

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
JUNE 10, 2022

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, June 10, 2022, with the following directors present: Kent Lindsay, Jerry Fetterman, Bob Barry, Larry Archibeque, Norman Butler, and Audra Fahrion. Others present: General Manager Josh Dellinger, Attorney Tyler Denning, Executive Secretary / HR Representative Shawna McLaughlin, Financial Manager Ginny Johnson, Operation and Engineering Manager Ken Tarr and Member Engagement Manager Andy Carter. Appearing by web conference was Business Service Manager Chris Snyder. Absent was President David Sitton

Others present by Web Conference: None

Others present in person: Carol Stepe, Allison Klein, and Gordon Callahan with Akin Adventures Subdivision

Vice President Lindsay called the meeting to order at 8:30 a.m.

Approve Consent Agenda:

Action Item: Archibeque moved to approve the consent agenda as presented, seconded by Butler. Motion carried.

Membership Input: None

Presentation by Gordon Callahan and Carol Stepe regarding the Akin Adventures Subdivision: Callahan explained that Carol Stepe and he are building a subdivision called Akin Adventures and are trying to get power to the subdivision. Stepe stated that she has been working on this project for 5 years and the cost has doubled since they received the first estimate. They are proposing that EEA share in the cost of the necessary system upgrades because they feel that EEA will benefit from increased system capacity. Discussion was had on why the system upgrades would be necessary and why EEA typically requires new loads to pay for system upgrades.

Monthly Safety Report: Dellinger mentioned that there were no personal injuries and no property damages.

Correspondence:

Western United Patronage Retirement

Thank you letters:

Hospice of Montezuma for annual donation

Erin Brown for the scholarship

Mason Goodwin for the scholarship

Shiloh Berger for the scholarship

Ben Schafer for the graduation gift

Cody Meyer for the flowers for his mother's service

Brooke Jabour for support at the San Juan Regional Science Fair

Policy Review/Action:

Policy 12: Director Election and Voting (08/13/2021): Dellinger stated that there were no recommended changes.

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Policy 13: Activities and Conduct of Individual Board Members (8/13/2021): Dellinger stated that there were no recommended changes.

General Manager Report:

Action Item: NRECA Retirement Plan Restatement Resolution 1-2022: Dellinger explained that we are required by the IRS to restate our retirement plan every five years. Staff has no recommendation for changes. The resolution needs to be approved so that NRECA can update the plan to include all plan design and governing law changes since the last restatement in 2017. We will then have the updated plan restatement to approve in July's board meeting. Fahrion moved to approve Resolution 1-2022 , seconded by Barry. Motion carried.

RESOLUTION 1-2022

RESOLUTION OF THE BOARD OF DIRECTORS AUTHORIZING the
**AMENDMENT and RESTATEMENT of
THE RETIREMENT SECURITY and/or 401(K) PENSION PLAN**

For *Empire Electric Association, Inc.*

REA(s) 06033-001

WHEREAS, *Empire Electric Association, Inc.*, is a participating employer in the:

X

Retirement Security (RS) Plan

401(k) Pension (401(k)) Plan

Plan(s): elect one or both, as applicable

WHEREAS the Board of Directors of *Empire Electric Association, Inc.* is aware that the Plan(s) must periodically be amended to comply with new or changed regulations, rulings, legislation and plan operations, and that this restatement will be effective July 1, 2022.

THEREFORE BE IT RESOLVED that this Board authorizes the July 1, 2022 amendment, restatement and continuance of the Plan(s) to conform in its (their) entirety with all the provisions of the governing plan document(s) of the Plan(s), through the execution of the Adoption Agreement(s), which includes all of the provisions of the Cooperative's most recently executed Adoption Agreement(s) and any compliance clarifications needed to conform with plan operations; and

BE IT FURTHER RESOLVED, in the event that the timing of the restatement does not correspond with regularly scheduled meetings of the Board of Directors, the Board does hereby authorize and direct the cooperative's (or the participating employer's) authorized representative to execute all necessary documents and to take any and all further actions necessary to carry out the July 1, 2022 amendment and restatement of the Plan(s); and, NRECA is fully authorized to rely on this designation in processing the restatement of the Plan(s).

