

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS
Cortez, Colorado
June 20, 2019

Manager Josh Dellinger welcomed everyone to Empire's annual meeting. He then thanked those who served in the US military as well as local law enforcement.

Dellinger introduced guests Joel Bladow, Senior Vice President of Transmission from Tri-State, additional staff from Tri-State, and Geoff Hier, Director of Government Relations from CREA.

The Invocation and Pledge of Allegiance were provided by Vice President John Porter.

President David Sitton explained the process used when a member wishes to speak at the annual meeting.

President Sitton called the meeting to order at 5:35 p.m.

President Sitton introduced the Board of Directors as follows: District 6, himself, President David Sitton, District 7, Vice President John Porter (Colorado Rural Electric Association board representative and Western United representative). District 1, Secretary-Treasurer Jerry Fetterman (Utah Rural Electric Cooperative Association board representative); District 3, William Bauer (FastTrack board representative); District 4, Bill Mollenkopf (Tri-State board representative); District 5, Kent Lindsay.

Attorney Shay Denning introduced the election judges: Elena Pricket, Ruby Gonzales and Cookie Pickens. She announced the candidates for each district: District 2 – Robert Barry and Carolyn Dunmire; District 5 – Kent Lindsay and Eric Lindgren; District 6 – David Sitton and Greg Barker. Denning mentioned the Bylaw amendments that were on the ballot. She reported on the voting procedures and provided notice for any late voters. Seeing that there were no members that still needed to vote, Denning then announced registration closed.

Secretary-Treasurer Jerry Fetterman presented the quorum report. He announced the number of members present required to constitute a quorum is 50 and the number of members present at the meeting was 78. A quorum was declared, and the meeting was officially opened for business.

Secretary-Treasurer Fetterman presented the Official Notice of the Annual Meeting and certification of its mailing along with "Proof of Publication" of the Notice of Meeting as published in the area newspapers in accordance with the Bylaws of the Cooperative.

President Sitton called for approval of the minutes of the June 14, 2018 annual meeting held in Cortez, Colorado. Moved to approve by Dan Neely and seconded by Don Gallegos to approve the June 14, 2018 minutes. Motion carried.

President Sitton stated that the company is in good standing and rates are stable. He gave a brief history of Empire including Empire's involvement in Colorado Ute and Tri-State. Sitton stated that Empire is a distribution coop and is focused to serve its members in that capacity. He discussed that in the recent Board strategic planning session the decision was made to continue focusing on being a distribution

cooperative. He talked about the mission statement modifications that were made to better reflect the view of what Empire is as an organization. Sitton discussed Tri-State and how they have done an outstanding job in adjusting to the demands and needs of the members amidst the political pressures and mandates required by them. He mentioned Kit Carson and what has happened to them since they bought out of Tri-State. He noted that Tri-State recently approved the allowance of different classes of members as way of working around issues created by the 5% cap and other contract and member issues. They have a contract committee that is fleshing out the details of what other classes of members will look like. He mentioned that Empire partners with Tri-State to offer our members the option to purchase 100% renewables through our Green Power if they so choose. He talked about the different programs that Empire offers. He listed several of these programs and the rebates that are offered. He stated that it has been mentioned that Empire seems to have challenges with member communications. He asked the members to bring forth any suggestions on how Empire can do a better job communicating. He thanked the members and the staff for their support and continued commitment to keep Empire the strong organization that it is.

Secretary-Treasurer Jerry Fetterman reported on the solid financial performance of Empire Electric. He thanked Finance Manager Ginny Johnson for taking over for Mary Thiesing after her departure. He discussed Empire's debt service ratios and stated they are well above what is required by our loan covenants. He mentioned Empire's strong equity position. He referred to the balance sheet, statement of operations and where the revenue dollars came from and where they went. We did not draw any loan funds in 2018 so our loan funds were decreased. We issued capital credits to our members of over \$2.1 million in 2018. Empire has issued over \$28 million in capital credits in its history. He expressed that all indicators state that Empire is in good financial shape.

General Counsel Shay Denning thanked all members for their support. She commended the board and the staff on how hard they work for our members. Denning explained what her firm does as legal counsel for Empire. She mentioned some of the projects that Empire has been working on. Some of those projects include revising the bylaws to bring them up to date, updating the cooperative's rules and regulations, and working with Tri-State. She talked about the exciting changes with Tri-State, including their new CEO, Duane Highley, and the updates in Tri-State's bylaws.

She expressed how fortunate she was that she was able to be a part of this process. She is hoping that this change will strengthen the cooperative family at Tri-State while allowing its members increased flexibility in how they purchase energy. She stated that Empire's Board and staff members are aware of the changing energy market and are working to be able to adapt to those changes. Empire is well positioned to make these adaptations while providing low cost and reliable service.

