

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
October 9, 2020

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, October 9, 2020 with the following directors present: David Sitton, Bill Bauer, Jerry Fetterman, Kent Lindsay, Bob Barry, Larry Archibeque and Norman Butler. Others present: General Manager Josh Dellinger, Attorney Shay Denning, Finance Manager Ginny Johnson, Business Services Manager Chris Snyder, Engineering Manager Clint Rapier and Executive Secretary / HR Representative Shawna McLaughlin. Appearing by web conference Operations Manager Ken Tarr.

Others present were Tri-State CEO Duane Highley, Colorado Rural Electric Association Executive Director Kent Singer, Tri-State Vice President of Member Relations Catherine Crowfoot, CSU Extension Agent Gus Westerman and Dolores County Commissioner Steve Garchar and Former Director Bill Mollenkopf. Others present by web conference: Members Ken Curtis and Heidi Brugger.

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

Presentation by Duane Highley, CEO Tri-State Generation and Transmission, Inc.: Highley gave a brief history of Tri-State. He discussed Tri-State's Responsible Energy Plan and the effects that coal plant closures will have on Tri-State employees. He noted that Tri-State has initiated a rate reduction effort and hopes to reduce rates by 8% by 2024. He also discussed FERC regulation and the United/LPEA complaint at the Colorado PUC. He then took questions from the directors.

Presentation by Kent Singer, Executive Director for Colorado Rural Electric Association (CREA): Singer described the services CREA performs for its members and noted some of the challenges Colorado cooperatives are currently facing. He described the current political environment in the state and mentioned a few bills that CREA will likely sponsor in the next legislative session.

Approve Consent Agenda:

Sitton asked to move executive session from item 10 on the agenda to item 16.

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

Monthly Safety Report: Dellinger stated that there were no new personal injury or property damage reports for the month of September.

Membership Input: Former Director Mollenkopf stated that last week was his last meeting with Tri-State. He met with EEA's former General Manager Neal Stephens. He wanted to let the board know that Neal expressed how he relished his time at EEA.

Correspondence:

General Correspondence:

CRC Report from the Boardroom.

CRC Member Patronage Refund for CRC's fiscal year 2019.

NRECA Board Notes.

Western United Patronage refund.

Dellinger sent out a voicemail from a member in Mancos via email to the directors that he received about the excellent service our lineman gave them during a planned outage.

Director's Fetterman and Mollenkopf received their re-certification for the Directors Gold Standards with NRECA.

Thank you from:

Dolores County Fair Board, 4H Club and the Jr Rodeo for the donation to support their programs.

Alise and Amy Lewis for the add on for their lambs.

United Way for the 2019 matching donations.

The Bridge Shelter for EEA's donation and applying on their behalf for the matching CoBank Sharing Success donation.

Pinon Project for EEA's donation and applying on their behalf for the matching CoBank Sharing Success donation.

Monticello High School for our annual sponsorship.

Veterans of Foreign Wars, Stand Down for Veterans gave EEA an Award of Commendation for our sponsorship for their event.

Consider Donation Requests:

West Fork Fire Department Donation Request: CSU Extension Agent Gus Westerman and Dolores County Commissioner Steve Garchar presented their donation request for the West Fork Fire Department. The County had three acres of land transferred to them near Dutton to place a West Fork Fire Station on. They must do a substantial amount of cut and fill work for the building and it will require a reroute of the existing power lines because the existing lines go over the planned building site. They would like to reroute the existing overhead lines to underground to allow for the construction of the building and to give room for a helicopter to land on the property. They are requesting an in-kind donation equal to \$10,000 for the electrical service to this building and \$30,000 for rerouting the power lines. They have applied for a DOLA grant to be able to build the building and the cost of running electrical service is included in the grant. They are hoping to have the groundbreaking by next spring. The county is willing to grant EEA an easement for the underground line. Dunton Hot Springs has donated \$100,000 which is what they are using for the matching funds for the DOLA grant. Discussion ensued with the board about the right a way easement being taken away from EEA with the land transfer. Sitton stated that this is outside of our donation program. We need to look at this a special request instead of a donation. This discussion will be moved to executive session at Denning's request.

Approval of 2021 Donation and Sponsorship Requests: The Board Members attended a committee meeting to review the 2021 Donation Requests. There recommendations are as follows:

Wildfire Adapted Partnership	\$1,000.00
Water Information Program	\$500.00
Four Corners School of Outdoor Education	\$1,000.00
Southwest Colorado Canyons Alliance	\$500.00
Cancer Resource Alliance of Montezuma and Dolores County	\$500.00
SW Colo Area Health Education Center	\$ 0.00
The Salvation Army	\$2,000.00
School Community Youth Collaborative	\$500.00
VFW / Stand Down for Veterans	\$200.00
United Way of Southwest Colorado	\$0.00
Montezuma School to Farm Project	\$1,000.00
Montezuma County Historical Society	\$1,000.00
Montezuma Land Conservancy (Fozzie's Farm)	\$1,000.00

Sitton explained how the committee made their decisions. Butler moved to approve the donations as presented, seconded by Bauer. Motion carried. Johnson asked to confirm that these donations will come out of the unclaimed capital credit funds and the board consensus was that it these donations will come from the unclaimed capital credit funds.

