

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
March 13, 2020

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, March 13, 2020 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 Rapier and Executive Secretary / HR Representative Shawna McLaughlin. Absent was President John Porter.

Others Present: Edward Writner with Mancos RE-6 School District, Anne Beach with Mancos Creative District, Susan Thomas with Battle Rock Charter School and members, Heide Brugger, Marianne Mate, Allan Maez and Joel Tryon.

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

Approve Consent Agenda:

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

Membership Input: Marianne Mate announced that the Dolores Playground received a GOCO grant in the amount of \$173,000.00 to build a new playground in Dolores.

Allan Maez mentioned that the poles on his place have been replaced.

Donation Presentation:

Edward Writner presented his donation request for the Mancos RE-6 School District's Cool Science program. He is requesting a \$5,000.00 donation to help supplement the cost to bring the Cool Science organization's water focused program to the Mancos Campus for one week.

Anne Beech presented her donation request for the Mancos Creative District. She is requesting \$1,000.00 to support its work for 2020.

Susan Thomas presented her donation request for the Battle Rock Charter School's Children's Chautauqua program in Cortez. She is requesting \$2,000.00 to help put on this event.

Correspondence:

CRC Report from the Boardroom

Federated Report from the Boardroom

NRECA Board Notes

Western United 2020 Patronage Retirement

Tri-State's Notice of Annual Meeting

Congratulations to Bob and Elaine Barry for celebrating 50 years of marriage

Thank you from:

Shawna McLaughlin for the flowers

Hemphill Family for the plant

Lewis Arriola Elementary PTO for the door prizes

Policy Review/Action:

Action Item: Policy 8: Security of Protected Health Info (6-9-17). Dellinger explained that there were some housekeeping edits. He mentioned that this policy primarily addresses management-level issues and said that it could be removed as a Board policy and put as an administrative policy should the board desire to do so.

March 13, 2020

Denning concurred with this assessment. Mollenkopf moved to eliminate Policy 8, seconded by Lindsay. Motion carried.

Action Item: Policy 9: New Director Orientation (7-14-17). Dellinger explained there was a handful of housekeeping edits. Lindsay moved to approve Policy 9 as presented, seconded by Barry. Motion carried.

General Manager Report:

Action Item: Select Delegate and Alternate for Tri-State Annual Meeting. Dellinger spoke about the schedule for the annual meeting and the dates this will take place. Mollenkopf also spoke about the meeting. Mollenkopf moved to appoint Sitton as the delegate and Mollenkopf as the alternative, seconded by Bauer. Motion carried.

Action Item: Select Delegate and Alternate for CREA. Bauer moved to appoint Fetterman as the delegate and Barry as the alternate for both CREA and Western United. Seconded by Mollenkopf. Motion carried.

Action Item: Consider UMUT/SWCCOG/NEO data release per Policy 51. Dellinger explained that SWCCOG is working with Ute Mountain Ute Tribe to install a fiber network on the reservation. SWCCOG has contracted with NeoConnect for this project. They are asking for data regarding line locations pursuant to Policy 51. SWCCOG and NeoConnect have signed non-disclosure agreements. Mollenkopf mentioned that in the future we may want to start charging a small fee for companies to receive information. Tarr also mentioned that we need to make sure that we have room on our poles before we allow more entities to utilize our pole space. A discussion was had on what is on our poles and disclaimers that should be made when people get information regarding our poles. Bauer moved to approve, seconded by Lindsay. Motion carried.

Action Item: Consider Resolution 01-2020, Re-adoption of 457b Deferred Compensation Plan for Employees. Dellinger explained that NRECA has asked us to re-adopt the documents. Mollenkopf moved to approve, seconded by Lindsay. Motion carried.

Resolution 1-2020
Empire Electric Association, Inc.
Executive Compensation Plan
for Employees of Tax-Exempt Employers

**Resolution to Readopt
EMPLOYER ID#: 06033**

Resolved, that Empire Electric Association, Inc. (the "Employer") hereby re-adopts the Executive Compensation Plan in the form presented, to replace and supersede the existing deferred compensation plan implemented through a series of documents deferring compensation for certain employees, to be effective on the 1st day of April, 2020; and resolved, that the officers of the Employer are authorized to execute any documents necessary to adopt this Executive Compensation Plan and to continue the investment of assets in Homestead Funds, Inc.