General Manager Josh Dellinger mentioned that 2018 was a strong year for Empire. A recent member survey showed that cost and reliability are the top two priorities for our members. Empire will continue to focus on these areas moving forward. Rates were stable in 2018 and reliability was 99.99%. Dellinger noted that we are working towards building a line that will serve as backup to the Monticello area. Empire is working with Tri-State and Rocky Mountain Power to establish a delivery point at the Pinto Substation that can serve as a second source for Monticello. Dellinger explained the new Power Advantage program and how it allows are members to have more insight and control over their accounts. He discussed Empire's expanded mission statement. The core mission stayed the same, but definitions were added to the words safely, responsibly, and reliably. He read those definitions. Dellinger also noted the six goals the board established during the strategic planning meeting. Those goals are as follows: 1. Continue to

focus on safety; 2. Identify and address organizational inefficiencies; 3. Develop a member engagement plan; 4. Evaluate rate structures to ensure fairness; 5. Develop a strategy for electric vehicles; 6. Develop a position statement on renewable energy. Dellinger mentioned the Totten Lake project and how we have not been able to find a vendor that can offer an attractive price that will not result in increased rate pressure. Dellinger noted other opportunities to participate in renewable projects. He talked about the Ute mountain Ute solar project and our partnership with them and discussed our Green Power program. He noted the Green Power program is a great program for those who want to buy more renewables to do so without increasing costs for the rest of the membership. Dellinger stated that he is proud to work for a board that strives to do what is right and with employees who are capable and dedicated.

Tri-State Generation and Transmission Association Senior Vice President of Transmission, Joel Bladow thanked the board and Dellinger for inviting him to the annual meeting. He talked about the feedback that they received from their members. What their members feel is important is reliability and affordability. Last year Tri-State was at 32% renewables and they just released another RFP for more. He discussed how the Colorado legislature passed the carbon footprint reduction act and what Tri-State can do to decrease their carbon footprint reliably and affordably. He mentioned the bylaw changes and how it gives different options to their members. He talked about Duane Highley, Tri-State's new CEO. Tri-State strives to balance the reliability, responsibility and affordability with all 43 of its members.

President Sitton called for questions or comments on any of the reports. No questions were asked.

President Sitton called for unfinished business to be presented before the meeting. No unfinished business was presented.

President Sitton called for new business to be presented before the meeting. No new business was presented.

President Sitton called for questions, comments or suggestions from the audience.

Allen Maez – He stated that he thinks that we are running a good ship. His concern was with the district boundary change. Sue Williams was his representative and when the boundaries were changed his representative was changed and he believes that the members should have had a say in that. He also mentioned that the numbering system of the districts was strange. He stated that bylaw amendment #3 that a candidate for the board had to be a registered voter was unfair because people have different reasons on why they don't want to register to vote. President Sitton explained how the district lines were drawn and the board's attempt to ensure each district has a similar number of members. He explained that establishing district boundaries is a responsibility of the board and is not something that the membership votes on.

Sitton mentioned that Empire's balloting vendor, Survey and Ballot Systems (SBS), made an error during ballot packet printing. Dellinger explained that a small percentage of members received a ballot package that contained two candidate biographies and no ballot. He explained how Empire worked diligently with SBS to rectify this error and get replacement ballots out to the affected members. Dellinger stated that Empire did its best to make sure that all members had a chance to vote. Sitton stated that the board was made aware of the error as soon as it happened.

Rebecca Sumulski – She stated that she appreciates the work that Empire does. She wanted to thank Dellinger for the time spent with her explaining the bylaw amendments. She stated that there is no process

for a member to petition the board for a non-bylaw change and would like the board to consider establishing such a process. She would like for the board to bring issues to the members so that members can have more input. She also talked about how Empire needs to protect the distribution lines from creating wildfires. Dellinger noted that Empire takes wildfire very seriously and mentioned the measures Empire takes to reduce wildfire risk.

Energy Advisor Andy Carter conducted the general prize drawing.

Three Solar Assist Cooperative Garden Certificates – Winners were Ed Olguin, Debbie McHenry and Allen Maez.

Two \$25.00 Gift Certificates from ESC Engineering – Winners were Dan Gallegos and David Quinn.

\$50.00 gift card donated by Western United Electric Supply – Winner was Ed Adkins.

\$100 gift card donated by Western United Electric Supply – Winner was Cassin McClure.

Vizio Flat Screen TV donated by Tri-State – Winner was Edy Clarkson.

Election Results

District 2

Robert A. Barry	1115 votes
Carolyn Dunmire	1052 votes

District 5

Kent Lindsay	1261 votes
Eric Lindgren PhD.	873 votes

District 6

David Sitton	1244 votes
Greg Barker	875 votes

Bylaw #1	yes 1949 votes	no 93 votes
Bylaw #2	yes 1951 votes	no 89 votes
Bylaw #3	yes 1935 votes	no 110 votes
Bylaw #4	yes 1962 votes	no 94 votes
Bylaw #5	yes 1923 votes	no 127 votes
Bylaw #6	yes 1971 votes	no 76 votes
Bylaw #7	yes 1977 votes	no 71 votes
Bylaw #8	yes 1929 votes	no 116 votes
Bylaw #9	yes 1948 votes	no 90 votes
Bylaw #10	yes 1836 votes	no 188 votes

Vice President Sitton adjourned the meeting at 6:53 p.m.

ss/David Sitton, President

ss/Jerry Fetterman, Secretary/Treasurer