Policy Review/Action:

Action Item: Policy 24: Savings Program (04-13-2018): Dellinger stated that there was a handful of housekeeping edits. Denning recommended that we have a paragraph stating that the plan may change from

time-to-time to ensure that plan participants are aware that the plan is not guaranteed. Sitton mentioned that the policy describes the 401(K) plan as a pension plan, but that it is a retirement plan and not a pension plan. The word "pension" will be changed to "retirement plan." Archibeque moved to approve Policy 24 with the word changes, seconded by Lindsay. Motion carried.

Action Item: Policy 25: Nomination of Officers (05-11-18): Dellinger explained that there were housekeeping edits for consistency to get all the policies into the same format. Denning added a clause that vacancies can be filled at any regular board meeting. Fetterman moved to approve Policy 25 as presented, seconded by Bauer. Motion carried.

Review the Candidate Campaign Contribution Forms: The Board reviewed the candidate campaign forms and no comments or suggestions were made. Final contribution forms are due by October 18, 2020. Final review and approval of these forms will be in November's regular board meeting. Discussion followed.

General Manager Report:

Action Item: Select Delegate and Alternate for Colorado NRECA Annual Meeting: Lindsay moved to select Archibeque, seconded by Barry. Motion carried.

Action Item: Select Delegate and Alternate for Basin Electric Annual Meeting: Barry moved to select Dellinger, seconded by Bauer. Motion carried.

Action Item: Select Delegate and Alternate for CFC District 7 Meeting: No delegate was appointed as no one could attend this meeting.

Strategic Planning Update: Dellinger discussed the strategic planning and updated the board on the progress. Dellinger explained that he plans to go over this plan with the new directors during their orientation. A discussion was had on moving all facilities over to the E&O building. Sitton questioned having a community room available out at the other facility for our members to use. This continues to be a discussion among staff on whether we would recommend continuing to have a community room.

2021 Draft Budget Review: Dellinger expressed his gratitude to the staff for being able to propose a budget with a healthy operational margin without a rate increase. Johnson discussed the 2021 budget with the board. She went over the line items and answered any questions from the board. Discussion was had with the board regarding using unclaimed capital credits for some of the dues and fees. Johnson noted that the Utah regulations do not allow unclaimed capital credits to be used for some of these dues and fees and that she recommends waiting to see what happens to our unclaimed capital credit balance over the next few years before funding additional things with that account. The board had some minor suggestions. Final budget will be presented for approval in November's regular board meeting.

Financials: Johnson reported on the August financials. Expenses are on track with the budget. A/R Bad debt is down to \$11,750 which is as low as it has been all year. She also mentioned that we are going to be over budget on the Heat Pump rebates. She went over the numbers of rebates we've given in the past and 2020 has had a huge increase of heat pump rebates. A conversation was had about how the rebate program works and the amount of money that is going into this program. Carter mentioned that he did an analysis regarding the payback we get for those rebates. He stated that it's taking at least a 10-year period for EEA to recover the money given for these rebates. Board consensus is that we need to relook at the rebate options. Carter will bring this back to the board in next month's meeting.

Miscellaneous: None.

Director Roundtable: Archibeque asked how this co-op communicates to the public and lets them know that we have their interest at heart, other than through the Colorado Country Life. Lindsay stated that he uses his Facebook page to share information. Carter stated that his job is to communicate with our members. We use

Colorado Country Life and bill messaging to communicate with the membership, along with social media through Facebook, Instagram and Twitter. Carter stated that if any of our board members would like to write an article, he would print those articles. He explained that we could also send a letter or an email if they would like to do that as well. Sitton also mentioned that we have booths at all the events, and we try to get into the schools. Denning noted that directors have to be careful in their communication and differentiate between when they are speaking as an individual and when they are speaking on behalf of the cooperative. Barry mentioned that he would have liked to have been notified due to the Monticello outage. He has been asked numerous questions regarding this and didn't know anything of it. Tarr stated that he apologized, his intent was to notify him, and he will make sure that when an outage like this happens, he will be more conscientious about notifying the board.

Attorney: Denning provided a written report. She attended the CREA attorney meeting and she will put a memo in the packet for next month regarding that.

Tri-State: Former Director Mollenkopf attended his last meeting with Tri-State. He stated that with Mr. Highley's earlier presentation, he didn't have anything to add.

CREA: There was no CREA report.

Western United: There was no Western United Report.

Utah Rural Electric Cooperatives Association: There was no URECA report.

FastTrack: No report to discuss in executive session.

Committees: The board met as a committee at whole to review the 2021 donation requests. Results of meeting are in the donation request section of the minutes.

