

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
January 10, 2025

Regular meeting of the Board of Directors of Empire Electric Association, Inc. was held Friday, January 10, 2025, with the following directors present: David Sitton, Kent Lindsay, Bob Barry, Larry Archibeque, Corey Robinson, and Bill Mollenkopf. Others present: General Manager Josh Dellinger, Executive Secretary / HR Representative Shawna McLaughlin, Financial Manager Ginny Johnson, Operations and Engineering Manager Ken Tarr, Business Service Manager Chris Snyder, Member Engagement Manager Andy Carter, and System Engineer Dalton Randolph. Appearing by web conference: Attorney Shay Denning, and Director Jerry Fetterman.

Others present in person: Member Jeff Basic.

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

Approve Consent Agenda:

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

Membership Input: None.

Monthly Safety Report: Dellinger stated that there were no personal injuries. We had minor damage done to the company van and a truck at the headquarters building after someone tried to steal fuel from the vehicles. The monthly safety summary report is in the board packet. Dellinger reported that we did have a close call from a recent electrical contact when an employee received a minor shock while installing a new underground service. It occurred after the board packet was put together, so it will show up in next month's report, but he wanted to inform the board of the incident. Fortunately, nobody was hurt. We have discussed the incident with the crews and are conducting a Tap Root investigation.

Correspondence:

- CFC Report from the Board Room
- Federated December Member Update
- WUE Patronage Capital Credits
- Director Compensation Survey
- NISC Capital Credit Allocation
- NISC Patronage Statement

Thank you letters:

- Dolores County 4-H Livestock Program for the donation.

Policy Review/Action:

Action Item: Policy 28: Scholarship Program (04-02-2024): Dellinger reviewed the suggested edits to the policy, as noted in the redline. Barry moved to approve Policy 28 as amended, seconded by Robinson. Motion carried.

Action Item: Policy 29: Insurance Program (12-11-2023): Dellinger stated that there are two suggested edits. One is to correct a typographical error by removing Accidental Death and Dismemberment insurance from the list of Other Insurances that EEA pays the entire premium for. This is a supplemental insurance offering that is available only if the employee pays 100% of the premium and was included in this list in error. The second suggestion is for the board to consider raising the maximum amount EEA will contribute toward health insurance premiums. Discussion was had regarding the reason for the limit. Lindsay moved to approve Policy 29 as presented, seconded by Robinson. Motion carried.

General Manager Report:

Review Conflict of Interest Disclosure Statements: Dellinger explained that Board Policy 13 calls for the board and key-staff to disclose any affiliations with entities that do business with EEA. Each director and key staff member completed a statement. The board reviewed these statements and determined that no current action is needed regarding the disclosures because any potential conflicts are not of a nature that would prohibit any director or key-staff member from continuing in their position.

Directors Expense and Compensation Report: Dellinger stated that Board Policy 15 calls for an annual review of director expenses and compensation. The board reviewed the 2024 director expenses and determined there was nothing in the report that required board action.

Action Item: Select Voting Delegate and Alternate for CREA Annual Meeting: Dellinger stated that the CREA Annual meeting event is scheduled for February 8 – 11, 2025 in downtown Denver. We need to select our voting delegate and alternates for these meetings. Lindsay moved to appoint Archibeque as the delegate and Barry as the alternate, seconded by Robinson. Motion carried.

Action Item: Select Voting Delegate and Alternate for WUE Annual Meeting: Dellinger stated that WUE's annual meeting is held in conjunction with CREA's annual meeting. Archibeque moved to appoint Barry as the delegate and Archibeque as the alternate, seconded by Lindsay. Motion carried.

Select Voting Delegate and Alternate for NRECA Annual Meeting: Dellinger mentioned that the NRECA Annual Meeting will be held in Atlanta, GA on March 8 – 12, 2025. We can select a delegate and alternate for this meeting if any of the directors are planning on attending. Last year's delegate was Sitton and alternate was Dellinger. February 28th is the deadline to appoint a voting delegate. The board will check their schedules to see if they can go, we will make this delegation during February's board meeting.