SIGNATURE OF THE SECRETARY: I *Jerry Fetterman*, certify that I am the Secretary of the *Empire Electric Association, Inc.* Board of Directors. I further certify that the above is a true excerpt from the minutes of a board meeting of this Board of Directors on the *10th* day of *June*, 2022, at which a quorum was present and that the above portion of the minutes has not been modified or rescinded.

Action Item: CoBanks Sharing Success Program: Dellinger explained that CoBank will match our donations up to four organizations up to a maximum of \$10,000 through its Sharing Success program. He noted which of our local nonprofit organizations the board selected to be recipients of these matching donations in 2020 and 2021.

Butler moved to have Hospice of Montezuma, Imagination Library, The Salvation Army, and Four Corners Child Advocacy Center as recipients for the CoBanks Sharing Success matching donations for 2022, seconded by Archibeque. Motion Carried.

Action Item: Consider CoBank Loan: Dellinger explained that staff is recommending that we open a multi-advanced term loan facility with CoBank. This would be similar to the facility we have with CFC and will allow us to shop interest rates more effectively. Johnson added that the credit agreement was signed in 2015, and there are no change in terms just in the amount of money. Fahrion moved to approve the CoBank Loan Documents and all previous resolutions as presented, seconded by Barry. Motion carried.

Financials: Johnson reported on the financials for April. She mentioned that on the budget variance analysis the year-to-date revenue is still within projections but there are some small variances which she explained. Operating margin is within \$20,000 of budget.

Miscellaneous: Dellinger reminded the Board that the Annual Meeting is June 23, 2022.

Director Roundtable: Fahrion had a question regarding the re-organization of Tri-State and the layoff's that they have initiated. They have 18 positions that will be removed from Tri-State's corporate headquarters. She asked if it was because of different Cooperatives leaving their contracts. Fetterman stated that the main reasons are due to them trying to keep costs lower for their members.

Attorney: Denning provided a written report. He continues to work with the Ute Mountain Tribal Council to get the resolution passed.

Tri-State: Fetterman reported on the Tri-State meeting. He was unable to attend the Tri-State meeting in person due to the airline cancelling his flight. He discussed the re-organization of Tri-State. He also mentioned their solar projects and how costs are increasing. Some solar projects are being pushed back due to the increases. Dellinger reported that the Rate Committee met on May 24th and 25th. Progress seems to be slow but there was good discussion on sending the appropriate rate signals. There was also discussion possibly having different rates for eastern interconnect and western interconnect members due to the cost of service being so different in those locations. Dellinger noted that there was also discussion on rate tilt. Dellinger explained tilt and how it benefits lower load factor members at the expense of higher load factor members. FERC generally does not like tilt. If the rate goes to FERC, they will likely remove any tilt, which would be beneficial to EEA since we are a higher load factor member. The board needs to think about if EEA would be willing to accept any tilt at all. The consultants have been asked to come up with a rate with no tilt in it, which they are working on.

CREA: Archibeque reported on the CREA Meeting. The June meeting is a virtual meeting, and the August meeting will be in Durango. He discussed resource adequacy which will be a key issue in the August Board meeting. There are concerns about brown outs throughout the industry. CORE pulled out of CREA last month. They are the largest cooperative in CREA. Archibeque stated that Singer asked that any cooperatives that are not satisfied with the services CREA provides, to let them know so that they have an opportunity to solve those issues. They continue to recruit for Dale Kishbaugh's replacement.

Western United: Barry reported on the Western United meeting. The board report is in the packet.

Utah Rural Electric Cooperatives Association: Barry reported that their meeting is next week, but he will not be attending.

FastTrack: Report will be in executive session.

Committees: Scholarship committee will be having a meeting after today's board meeting. Fahrion mentioned an email that was received by the school district inviting the board to participate in their strategic planning on June 13, 2022.

Further discussion was had regarding the Callahan / Stepe proposal for the Akin Adventures Subdivision. Barry moved to deny their request and follow the board's policy, seconded by Archibeque. Motion carried.

Executive Session: Archibeque moved to go into executive session for discussion of the FastTrack report, seconded by Butler. Motion carried. Went into executive session at 10:36a.m. Came out of executive session at 10:57 a.m.

Adjournment: Meeting adjourned at 10:57 a.m.



Jerry Fetterman, Secretary/Treasurer



Kent Lindsay, Vice President