Action Item: Consider Resolution 3-2020: Sitton presented Resolution 3-2020 and a plaque to President John Porter for his 18 years of service on the EEA Board of Directors. Lindsay moved to approve Resolution 3-2020 as presented, seconded by Barry. Motion carried.

RESOLUTION 3-2020

Retirement of John Porter

WHEREAS, John Porter has served as a member of the Board of Directors of Empire Electric Association, Inc. since July 25, 2002;

WHEREAS, John will retire from the Board of Directors on October 8, 2020;

WHEREAS, John has been an invaluable counselor to this Board and to the management and employees of EEA;

WHEREAS, John has served in various capacities for EEA, including as President and Vice President of the Board of Directors, as Board Member for CREA, and on several committees for EEA;

WHEREAS, serving 18 years as a Director with EEA, John distinguished himself with his deep knowledge and abilities related to rural electricity, and the expertise and leadership developed during that career has been invaluable to EEA during his tenure.

NOW THEREFORE, BE IT RESOLVED, that the Board hereby expresses its gratitude to John Porter for his service on the Board of Directors, for his sound business advice and valued counsel, and for all that he has contributed to the Board of Directors and to EEA; and

BE IT FURTHER RESOLVED, that the Board of Directors wishes John continued success in all his endeavors and expresses our hope for his continued health, happiness, and prosperity; and

BE IT FURTHER RESOLVED, that a copy of this resolution be presented to John Porter as a token of our respect.

Action Item: Consider Resolution 4-2020: Sitton presented Resolution 4-2020 and a plaque to Director Bill Mollenkopf for his combined 18 years of service on the EEA Board of Directors. Bauer moved to approve Resolution 4-2020 as presented, seconded by Lindsay. Motion carried.

RESOLUTION 4-2020

Retirement of Bill Mollenkopf

WHEREAS, Bill Mollenkopf has served as a member of the Board of Directors of Empire Electric Association, Inc. from December 1988 until September 1994 and was then elected again in June of 2008;

WHEREAS, Bill will retire from the Board of Directors on October 8, 2020;

WHEREAS, Bill has been an invaluable counselor to this Board and to the management and employees of EEA.

WHEREAS, Bill has served as the Board Member for Tri-State and on several committees for EEA;

WHEREAS, serving a total of 18 years as a Director with EEA, Bill distinguished himself with his deep knowledge and abilities related to rural electricity, and the expertise and leadership developed during that career has been invaluable to EEA during his tenure.

NOW THEREFORE, BE IT RESOLVED, that the Board hereby expresses its gratitude to Bill Mollenkopf for his service on the Board of Directors, for his sound business advice and valued counsel, and for all that he has contributed to the Board of Directors and to EEA; and

BE IT FURTHER RESOLVED, that the Board of Directors wishes Bill continued success in all his endeavors and expresses our hope for his continued health, happiness, and prosperity; and

BE IT FURTHER RESOLVED, that a copy of this resolution be presented to Bill Mollenkopf as a token of our respect.

Action Item: Board Officer Elections: Denning conducted the officer elections.

President: David Sitton was unanimously nominated. Sitton will be President by acclamation.

Vice President: Kent Lindsay and Bob Barry were nominated for Vice President. Barry declined the nomination. Lindsay will be Vice President by acclamation.

Secretary / Treasurer: Jerry Fetterman was unanimously nominated. Fetterman will be Secretary / Treasurer by acclamation.

Action Item: Elect Board Representative (Delegate and Alternate): Denning conducted the election of Board Representatives.

Tri-State: Lindsay moved to appoint Jerry Fetterman by acclamation, seconded by Barry. Motion carried.

Colorado Rural Electric Association: Fetterman moved to appoint Larry Archibeque by acclamation, seconded by Lindsay. Motion carried.

Western United: Bauer moved to appoint Bob Barry by acclamation, seconded by Lindsay. Motion carried.

Utah Rural Electric Cooperatives Association: Fetterman moved to appoint Bob Barry by acclamation, seconded by Bauer. Motion carried.

Fast Track: Archibeque moved to appoint Bill Bauer by acclamation, seconded by Barry. Motion carried.

Sitton stated that he will have a list of committee appointments for the next meeting.

Executive Session: Barry moved to go into executive session to discuss the West Fork Fire Department request and other solar projects. Seconded by Lindsay. Motion carried. Went into executive session at 12:36 p.m. Came out of executive session at 1:21 p.m.

Barry moved to donate \$10,000 to Dolores County for the purpose of the line reroute to build the West Fork Fire Station, with this donation being contingent upon: (1) the project going forward; (2) the County handling the trenching for the project; and (3) the County granting a final easement for the underground line. The donation shall be deducted from the deposit required for the project from Empire, seconded by Lindsay. Motion carried.

The Board also directed Dellinger to secure an easement from the County as may be necessary for the existing power line.

Adjournment: Meeting adjourned at 1:32 p.m.

/s/ David Sitton
David Sitton, President

/s/ Jerry Fetterman
Jerry Fetterman, Secretary/Treasurer