CERTIFICATE OF SECRETARY

I, Jerry Fetterman, Secretary of the Board of Directors, do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board held on the 13th day of March 2020 at which meeting a quorum was present, and that the above portion of the minutes has not been modified or rescinded.

In witness whereof, I have set my hand and affixed the seal of Empire Electric Association, Inc. this 13th day of March 2020.

Action Item: Consider Resolution 02-2020, Re-adoption of 457b Deferred Compensation Plan for Directors. Mollenkopf moved to approve, seconded by Lindsay. Motion carried.

March 13, 2020

Resolution 2-2020
Empire Electric Association, Inc.
Executive Compensation Plan for
Directors of Tax-Exempt Employers
Resolution to Re-adopt
EMPLOYER ID#: 06033

Resolved, that Empire Electric Association, Inc. (the "Employer") hereby re-adopts the Executive Compensation Plan in the form presented, to replace and supersede the existing deferred compensation plan implemented through a series of documents deferring compensation for certain members of the Board of Directors, to be effective on the 1st day of April, 2020; and resolved, that the officers of the Employer are authorized to execute any documents necessary to adopt this Executive Compensation Plan and to continue the investment of assets in Homestead Funds, Inc.

CERTIFICATE OF SECRETARY

I, Jerry Fetterman, Secretary of the Board of Directors, do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board held on the 13th day of March 2020 at which meeting a quorum was present, and that the above portion of the minutes has not been modified or rescinded.

In witness whereof, I have set my hand and affixed the seal of Empire Electric Association, Inc this 13th day of March 2020.

Action Item: Consider Rebate Program. Dellinger discussed the heat pump rebate summary and recommendations included in the board packet. Staff is recommending that we reduce the rebate for 15-17 SEER air-source heat pumps from \$300 to \$50 and for >17 SEER from \$450 to \$100. Tri-State will still offer their rebate regardless of our rebate level. Sitton stated that he likes the rebates where they are at because he likes the message it sends about energy conservation to our community. It also promotes load growth. Mollenkopf suggested reducing it by a smaller amount. Lindsay moved to reduce our air-source heat pump rebates to half of the Tri-State rebate, effective starting August 1, 2020, seconded by Mollenkopf. Motion carried. The EEA rebates will be \$150 and \$225 with the present Tri-State rebates.

Action Item: Tri State is also offering rebates for battery operated equipment. Dellinger asked if the Board would like to match the Tri-State rebates. Sitton stated that there are so many hand tools that are battery operated and he feels that if we rebate these types of items, that's all we will be doing. Board agrees that we should support Tri-State's rebate program but not to add additional money to the rebate. Bauer moved to approve the Tri-State rebate but not add additional rebates, seconded by Fetterman. Motion carried.

Financials: Johnson reported on the financials. The final audit reduced our net margin because renewable energy credits that were earned by our members in 2019 but not paid until 2020. Johnson stated that we probably will not be refinancing our debt due to a make whole provision in our loan agreement. She would like to remind everyone that it is 990 time and she has sent an email out to the Board to get their information. Johnson stated that she reformatted the report to make it easier to read and not give numbers that aren't useful to the board. She encouraged the board to let her know if there is ever anything else they would like to see. The reconciliation reports for Kinder Morgan and Cortez Pipeline were included in the packet. Johnson explained these reports to the Board.

Miscellaneous: Dellinger mentioned that our audit is complete and thanked the staff. He asked the board if they would like an in-person presentation or a web-ex presentation. Board agreed that a web-ex presentation would be what they would like.

The 2020 Board election season is right around the corner. The election information has been posted on the Website and the Colorado Country Life. Petitions can be picked up starting March 20, 2020 and deadline to have them back is by May 4, 2020. District 4 and District 7 are up for election this year.

Director Roundtable: Mollenkopf mentioned that Sue McWilliams is running for the LPEA Board of Directors. He also mentioned the rate increase that LPEA is requesting. LPEA's election is in May. Mollenkopf went to the CREA meeting and Heather Romero received 2nd place for a safety article she wrote for the Colorado Country Life and Bobbe Jones also received 2nd place for best story in the Colorado Country Life. He also mentioned that Empire was the 4th highest capital credit allocation from Tri-State this year. Mollenkopf stated that CREA had a presentation from Doc Henley and he shared a book called Wine to Water. Sitton mentioned that Charge Point has also approached the Ute Mountain Ute Tribe about an EV Charger. Barry reported that Utah Legislation passed their Wildland Fire Mitigation bill.

