for additional scholarships. By consensus of the board, the scholarship criteria changes were approved. Wharton reported that she has approached ten schools to promote the scholarship applications for the 2018 Washington, DC Youth Tour and Youth Leadership Camp. She also noted that Kianna Colaizzi, 2017 recipient of GVP's Youth Tour scholarship, is making presentation to Grand Junction High School on November 16. Wharton also relayed GVP scholarship applications will be available online on December 1. Wharton informed directors she has joined the Utilities United Against Scams (UUAS) coalition, whose purpose is to raise awareness of utility scams targeting customers. Today is "Utility Scam Awareness Day" focusing on educating customers on how to protect themselves from tactics used by phone scammers, and asking them to log and report toll-free telephone numbers used by scammers.

Williams and Wharton presented a virtual tour of the GVP distribution system, showing substations, feeders and ties. The tour included information on individual substation and feeder locations, capacity, loading, and numbers of customers served. Williams noted that he is evaluating load and anticipated load growth and preparing a four year work plan to be presented at January 2018 board meeting. Kanda presented the September 2017 financial reports, and summarized delinquent account and write-off activity. Kanda also reported to directors that he should receive pay-off amounts from RUS and FFB on Friday November 17. This information will be forwarded to CFC for closing of GVP's debt refinancing on Monday November 20.

2. Staff members presented the preliminary 2018 Work Plan and Budget. Highlights included comments regarding additional staffing for AMI Technician and timing of initial AMI deployment. A Finance Committee meeting was scheduled for December 5 for a final budget review in advance of the December board meeting. All directors were welcome to attend and participate in this meeting. Directors were asked to provide comments or questions concerning the 2018 Work Plan and Budget to Kanda, a member of the Executive or Audit and Finance committee, or himself, prior to the committee meeting. Final approval of the 2018 Work Plan and Budget will be included on the December board meeting agenda.

- Walch reviewed two scenarios for 2017 capital credit retirements. Following the practice used in the past five years, GVP would retire the remaining \$198,969.37 of the patronage from gain on transfer of plant, plus 5% of the remaining outstanding unretired capital credits on the cooperative's books. The total retirement amount would be \$1,483,874.27. Alternatively, the patronage from gain on transfer of plant could be included when calculating the 5% retirement amount, resulting in a retirement amount of \$1,294,853.37. Walch reported that if the board continues the retirement allocation used for the past five years (60% first-in, first-out (FIFO), basis and 40% pro-rata to all patrons), all of the remaining patronage capital from transfer of plant would be retired. Walch reported this option is consistent with standards adopted in GVP's Financial and Equity Management Policy. Management recommends the board adopt the alternative approach and authorize capital credit retirements in the total amount of \$1,294,853.37 for 2017.

MOTION: Motion by Haberkorn second by O'Connor to authorize capital credit retirement in 2017 of \$1,294,853, representing 5% of the total outstanding patronage; carried.

MOTION: Motion by Rooks second by Haberkorn to retire capital credits in 2017 with the retirement amount allocated 60% FIFO and 40% pro rata on all patronage; carried.

Walch requested director volunteers for personal presentation of capital credit refund checks to several members receiving large checks. The following directors volunteered:

Mesa County School District No. 51 – Martinez, McClaskey and Sandeen-Hall
Whitewater Building Materials – Martinez and VanWinkle
Collbran Job Corps – Spangler and Martinez
Gateway Canyons – Haberkorn and Martinez

Walch noted that Elder would schedule presentations and provide confirmation to the full board.

- Walch distributed the draft of the 2018 board calendar for director review, noting possible date change for April, November and December board meetings. The 2018 board calendar will be finalized at December meeting.

Lunch break 12:00-12:20 p.m.

- Walch presented request from Gregg Kampf to increase billing rate for legal counsel \$5.00 per hour effective January 1, 2018.

MOTION: Motion by O'Connor second by Saunders to approve \$5.00/hour increase in billing rate for legal counsel; carried.

MOTION: Motion by Haberkorn second by Sandeen Hall to convene executive session to discuss management pay structure; carried.

Executive session convened at 12:25 p.m.
Regular session reconvened 12:30 p.m.

MOTION: Motion by Haberkorn second by Sandeen-Hall to approve 3% staff salary adjustment factor for 2018, with specific salary adjustments to be administered by CEO Walch; carried.

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

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

II. Legal

Kampf relayed Wharton had consulted legal counsel about legality of electronic signatures. Kampf advised electronic signatures are legal as long as participating parties agree.

III. CREA/Western United

Martinez reported the CREA board is conducting evaluation of CREA Executive Director Kent Singer. Martinez informed board CFC donated \$18,000 to the Colorado Educational Institute for employee/director education, and CREA approved a \$60,000 donation to the International Fund for rebuilding electric lines in Haiti. Haberkorn requested that Martinez convey to the CREA board the Energy Innovation Summit is invaluable and recommend an occasional change in venue to western Colorado.

Saunders relayed that Western United had record margins its last fiscal year.

IV. Continuing Business

None.

V. New Business

None

MOTION: Motion by O'Connor second by Haberkorn to adjourn; carried.
Meeting adjourned at 12:50 p.m.

Cathy Gledhill, Assistant Secretary

Rod Martinez, President