

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
April 10, 2020

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, April 10, 2020 by Web Conference with the following directors present: David Sitton, Bill Bauer, Jerry Fetterman, Bill Mollenkopf, Bob Barry and Kent Lindsay. Others present: General Manager Josh Dellinger, Attorney Shay Denning, Finance Manager Ginny Johnson, Business Services Manager Chris Snyder, Operations Manager Ken Tarr, System Engineer Clint Rapiere and Executive Secretary / HR Representative Shawna McLaughlin. Abby Williams with CarlsonSV joined the meeting at 10:08 a.m. Absent was President John Porter.

Others Present: Member Marianne Mate.

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

Approve Consent Agenda:

Action Item: Mollenkopf moved to approve the consent agenda, seconded by Fetterman. Motion carried.

Membership Input: Marianne Mate mentioned that she has heard that some other cooperatives have been cancelling their annual meetings and she is hoping that Empire Electric won't be cancelling their meeting.

Donation Presentation:

The Donation Presentation has been removed from the Agenda. The Board of Directors agreed to postpone all donations until they can determine how the COVID-19 pandemic will financially impact the cooperative.

Correspondence:

CoBank's Statement of Qualified Patronage Distribution for 2019
Federated 2019 Member Equity Account Statement
CFC's Annual Benefits of Ownership Statement
NRECA Board Notes

Thank you from:

Southwest Colorado Canyons Alliance Thank you letter
Galloping Goose Society for our annual donation.
Salem Knuckles, Kira Galbraith, Tammy Hampton and Lauren Butler for their scholarships.

Donation Requests:

All donation requests have been removed from the Agenda.

Policy Review/Action:

Action Item: Policy 10: Board – GM Relationship (7-14-17): Dellinger explained that there was a handful of housekeeping edits. Nothing substantial. Mollenkopf moved to approved Policy 10 as presented, seconded by Fetterman. Motion carried.

Action Item: Policy 11: Delegation of Authority (8-11-17). Dellinger explained that there was a handful of housekeeping edits. No substantial changes. Lindsay moved to approve Policy 11 as presented, seconded by Mollenkopf. Motion carried.

General Manager Report:

Action Item: Consider new date for annual meeting as a result of COVID-19 crisis: In the special meeting on March 19, 2020 a decision was made to postpone the annual meeting. A discussion was had on how candidates could obtain petition signatures electronically. Dellinger and Denning reviewed the bylaws and state statutes and they would allow us to have petitions signed electronically such as by an email stating the member signed the petition. Dellinger explained that we need 90 days for the election process. Discussion was had on what dates would work. Mollenkopf moved that we set the annual meeting and election for October 8, 2020, seconded by Fetterman. Motion carried.

Consider disconnect practices during COVID-19 crisis: Dellinger explained that we are currently not disconnecting residential and small commercial accounts unless there is something that is considered illegal or a safety issue. We are working with the members by explaining that this is a suspension of disconnects, not bill forgiveness. Dellinger asked the board for guidance regarding whether we should disconnect large power and large commercial accounts for nonpayment. Dellinger stated that staff recommendations would be that we work with these members the best we can by making payment arrangements and forgiving late fees, but still disconnecting for non-payments. Sitton asked about the deposits that are kept on the large commercial and large power and if they are delinquent will we be requiring additional deposits if the accounts aren't maintained or paid. Dellinger explained that this would be evaluated on a case by case basis. One factor will be whether the account has good payment history. Board consensus is that we continue to work with large power and large commercial but continue to disconnect if needed.

Strategic Planning update: Dellinger explained that we are making good progress on the strategic planning goals. The recent coronavirus situation has slowed us down on some of these goals, but we continue to move forward.

Consider using unclaimed capital credits for COVID-19 assistance: Dellinger explained that some cooperatives have released some unclaimed capital credits for energy assistance. Staff is not making a recommendation but wanted the Board to be aware what our financials would look like if we released \$25,000 to help with this situation. Johnson explained this amount would not cause a significant impact to equity. She also mentioned that it would be a safe way to help our membership right now. Discussion was had on how we would release that money. Dellinger explained that we would donate it to local agencies, and they would administer it through their programs. Lindsay asked if we suspend our donation funding for the year if we could add additional funds to this amount. Johnson explained that we could do it either way without long term effects to our bottom line. Timing was also discussed. It was noted that there is substantial aid coming from the federal and state governments right now and that a boost from EEA may be more effective later. Board consensus was to not release additional unclaimed capital credits as this time. It may reconsider this in the future when the impacts of the coronavirus on our cooperative and our membership are clearer.

