

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
APRIL 08, 2022

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, April 08, 2022, with the following directors present: David Sitton, Kent Lindsay, Jerry Fetterman, Bob Barry, Larry Archibeque, Norman Butler, and Audra Fahrion. Others present: General Manager Josh Dellinger, Attorney Tyler Denning, Operation and Engineering Manager Ken Tarr, Executive Secretary / HR Representative Shawna McLaughlin, Financial Manager Ginny Johnson, Business Services Manager Chris Snyder, and Member Engagement Manager Andy Carter.

Others present by Web Conference: Member Heidi Brugger

Others present in person: Member Corey Robinson and CarlsonSV Auditor Abby Williamson arrived at 10:00 a.m.

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

Approve Consent Agenda:

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

Membership Input: None

Monthly Safety Report: Dellinger mentioned that there was one personal injury, but no medical care was needed. Fetterman discussed a section of the safety report that wasn't clear regarding a dog eating paint that was sprayed on the ground while a locate was being done and an accident that happened over in Durango regarding a road construction worker getting hit and killed by a distracted driver. Tarr explained these two incidents to the Board.

Correspondence:

An informal complaint was received regarding a meter reset that created a net metered bank balance that was incorrect. When this was corrected, the member was required to pay more than what he felt he should. The complaint was resolved by Dellinger and the member was satisfied.

CoBank's Statement of Qualified Patronage Distribution for 2021

Meridian Cooperative, Inc's Patronage Capital Notice of Allocations

Federated 2021 Notice of Amount Credited to Member Equity Account Statement

CRC Report from the Boardroom

Thank you letters:

Four Corners Child Advocacy Center for the annual donation

Sue McWilliams for the sympathy plant

Sammie Coulon for the sympathy plant

Mariela Avalos for the Scholarship

The Family of Helen McClellan for the flowers

Cortez Fire Department for annual donation.

Policy Review/Action:

Policy 32: Paid Time Off (PTO) (02-12-21): Dellinger explained that there were recent changes to the state law regarding employee leave, and our attorney recommended that we look at this policy to make sure that we are

April 08, 2022

Page | 1

following state law. Dellinger explained our current policy and the changes recommended to bring it into compliance with the new law. Staff's recommendation is to change the policy from max carry over to max accrual and to increase the accrual limit with a reset at the end of each year. When the reset is done, all hours over the max accrual will be paid out to the employee. This approach complies with the law, offers mostly the same protections to EEA, and offers mostly the same benefit to employees. Discussion was had regarding how long it takes to get to the max accrual of PTO and how those accruals are paid out. A discussion was also had regarding the new state laws on sick leave and leave of absences. Denning explained these laws and how the laws came into place. Discussion was had about streamlining the two accrual charts based on the year they were hired. Lindsay motioned to approve Policy 32 as presented, seconded by Archibeque. Motion carried.

Policy 37: Holidays (03-12-21): Dellinger explained that this policy is being reviewed in conjunction with Policy 32. Recommendation was to remove the floating holiday hours from this policy and add them to the PTO accruals in the PTO policy. This will simplify accounting processes. Butler motioned to approve Policy 37 as presented, seconded by Fetterman. Motion carried.

General Manager Report:

Action Item: Consider 1120 POL Tax Form: Dellinger explained that this is a tax form that we must complete every year for any donations to a political action committee. Since we contribute to CARE each year, EEA must complete this form. Fahrion motioned to approve the 1120 POL Tax Form as presented, seconded by Barry. Motion carried.

Financials: Johnson reported on the financials for February. She stated that there is a revenue variance in small commercial that she is researching. Other expenses are under budget. Discussion was had regarding whether we are still seeing members change rate structures. Carter stated that it does seem to be stabilizing and we continue to work with members by getting them comparisons to see which rate benefits them. Sitton asked if we could have numbers ready by the annual meeting to present to our members showing whether members have responded to the signals and whether EEA is seeing benefits when they do. Archibeque requested that we show whether the new rates have increased revenue or whether it has remained revenue neutral. He stated this would be good for the community to know. Johnson will put this together to discuss in next month's meeting.

