

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
November 10, 2023

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, October 13, 2023, with the following directors present: David Sitton, Kent Lindsay, Larry Archibeque, Norman Butler, and Corey Robinson. 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, Member Engagement Manager Andy Carter, and System Engineer Dalton Randolph. Appearing by web conference: Director Jerry Fetterman and Business Service Manager Chris Snyder. Absent was Director Bob Barry. Butler left at 9:41 a.m.

Others present by Web Conference: Member Emiko South

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

Approve Consent Agenda:

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

Membership Input: None

Monthly Safety Report: Dellinger stated that there were no personal injuries. There was one property damage where one of our trucks got a rock chip on the windshield. The summaries from the latest safety meetings are in the board packet.

Correspondence:

- Federated Membership Update – October 2023

Policy Review/Action:

Policy 53: Regulation Governing change of Tariffs (10-15-2021): Dellinger stated that staff and legal reviewed and no edits are suggested.

Policy 54: Immediate Shut-Off Appeal (11-12-2021): Dellinger stated that staff and legal reviewed and no edits are suggested.

General Manager Report:

Action Item: Consider the 2024 Budget: Dellinger explained that the 2024 budget is ready for final approval. Johnson went over the changes that were made from last month's review. Discussion was had on wages and what type of data is looked at when bargaining with the union representatives and how wages are set for administrative staff. Lindsay moved to approve the 2024 budget as presented, seconded by Archibeque. Motion carried.

Action Item: Consider the 2024 KM Budget Filing: Dellinger stated we prepare a budget every year for the Kinder Morgan tariff. We use the budget filing to calculate a monthly customer charge for KM. Butler moved to approve the 2024 KM Budget as presented, seconded by Robinson. Motion carried.

Action Item: Consider the 2024 CPC Budget Filing: Dellinger explained that we use the same calculation methodology with the Cortez Pipeline that we do with KM. Robinson moved to approve the 2024 CPC Budget as presented, seconded by Lindsay. Motion carried.

Action Item: Consider the 2024 SCS-1 Tariff Updates: Dellinger stated that the KM tariff is amended annually after we determine the new customer charge and after KM provides us with their latest 10-year forecast. The updated tariff sheets will be submitted to the PUC once they are approved. Archibeque moved to approve the 2024 SCS-1 Tariff as presented, seconded by Butler. Motion carried.

Action Item: Consider Utah Code 54-17-604 Progress Report: Dellinger explained that Utah Code 54-17-604 requires an electric cooperative to file progress reports to its board of directors regarding its progress toward achieving the qualifying electricity target stated in Utah Code. The target is 20% qualifying electricity by 2025. EEA already exceeds this target based on Tri-State's current resource portfolio. This is our next to last report regarding this requirement. We will file our final report by July 1, 2026. Robinson moved to approve the Utah Code 54-17-604 Progress Report as presented, seconded by Lindsay. Motion carried.

City of Cortez Franchise Agreement: Dellinger stated that we have not received the Franchise Agreement back from the City. He is hoping that he will have this by the December meeting. This has been tabled until next month.

Action Item: Consider Union Contract: Dellinger stated that union negotiations took place at the end of October. He sent out a redline version of the new contract to the board. He explained that wages were the largest part of the negotiations. There were some other smaller changes which Dellinger explained. Archibeque moved to approve the union contract as presented, seconded by Robinson. Motion carried.

Action Item: Consider Totten Lake Property Sale: Dellinger stated that we listed the Totten Lake property with Terry McCabe for \$115,000. A full price offer was made shortly after it was listed. The contract is contingent upon board approval. If all goes well, it will close at the end of November. Resolution 01-2023 will need to be approved for EEA to move forward with the sale. The purchase agreement needs to be ratified and the resolution will be to allow him to execute the closing documents. Archibeque moved to ratify the sale of the Totten Lake Property and approve Resolution 01-2023, seconded by Butler. Motion carried.