Attorney: Denning reported on the following:

Denning would like to apologize to everyone who received a spam email from her. They have remedied this. She recommends that if we got the email and clicked on the link to talk to our IT department to have them look at it. She reported that the Ute Mountain Ute joint use agreement is beginning to be worked on again since the solar project has been completed.

She stated that she is working on the bill credit agreement for the UMUT solar project.

She continues to work on the CenturyLink joint use agreements, and she will continue to work with Rapier to get these completed.

Denning stated that her office is working on the Kiosk agreement.

Dan McCarl has been working on an easement with Tri-State.

McCarl has also been working on the mobile substation contract.

Denning reviewed the changes to the 457b plan and has been working with McLaughlin to get them re-adopted. She continues to monitor the two lawsuits that EEA is indirectly involved in because we have easements across the properties. She is ensuring that our easements are not affected in these cases.

She has been working with Johnson on how to handle capital credits on bankrupt accounts.

She has also been working with Johnson regarding the hit 115 kV pole. We are attempting to recover payment from the trucking company.

Tri-State: Mollenkopf reported on the Tri-State meeting. He reported on the Finance Committee and different reports that must be filed. The annual audit was presented, and it was a clean report. He discussed the effects of the plant closures and how many employees will be affected. He also mentioned that they had a Cyber Security presentation. He discussed the long-time financial forecast and showed a presentation regarding this. Mollenkopf discussed two resolutions that were passed. One created a Class B membership for partial requirements members. The 2nd resolution defined the terms and conditions of Class B memberships. He discussed the differences between Class A and Class B memberships and the requirements for each class. Mollenkopf also discussed the contract committee and a presentation that a consultant gave regarding the process that would be valid and fair for obtaining a buyout number. He noted it is going to be very difficult, if not impossible, to develop a formula that each co-op can use to determine its buyout number just because there are so many possibilities.

CREA: Porter was unable to attend; no report was given.

Western United: Fetterman stated that there was no meeting.

Utah Rural Electric Cooperatives Association: Barry was unable to attend; no report was given.

Committees: Consider Approving the Scholarship Awards. Sitton mentioned that the application has been put online and there was wide disparity between the online applications versus the written applications. Mollenkopf moved to approve, seconded by Lindsay. Motion carried.

Montezuma-Cortez High School (8)

1. Casen Allmon & Tri-State
2. Kylie Breitenbach
3. Gabriel Frizzell
4. Kira Galbraith
5. Salem Knuckles
6. Hayden Leggett
7. Rylee Majors
8. Kiffany Whitmer

Trade Related (0):
None

Dolores High School (4)

1. Lauren Butler
2. Nadyezhda Erlandson
3. McKenzie Howerton
4. Mercedes Martinez

Trade Related (0):
None

Dove Creek High School (4)

1. Cassie Gatlin
2. Taylor Hickman
3. Kiara Lingenfelter

Trade Related (0):
None

Mancos High School (4)

1. Magdalena Halls
2. Maya Powell
3. Caden Showalter
4. Kasey Wallace

Trade Related (0):

Monticello High School (4)

1. Brooklyn Holt
2. Adri Lewis
3. Morgan Maloy
4. Shelbie Musselman

Trade Related (2):

1. Hyrum Johnson (Mechanics)
2. Rianna Shumway (Aviation)

Adult Scholarships (6)

1. Vanessa Kee
2. Destinie Smith

Basin Scholarship

Dimery Plewe (MCHS High School)

Empire Employee/Director Dependent

Rylee Finley (MCHS)

Donation Requests:

Action Item: Mancos RE-6 School District's donation request of \$5,000. Board declined this donation request.

Action Item: Mancos Creative District's donation request of \$1,000. Board declined this donation request.

Action Item: Battle Rock Charter School's donation request of \$2,000. Lindsay moved to approve the amount of \$500.00 to go towards scholarships, seconded by Fetterman. Motion carried.

FastTrack: Discussed in Executive Session.

Executive Session: Lindsay moved to go into executive session to discuss FastTrack and Covid-19 response. seconded by Bauer. Motion carried. Went into executive session at 12:30 p.m. Came out of executive session at 12:52 p.m.

Adjournment: Meeting adjourned at 12:53 p.m.

/s/ David Sitton

David Sitton, Vice President

/s/ Jerry Fetterman

Jerry Fetterman, Secretary/Treasurer

March 13, 2020