Financials: Johnson reported on the financials. Johnson explained that our biggest risk is loss of revenue due to the amount of businesses that have had to close. Barry asked how the stimulus package was going to affect EEA. Johnson explained that the biggest way it would affect us is through the FFCRA, which requires us to offer additional sick pay to our employees that get sick, have a family member get sick, or have childcare trouble as a results of COVID-19. She explained some of the changes in legislation and programs that would allow EEA to be able to apply for aid if needed. Sitton mentioned that the SBDC has been having ongoing webinars on the stimulus programs and loans through the SBA. Johnson mentioned that Region 9 also has information that is a good resource.

Miscellaneous: Dellinger explained that the Totten Lake Solar Project is moving forward but there is an eagle's nest on the adjacent property which will restrict the project's construction window. Due to the time frame

restraint, we may have to reapply to the Tri-State Board to extend this 18-month deadline. Dellinger has been in contact with Tri-State and they don't feel that this will be an issue to extend the deadline.

Dellinger noted that EEA developed and initiated an infectious disease response plan to deal with the COVID-19 situation. We are operating on a modified level 3 from that plan. Dellinger asked the board if it has any questions or concerns about how EEA is operating during this time. Board consensus was that EEA has taken appropriate measures.

Fetterman asked about the solar project with Kinder Morgan. Dellinger stated that he recently heard that this has been put on hold.

Director Roundtable: none.

Attorney: Denning provided a written report. She highlighted a few things from her report.

Denning stated that the majority of her time has been spent responding to the COVID-19 situation.

FERC issued an order on Tri-State's petition EL16-39-001. In this petition, Tri-State asked FERC for a rehearing on its 2016 Declaratory Order that invalidated Tri-State's edits to its Board Policy 101. The edits Tri-State proposed created a fixed-cost recovery mechanism for PURPA Qualifying Facilities. FERC denied Tri-State's request for a rehearing, but it also vacated its 2016 Order. FERC will presumably address the issue again when Tri-State files its fixed-cost recovery mechanism as a rate.

Empire is required to put together the Wildfire Protection Plan to satisfy Utah's statutes. Denning has been helping Rapier with this.

Tri-State: Mollenkopf reported on the Tri-State Board Meeting. Tri-State established a new date for the annual meeting. It is set for August 4 – 7, 2020. The Tri-State Board approved two recommendations from the contract committee. They approved a simplified formula for partial requirement memberships, which will be submitted to FERC. They also approved using a mark-to-market calculation to determine exit fees for those who desire to leave Tri-State. The exit fee will be determined by performing the calculation with the exiting member included and with that member excluded. The calculation will not be filed at FERC, but FERC has heard and approved cases where similar calculations have been used. Due to COVID-19, Tri-State has 650 people working remotely. They have been considering sequestering employees and keeping them at work and not letting them go out. Tri-State also approved a member payment proposal. They approved the Nucla demolition site. DMEA withdrawal was scheduled to occur the end of March and this has been postponed until the end of June. Their next board meeting will be May 5th or 6th. Marianne Mate asked if the EEA board has made any decisions on getting any consultants or experts to review the partial requirements from Tri-State. Dellinger responded that the board felt it was premature for Empire to review this until Tri-State had more structure.

CREA: Fetterman attended the CREA meeting. He stated that there is a written report in the packet.

Western United: no meeting.

Utah Rural Electric Cooperatives Association: Barry reported on the URECA meeting.

Committees: There was a rate design committee meeting and a summary report for that is in the packet. They are getting close to having a presentation and narratives ready for the May Board meeting.

Dellinger mentioned that John Porter is now at Vista Mesa. He is going to be submitting a resignation to the board. Mollenkopf stated that he would like to decline his resignation because he may be able to attend a few meetings prior to October. There was consensus that John could likely participate remotely and continue to provide valuable input. Fetterman stated that John's brother also passed away this week.

Audit Report: Abby Williamson with CarlsonSV did a presentation on EEA's audit report. She noted that the audit was clean.

FastTrack: Discussed in Executive Session.

Executive Session: Lindsay moved to go into executive session to discuss FastTrack and Audit Report. seconded by Mollenkopf. Motion carried. Went into executive session at 10:37 a.m. Came out of executive session at 11:06 a.m.

Action Item: Bauer moved to accept the audit report as presented, seconded by Lindsay. Motion carried.

Adjournment: Meeting adjourned at 11:08 a.m.

/s/ David Sitton
David Sitton, Vice President

/s/ Jerry Fetterman
Jerry Fetterman, Secretary/Treasurer