

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

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, January 10, 2020 with the following directors present: John Porter, David Sitton, Bill Bauer, Bill Mollenkopf and Bob Barry. Others present: General Manager Josh Dellinger, Finance Manager Ginny Johnson, Operations Manager Ken Tarr, Business Services Manager Chris Snyder, System Engineer Clint Rapier, and Executive Secretary / HR Representative Shawna McLaughlin. Director Jerry Fetterman and Attorney Shay Denning attended via conference call. Absent was Director Kent Lindsay.

Others Present: Joel Tryon, Marianne Mate, Allen Maez, Kenneth Curtis, and Matt Barnes with Montezuma County Search and Rescue.

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

Approve Consent Agenda:

Action Item: Director Fetterman noted that a change needed to be made in the December 2019 minutes regarding the donation request for the Wildfire Adapted Partnership. It needs to say both Montezuma and Dolores County instead of just Montezuma County. Bauer moved to approve the consent agenda with the change, seconded by Fetterman. Motion carried.

Membership Input: none

Donation Presentation: Matt Barnes with the Montezuma County Search and Rescue did a presentation regarding their donation request for \$5,000.00 for Swift Water Rescue.

Correspondence:

CRC Boardroom report

CFC Boardroom report

NRECA Boardroom report

Annual CARE form personal donation requests were passed out to the Board.

Thank you from:

San Juan BOCES for the sponsorship for their Science Fair.

Connie Zellner asked Josh to share her thank you for allowing Empire's employees to have a Christmas party and for the Christmas gift.

James Sanders for the donation that was given to him to attend the STEM program.

Elli, Cooper and Jade Nielson for the add on to their animals at the fair.

Wildfire Adapted Partnership for the donation.

Donation Requests:

Action Item: Montezuma County Search and Rescue donation request for \$5,000.00. Bauer moved to approve the amount of \$1,000.00 to be taken out of unclaimed capital credits, seconded by Sitton. Motion carried.

Policy Review/Action:

Action Item: Policy 6: Visitors (3-08-19). Dellinger discussed some of the minor changes in this policy. Most of them are wording changes. Mollenkopf moved to approve Policy 6 as presented, seconded by Bauer. Motion carried.

Action Item: Policy 31: Campaign Contribution Reporting. Dellinger explained that the updated bylaws call for the board to create a campaign contribution reporting policy. This policy will fulfill those bylaw changes. Attorney Denning and Dellinger explained different sections within the policy and why those sections were put in and worded the way they were. Bauer moved to approve Policy 31 as presented, seconded by Barry. Motion carried.

General Manager Report:

Annual Identity Theft Protection Report: Dellinger shared that Policy 45 calls for staff to supply an annual report to the board on identity theft protection. Dellinger explained sections of the report that summarizes the various measures of security that Empire took in 2019.

Action Item: Consider 2020 Capital Credit Retirements: Dellinger explained that there is one scenario for the Board to consider. He explained the reason why we only have one scenario instead of two this year. Johnson explained the breakdown of capital credits by year. She stated that the credits would be retired the end of February. Sitton moved to approve the scenario as presented, seconded by Fetterman. Motion carried.

Action Item: Consider Intervening in the United Power / LPEA vs Tri-State PUC Case: Dellinger put in the packet a joint motion to intervene from Southeast Cooperative. Southeast is allowing other coops to join them on a motion to intervene. Dellinger explained the pros and cons of filing jointly with other cooperatives instead of filing on our own. A discussion was had on the filings from different coops and what is happening with them. The Board discussed the pluses and minuses of Empire intervening. Mollenkopf stated that with this case it would be beneficial for Empire to intervene. It was also discussed on the timeline that we should intervene and if we should wait until after it is filed with FERC. Mollenkopf stated that he didn't feel like we should wait, if we are going to intervene, we should go ahead and move forward with filing. Mollenkopf stated that the consequences of us remaining neutral may put our members at risk. Sitton moved to approve us joining with Southeast to intervene, seconded by Barry. Motion carried. Mollenkopf abstained from the vote.

Strategic Planning Update: Dellinger gave an update of the Strategic Planning Goals. He went over what has been completed and what sections are still being worked on. Mollenkopf stated that Tri-State passed a resolution of Energizing Colorado and will have large rebates on top of the ones they already offer for EV Chargers. Dellinger explained how we are currently handling requests for Level 3 DC fast chargers.

Financials: Johnson explained that the Rural Act passed through the legislature. She noted that offering employee parking is no longer considered a taxable benefit. The Act also ensures that rural cooperatives will not jeopardize their tax-exempt status by accepting grant money. Johnson explained the November financial statements. We are likely not going to meet our budgeted operating margin, but the margin should still be strong. We should easily exceed our loan covenant ratios.

Miscellaneous: Dellinger stated that the annual outage data is in the packet and we are at 99.98% reliability. The Utah Supreme Court denied Mr. Musumeci's petition for Writ of Cert. This should close this complaint. County commissioners would like to meet with the Board. They have asked for a meeting around the first of February. They would like an evening meeting. Consensus from the board is that they can meet February 3rd. Delegate and an Alternate for the Western and CREA meetings need to be assigned. We got the notice and the forms after we posted the agenda, so this was not included as an action item. President Porter appointed delegates and the board will ratify those appointments at the February meeting. Porter appointed Bill Mollenkopf as the representative and himself as the alternate for CREA. For Western United he appointed himself as the delegate and Fetterman as the alternate.

Director Roundtable: none

Attorney: Denning reported on the following:

The resolution of the Century Link joint use agreement is still ongoing. She is hoping to schedule a meeting with them next week.

She is continuing to work on the UTMU joint use agreement.

There is a dispute with the insurance company over the hit pole because they don't want to pay the Tri-State bill. Denning has been working on a letter to send to the insurance company.

Finalizing the agreement with Tri-State for the mobile substation. It's in review and should be done soon.

She continues to monitor the two lawsuits that involve Empire's easements.

Denning mentioned that she will have to have her firm evaluate Empire's intervening in the LPEA / United Power's case against Tri-State to see how this will affect her role as attorney for Empire and for LPEA in that case.

Tri-State: Mollenkopf reported on the Tri-State board meeting as well as the contract committee meeting. They received a letter from United Power and LPEA for greater local control. The contract committee is still working with a consultant to establish a make-whole methodology that can be applied to exits and partial requirements contracts. The next contract committee meeting is on February 3rd. Mollenkopf passed out information on the plant closures. Tri-State announced that they will be closing Escalante by the end of this year and Craig 1, 2 and 3 will be closed by 2030. After these are closed, Tri State will have no coal powered plants in CO or NM. An extensive conversation was had regarding the closing of these plants and the different ways that Tri-State will generate power without these plants. Mollenkopf also described how Tri-State's Responsible Energy Plan is progressing. Discussion followed.

CREA: no meeting

Western United: no report

Utah Rural Electric Cooperatives Association: Barry reported on the URECA meeting. They have gotten presentations from a few candidates for governor.

Committees: The Youth Tour Committee met on January 7, 2020. There were 7 candidates for 6 spots. Top candidate goes on the Washington, DC Tour and 5 go to Steamboat Youth Camp.

FastTrack: Discussed in Executive Session.

Executive Session: Sitton moved to go into executive session to discuss FastTrack, seconded by Bauer. Motion carried. Went into executive session at 12:02 p.m. Came out of executive session at 12:11 p.m.

Adjournment: Meeting adjourned at 12:11 p.m.


Jerry Fetterman, Secretary/Treasurer


John Porter, President