**RESOLUTION NO. 01-2023
OF
EMPIRE ELECTRIC ASSOCIATION, INC.**

A RESOLUTION AUTHORIZING THE SALE OF CERTAIN REAL ESTATE PURSUANT TO A PURCHASE AND SALE CONTRACT ENTERED INTO BY EMPIRE ELECTRIC ASSOCIATION, INC. ("CORPORATION") ON OR ABOUT OCTOBER 30, 2023.

RESOLVED that the execution by Josh Dellinger ("General Manager") of a Purchase and Sale Agreement dated October 30, 2023 for the sale of real property described as:

All of TOTTEN LAKE SINGLE LOT DEVELOPMENT, according to the plat thereof filed for record April 2, 2018 in Book 19 at Page 76.
("Property")

is hereby ratified and approved by the board of directors of this Corporation with the same effect as if such execution were authorized by the board of directors itself.

RESOLVED The General Manager is hereby authorized to execute all documents on behalf of the Corporation as are necessary or prudent to effectuate the sale of the Property and to achieve the intent of this resolution.

EMPIRE ELECTRIC ASSOCIATIONS, INC

Sitton mentioned that when EEA decided to sell the Totten Lake Property, Bill Bauer, former EEA president, promised that the monies of the property would be used to help offset the amount of money that was borrowed to build the E&O facility and he would like to make sure that promise to our membership is followed through. Dellinger stated that if that is the direction that the board gives him, we would not allocate any of funds as capital credits and would directly use the money to help offset the costs for the E&O facility. Johnson stated that it could be applied to the asset base which would reduce depreciation. This would help reduce rate pressure.

Financials: Johnson reported on the financials for September. She stated that we continue to follow our trend and financials for 2022 and 2023 have been similar. Operating expenses continue to be over budget due to the outages that we had at the first of the year and we have not recovered from that throughout the year. We continue to be healthy and continue to meet all loan covenants.

Miscellaneous: Dellinger stated that we have an issue with cable in conduit that crosses the Dolores River. Spring runoff washed out the area and the conduit is exposed. We have been working with the Army Corp of Engineers and it has been extremely cumbersome. Lindsay has contacted our state representatives and they have contacted us. We are hoping that we will get some help from their offices to expedite the permit needed to get this fixed. Tarr explained what needs to be done and why permitting has been so difficult. We put together a plan to rebury the conduit without making any changes to the river and hired a consulting firm to help with the process. Hopefully we can get this done before winter hits.

Dellinger mentioned that to be in compliance with PCI, we are required to implement multifactor authentication for those who have special access to our website. This will be implemented December 1st and board members will need to install the authentication app on their devices. Our IT Manager will be available to assist them with this change.

Director Roundtable: Lindsay stated that he, Archibeque and Robinson attended the CREA Energy Innovations Conference and annual meeting. There were some interesting classes and speakers.

Sitton stated that his company was asked for a letter of support for a grant application to build a biomass plant as part of a microgrid for a housing development.

Attorney: Denning provided a written report. He discussed that he has been working on the cyber security issue and the sale of the Totten Lake Property.

Tri-State: Fetterman reported on the Tri-State meeting. He mentioned that the main discussion during the meeting was the Tri-State and United Power settlement.

CREA: Archibeque reported on the CREA meeting. He thanked Lindsay and Robinson for attending the CREA Energy Innovations Summit with him. He put reports in the board packet for the board to review.

Western United: Barry was absent. Therefore, no Western United report was given. The latest report is in the board packet.


Utah Rural Electric Cooperatives Association: Barry was absent. Therefore, no URECA report was given. Dellinger stated that we are applying for grants in Utah to underground lines that run through forested areas.

FastTrack: Report will be in executive session.

Committees: None.

Executive Session: Archibeque moved to go into executive session to discuss the FastTrack report and to receive legal advice, seconded by Lindsay. Motion carried. Went into executive session at 10:35 a.m. Came out of executive session at 11:10 a.m.

Adjournment: Meeting adjourned at 11:10 a.m.



David Sitton, President



Jerry Fetterman, Secretary/Treasurer