

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
May 14, 2021

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, May 14, 2021 with the following directors present: Jerry Fetterman, Kent Lindsay, Bob Barry, Larry Archibeque, and Norman Butler. Others present: General Manager Josh Dellinger, Attorney Shay Denning, Financial Manager Ginny Johnson, Engineering Manager Clint Rapier, and Executive Secretary / HR Representative Shawna McLaughlin. Appearing by web conference: Business Services Manager Chris Snyder, Operations Manager Ken Tarr, and Member Engagement Manager Andy Carter. Absent was President David Sitton.

Others present by web conference: FastTrack Representative Bill Mollenkopf, Members Heidi Brugger, Craig Wickstrom, Robert Rime, Marianne Mate, Allen Maez, Ken Curtis, Brandon Johnson, and Audra Fahrion.

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

Approve Consent Agenda:

Action Item: Dellinger stated that the E&O property lease should be moved to executive session. Archibeque moved to approve the consent agenda as modified, seconded by Barry. Motion carried.

Membership Input: Marianne Mate asked if the board is familiar with a C-PACE program. This is a program that helps commercial and agriculture businesses with energy efficiency upgrades. This is a state funded program through the Colorado Energy Office that must work through the county and EEA. She will send information regarding this program to the board.

Monthly Safety Report: Dellinger mentioned that there were no property damages and no personal injuries. The summary is in the board report.

Correspondence:

General Correspondence:

Western United patronage retirement.

Thank you from:

Anderson Frazier who won the prize from EEA at the Science Fair.

Bauer Family for the plant.

Garchar Family for the flowers.

Dolores Public Library for annual donation.

Salvation Army for the annual donation.

Policy Review/Action:

Action Item: Policy 41: Physicals (12-14-18): Dellinger explained that there were a few minor wording changes for clarifications along with the new format. Archibeque moved to approve Policy 41 as presented, seconded by Butler. Motion carried.

Action Item: Policy 42: Employee Retirement (01-11-19): Dellinger explained that there were a few minor wording changes along with the new format. Fetterman moved to approve Policy 42 as presented, seconded by Archibeque. Motion carried.

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General Manager Report:

Action Item: Consider Appointment of the District 3 Director: Interviews were held for the 5 candidates that submitted applications on May 7, 2021. The 5 candidates were Randy Carver, Audra Fahrion, Larry Don Suckla, Robert Rime, and Brandon Johnson. Archibeque moved to appoint Audra Fahrion as the District 3 Director, seconded by Barry. Motion carried. Lindsay thanked everyone that applied and thanked the board for working through the interview process.

Action Item: Consider E&O Property Lease for Solar Project: This agenda item was moved to be discussed in executive session.

Action Item: Consider termination of National Cooperative Bank Contract: Dellinger explained that NCB offers loans for distributed generation and energy efficiency upgrades. This program is through a partnership with EEA and documented by a contract with NCB. NCB has had very little interest in the program nationwide, so they are wanting to end the program and are asking us to terminate the contract early. We have no members that have participated in this program, despite advertising efforts through both EEA and NCB. Barry moved to terminate the NCB Contract early, seconded by Fetterman. Motion carried.

Action Item: Consider plan for passing on the Tri-State rate decrease savings to members: Dellinger explained that Tri-State has announced a rate decrease. Staff has been working on a plan to pass this decrease on to our members. He stated that the plan is to not make any immediate changes but incorporate these decreases in our new rate structure that will go into effect in September. Staff recommends reducing the KWh charges to reflect the Tri-State decrease. The new rates would be brought to the board for approval in the June meeting. The savings from March through September would be passed along by a bill credit to each member based on their usage. Fetterman stated that this has not been approved by FERC yet, so we may want to wait for that approval before we decide on how to pass along this decrease. Archibeque stated that this decrease is an opportunity to communicate to our members that EEA and Tri-State are working to keep energy costs as low as possible. Discussion was had on how the decrease would work based on the FERC approval and how we would have to notice these rate changes. It was noted that there is very little risk of FERC not approving a rate reduction. Tri-State's decrease is 2% and the reduction to our bill will apply only to the purchased power components of our rates. Fetterman moved to move forward with the rate reduction, seconded by Archibeque. Motion carried.