Miscellaneous: Dellinger stated that he received a call from OneEnergy asking if EEA would be willing to extend the lease on the Totten Lake property for another 5-years. They won't be able to start the construction until August due to the eagle nest. Dellinger did mention that we cannot vote on this at this meeting but if he is directed too, he will get the extension ready for May's board meeting for approval. The Board consensus is that we should see the terms they are requesting and put in a contingency that we would like to see some construction work start before we approve another extension.

Director Roundtable: Archibeque addressed some concerns regarding low-income members and how the rates are affecting them. He thinks it is important to clarify to them that EEA donates to several organizations that help with low-income programs in the community. He feels that it would be worth marketing this information. Sitton asked why EEA did not have a booth in either the Ag Expo or the Home and Garden show this year. Snyder explained why EEA did not to participate this year. Sitton feels that we are missing a big opportunity to have face time with our members, and he would like to see us participate in these events again. Consensus of the Board is that EEA needs to participant in these events in the future.

Attorney: Denning provided a written report. He updated the board that the Ute Mountain Ute tribe did approve the Joint Use Agreement in their tribal council meeting. It was also mentioned that he sent a demand letter to

CenturyLink regarding their past due amounts owed for pole rentals for 2021 and 2022. EEA did receive payment for this bill, and they continue to work on the joint use agreement.

Tri-State: Fetterman reported on the Tri-State meeting. He discussed the presentations that were given from Tim Rabon and Duane Highley. The guest speaker was Arshad Mansoor who is the President and CEO of the Electric Power Research Institute (EPRI). A vote for chairman of the board was made and Tim Rabon was re-elected. The other officer positions stayed the same. A discussion was had regarding the solar projects that are being built. It was stated that the Dolores Canyon project is moving forward, but the Coyote Gulch project is uncertain at this time.

CREA: Archibeque reported on the CREA Annual Meeting. He highlighted that Kent Singer urged board members, managers, and administrative staff to attend the CREA meeting in LaPlata County on August 3, 2022. Sitton asked if we could get calendar invites out and he would like to see the entire board attend. San Miguel Power intends to take a vote with their members to become a partial member of Tri-State. CREA brought up the fact that the time of use rate is not new but has been in effect at other cooperatives for years. Advisory boards are starting to pop up at other cooperatives. Archibeque also mentioned that there are community generation groups which are individual towns or members that get together and go out and purchase power on the open market then pay the fees and run their own mini utility.

Western United: Barry reported on the Western United meeting. Barry asked Tarr on how the relationship with Western has been going. Tarr stated that things are going as well. They continue to try to help us out with the supply issues. Increased costs on the supplies that we utilize are going up between 25% - 60%. These cost increases are going to require us to revisit the budget.

Utah Rural Electric Cooperatives Association: Barry reported on the URECA meeting. He stated that the legislature dropped some sales tax for cooperatives located in Utah. There won't be any sales tax on equipment to build infrastructure. Barry will be attending the annual meeting in St. George the end of this month. Barry mentioned that he would like to thank Tarr for inviting him to the meeting regarding the project in Monticello. He would like to see an ad in the San Juan Record describing the project and what it will achieve. Carter will put together an article for the newspaper.

Sitton mentioned that there was a steering committee for DWARF. He discussed the easements for power lines and that there may be grants available to help with easements outside of our right of ways. Tarr stated that they did contact him and they are in talks.

FastTrack: Report will be in executive session.

Committees: None


CarlsonSV Audit Presentation by Abby Williamson: CarlsonSV conducted the EEA audit in the last week of February and the first week in March. She went over the financial statements. She stated that it was a clean audit. Williamson discussed the audit in detail and was very complimentary of our employees' knowledge and helpfulness during their on-site work.

Executive Session: Lindsay moved to go into executive session for discussion of the audit report and the FastTrack report, seconded by Fahrion. Motion carried. Went into executive session at 11:30 a.m. All staff left at that time so that the Board could discuss the audit with Williamson. Staff was invited back into executive session at 11:41 a.m. Williamson left executive session at 11:43 a.m. Came out of executive session at 1:30 p.m.

Adjournment: Meeting adjourned at 1:30 p.m.



Jerry Fetterman, Secretary/Treasurer



David Sitton, President