

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
December 11, 2020

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, December 11, 2020 with the following directors present: David Sitton, Bill Bauer, Larry Archibeque and Norman Butler. Others present: General Manager Josh Dellinger, Attorney Shay Denning, Engineering Manager Clint Rapier and Executive Secretary / HR Representative Shawna McLaughlin. Appearing by web conference: Directors Jerry Fetterman, Bob Barry, and Kent Lindsay, Operations Manager Ken Tarr, Finance Manager Ginny Johnson, Business Services Manager Chris Snyder, and Member Engagement Manager Andy Carter.

Others present by web conference: Members Heide Brugger and Ken Curtis, and Brock Johansen and Jared Anderson with Emery Telcom.

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

Approve Consent Agenda:

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

Emery Telcom Presentation: Brock Johansen and Jared Anderson of Emery Telcom gave a presentation to the Board regarding the joint use rates. Johansen gave a brief description of their company and what they do. They are working on putting fiber optics in Utah and the southwest corner of Colorado. Their goal is to get fiber to remote communities. They are requesting that Empire reduce the cost per pole rate under the joint use contract. Denning recommended that board discussion regarding this request be held in executive session.

Monthly Safety Report: Dellinger mentioned that there were no personal injury reports. There was one property damage report that consisted of an employee backing a company vehicle and bumping another employee's personal vehicle causing a small amount of damage to the taillight. Board asked what staff is doing to make employees aware of how to avoid these types of accidents. Tarr explained what is being done to remedy this. Dellinger also gave an update on Covid issues within the company. Discussion was had on the guidelines that Empire is following to prevent the spread of the virus.

Membership Input: None

Correspondence:

General Correspondence: None

Thank yous from:

Galloping Goose for annual donation.

Community Connections for annual donations.

Clinton, Raylee and Makenna Kelly and Noland Cressler for the add-on's to their animal purchase at the San Juan County Fair.

Policy Review/Action:

Action Item: Policy 28: Scholarship Program (7-13-18): Dellinger stated that most of the edits are housekeeping edits. Section 2A had a clarification regarding administrative cost and in 2D there was a question regarding whether the committee should have the authority to approve scholarships or if the committee should continue to make recommendations to the full Board. The Board discussed this and made the decision that the committee would make the recommendation of the awards and the Board would have final approval. Sitton explained how

the policy was put in place to consider all the students based on different criteria. Butler moved to approve Policy 28 as presented, seconded by Bauer. Motion carried.

Action Item: Policy 29: Insurance Program (12-01-17): Dellinger explained that only housekeeping edits and one clarification are suggested. Archibeque moved to approve Policy 29 as presented, seconded by Butler. Motion carried.

General Manager Report:

Consider Board District Composition: Dellinger explained that our Bylaws require that the Board review this annually. He went over the number of members that are in each district. Board reviewed and made no changes.

Action Item: Consider 2021 Deposit Rates: Dellinger explained that Empire pays interest on deposits we collect from our members. He explained that the recommended rate is determined by averaging interest rates from local banks. The recommendation is to have a .0433% interest rate for 2021. Fetterman moved to approve the deposit rates as presented, seconded by Bauer. Motion carried.

Board and Staff Disclosure Statement Review: Dellinger mentioned that all Board and staff members completed a disclosure statement. Denning explained why we do the disclosures. Denning recommended that Board members put all non-profit boards that they have a seat on, businesses that they work for and she suggested that Sitton and Butler put that they work together. Sitton and Fetterman will complete new forms to modify them based on Denning's recommendations.

Financials: Johnson discussed the November financials. She stated that everything looks good. She explained the temporary timing differences. The audit field work with Carlson will be done remotely due to Covid and their inability to travel. The Board may be seeing requests from the audit team and she asks that they respond to those. She discussed that Tri-State intends to retire patronage capital of \$30 million in 2020. Our share of that is \$1.5 million which we will be able to pass along to our members. She stated that she will have a capital credits retirement scenario for approval by February's meeting to be able to disburse capital credits in February or March. She presented a preliminary review of financial statement ratios, including an analysis of our financial goals ratios should the Board determine that the 2020 financial results warrant deferring revenue. She said that the cooperative is healthy enough or defer revenue to reduce rate pressure in future years.

Miscellaneous: Dellinger stated that he had several conversations with Mike Conne regarding the boundary between EEA's property and his property. There is a dispute as to where the boundary line is. The metes and bounds description from a 2004 quit claim puts the boundary a few feet north of the existing fence line, but a surveyor's note from a 2012 survey says that the intent of the quit claim was to establish the fence line as the boundary and that the fence line is the common accepted boundary. This issue should not affect the solar project because our developer is using the most conservative boundary line for siting the project. Construction should begin on the Totten lake project in August of 2021. Substation work will begin in March of 2021.

The other two solar projects are moving along. The PPAs have been signed and the company is working on getting the land leased. Once the land has been leased, we will submit to Tri-State for approval.

Dellinger sent out an email to the board regarding Tri-State's request for us to send a letter to the Governor and the Air Quality Control Commission (AQCC) asking them to reconsider the closing date for Craig Unit 3. The AQCC recently established a closing date of December 31, 2028, but Tri-State would prefer to keep the December 31, 2029 closing date they voluntarily proposed when they released their Responsible Energy Plan. Board agreed that Dellinger should send the letter.

We received a new request from the West Fork Fire Station for an additional donation request. The Board agreed to donate \$10,000 at the October Board meeting. Their plans have changed and they are asking for EEA to donate both the line reconfiguration and the service. We are in the process of developing a cost estimate for their new

plan. This new request did not arrive in time to make this month's agenda. Dellinger just wanted to give the Board a heads-up about this request. It will be on the agenda for Board action in January.

Director Roundtable: Sitton noted that the fire damage he mentioned last month has been settled with the insurance company.

Attorney: Denning provided a written report. Denning stated that she did work with Dellinger on the Conne issue regarding the boundary on the Totten Lake property and they confirmed with One Energy that they aren't affected by this issue.

Tri-State: Fetterman reported on Tri-State. There were four meetings for Tri-State last month, three were regular meetings and one was a special meeting. He discussed the internal affairs meeting. He discussed the change of the closure date for the Craig station. The special meeting was to vote on partial requirements and amendments to the articles of incorporation and bylaws. Archibeque mentioned that he sat in the special meeting as well.

CREA: Archibeque presented a written report on the CREA meeting. He mentioned that there were two meetings this month. He noted that CREA plans to update its strategic plan. He also noted that CREA is working on a Wildfire Mitigation Plan bill. He feels a lot more discussion and thought is needed before a bill is put forth. He also discussed the State's proposed vaccine plan and said that CREA is working to move utility workers up on the distribution list from Phase 2 to Phase 1b.

Western United: Barry was unable to attend this meeting.

Utah Rural Electric Cooperatives Association: Dellinger attended the meeting virtually and provided notes in his report. He stated that there were no major issues.

FastTrack: Bauer presented his report in executive session.

Committees: None

Executive Session: Archibeque moved to go into executive session to discuss the FastTrack report, the Emery Telcom request, attorney matters and a personnel matter, seconded by Butler. Motion carried. Went into executive session at 10:51 a.m. Came out of executive session at 11:58 a.m. Denning was recused from portions of the FastTrack report and the personnel matter.

Adjournment: Meeting adjourned at 11:58 a.m.

/s/ David Sitton

David Sitton, President

/s/ Jerry Fetterman

Jerry Fetterman, Secretary/Treasurer