Action Item: Consider applying for the CoBank Sharing Success Program: Dellinger explained that the program offers CoBank members the opportunity to apply for matching funds for up to \$10,000 spread out among up to four organizations. The program is administered on a first-come-first served basis, so it is best to get our applications submitted early. Barry moved to apply for the CoBank Sharing Success Program for Imagination Library, Salvation Army, Four Corner's School of Outdoor Education, and Hospice, seconded by Archibeque. Motion carried.

Review the IRS Form 990: Johnson reviewed the 990 form and the engagement letter from CarlsonSV. CarlsonSV completed the 990 for us. The 990 is publicly available. She discussed several of the line items and stated that these numbers are straight from our financial reports. This report will be filed today, Friday, May 14, 2021. No motion is necessary, the board just needs to review the document.

Financials: Johnson reported on the financials for March. She stated that the February 2021 margin looked better than anticipated and that it was due to the timing of our billing cycles. The differences show up as line losses in our financial statements. She showed that the line losses have corrected as of the March 2021 financials. The

line loss calculation will continue to fluctuate each month based on the timing of our billing cycles. She also mentioned the budget variance report and how distribution maintenance is over budget. She stated that the budget variance in distribution maintenance expenses is due to higher than anticipated labor for responding to outages. Johnson also mentioned that inflation may be on the horizon and she asked if the board would like to take a draw against our CFC loan now to lock in low interest rates. We do not need to take a draw at this time, but we likely will need one within the next year or two, and it may be prudent to go ahead and take a draw now while interest rates are low. EEA currently has a variable CoBank loan that the board would like Johnson to investigate refinancing to get a fixed rate on it while the interest rates are low. Consensus from the board is to go ahead and take a cash draw from the loan now instead of waiting and taking the chance of inflation and higher interest rates.

Miscellaneous:

Dellinger mentioned that there is an all-employee luncheon that will be held on June 4, 2021 at noon at the E&O Building. All board members are invited to attend. Also, Scott Willburn's retirement luncheon is on June 10, 2021 at noon and the board is invited to that as well.

Lindsay asked about the fire south of town. We did not have any equipment or poles that were damaged in that area. Tri-State had to replace their poles.

Director Roundtable: None.

Attorney: Denning provided a written attorney report in the board packet. She highlighted matters including Tri-State's resource management plan docket at the PUC. EEA has intervened in this docket and we are just continuing to monitor during the discovery phase. She also stated that her firm has helped with agreements for the OneEnergy solar projects. The work with the BIA is continuing. She is trying to get clarity on requirements. Denning also stated that she was able to attend the CREA attorney conference and she will put a written report on the classes she attended in next month's report.

Tri-State: Fetterman gave a report on the Tri-State Board meeting. He highlighted efforts at the federal level to secure assistance for cooperatives with stranded assets resulting from coal plants being retired early. Cross Trails Wind Farm is operative. The settlement offer with FERC was a 4% rate reduction over the next two years and is now waiting for final approval from the Commission that can take 60 to 90 days. Fetterman stated that Tri-State is proposing two bylaw changes. One would allow partial requirement members who buy at least 50% of their power from Tri-State to have a board seat and the other would limit the maximum number of non-utility members to ten. Fetterman also spoke of Tri-State's March operations performance and mine retirement obligations.

CREA: Archibeque submitted a written report that was presented in the board packet. He highlighted a few bills that were discussed. He also mentioned that Colorado will get a new representative in the US House of Representatives and this representative will probably come from the front range. The May meeting is in person, but he will be appearing virtually. The August meeting will be in Grand Lake. CREA will be holding a broadband conference on Monday and Archibeque asked the board if they would like for him to attend this conference. Board consensus was that he should attend.

Western United: Barry gave a report on the Western United meeting. He discussed their margins which are still good. The new warehouse in Saint George was approved to be built. They have increased their inventory and they are looking to get this built up due to the possibility of future inflation and long lead times.

Utah Rural Electric Cooperatives Association: Barry gave a report on the URECA annual meeting and the regular meeting.

FastTrack: FastTrack Representative Bill Mollenkopf gave a report in Executive Session.

Committees: None.

Executive Session: Fetterman moved to go into executive session to discuss FastTrack and the E&O property lease, seconded by Archibeque. Motion carried. Went into executive session at 10:30 a.m. Mollenkopf left executive session at 10:42 a.m. Came out of executive session at 10:46 a.m.

Action Item: Barry moved to approve the E&O Lease to OneEnergy, seconded by Fetterman. Motion carried.

Adjournment: Meeting adjourned at 10:48 a.m.



David Sitton, President



Jerry Fetterman, Secretary/Treasurer