Review Annual Identity Theft Protection Measures: Dellinger stated that Board Policy 45 calls for an annual report on the measures we take to prevent identity theft. Snyder presented the report to the directors.

Action Item: Consider Capital Credit Retirement Proposal: Johnson presented the capital credit retirement proposal for the board's consideration. Johnson presented two different scenarios. The only difference between the two proposed scenarios is the treatment of interest income. As a non-operating margin, the board has discretion on if, and, how to allocate the "OTHER" non-operating margins. Archibeque moved to approve scenario 2, seconded by Mollenkopf. Motion carried.

City of Monticello Franchise Agreement Update: Dellinger stated that he and Randolph met with the Monticello City Manager and the Mayor to discuss renewing our franchise agreement. The current agreement was signed in 2005 and included an initial 20-year term with the option of an additional 20-year term. Dellinger reported that they gave the City an overview on EEA and touched on things like cooperative structure, service territory, rates, power supply, and history in serving Monticello. He also provided them with a very high-level estimate for the

cost to purchase the Utah assets per the calculation that is described in the franchise agreement. The City representatives have reiterated several times that they are pleased with the service EEA provides but are obligated to do their due diligence in evaluating other options. July 1, 2025, is the renewal date if they don't cancel. The City has provided EEA notice of intent to ensure that they have met the notice requirements set forth in the franchise agreement as they move forward with their evaluations.

Financials: Johnson reported on the financials for November. She explained that, following application, we have received notice that we have been awarded the Colorado 40101(d) grant. This grant is to utilize covered conductor for river crossings in fire danger areas. She also stated that the audit fieldwork is scheduled for February 13th and 14th. She reviewed the financial statement with the board. We continue to meet all loan covenants and financial goals.

Miscellaneous: Dellinger mentioned that he met with the CEO of Southwest Health Systems to discuss their microgrid project that they are pursuing grant funding for. This would include upgrades to their existing backup generator, as well as a new and very sizeable solar project with battery storage. They are looking at options that would be over one megawatt. This would trigger additional requirements from both Tri-State and WAPA that would financially impact the project. He will get this information back to the CEO so that they can make an informed decision.

Dellinger discussed doing a groundbreaking ceremony for the new headquarters building. He mentioned that he would like to have an in-house groundbreaking on February 6th with the employees. We can hold a ceremony and then provide lunch for the employees and the directors. Dellinger asked the board if they would like to have the board meeting after lunch or keep our regular scheduled meeting. The board consensus is that we do the February board meeting on February 6th after the groundbreaking. The board will meet at 11:30 for the groundbreaking, then lunch will be served, and the board meeting will be held at 1:30.

Director Roundtable: Mollenkopf reported that he went to the NRECA Director Winter School. He took two courses. One was Artificial Intelligence and Electric Cooperatives the other one was The Board's Role in Safety. Barry stated that he had a neighbor talk to him about how the cable attachments to our poles are too low and the farmers are not able to get into their fields with their tractors. Dellinger stated that we require joint use attachments to meet all applicable codes, and code may allow for lower attachments than expected. Randolph explained some of the NESC requirements for clearance height. It is the responsibility of the company that is placing those cables to perfect their own easements to attach to EEA's poles, which could include contacting the landowners. Discussion of who's responsibility it is to police the attachers. Denning will do some research to develop talking points on this issue.

Robinson asked Lindsay if he could give an update on the solar siting in the county. Lindsay stated that the commissioners rescinded the 2015 resolution.

Attorney: Our new attorney Shay Denning mentioned that she doesn't have a written report due to this being her first meeting. She has been working with our previous attorney to transfer files over to her. She will bring a report to the board next month.

Tri-State: Robinson reported on the Tri-State Board meeting. He mentioned that there was a virtual meeting this week. They have a handful of new transmission projects in the Eastern plains. They are developing a demand response program that includes options for batteries, thermostats, irrigation, and large commercial/industrial loads. They are hoping to get about 50 megawatts enrolled in a demand response program. They are putting the finishing touches on this program. Northwest Rural Power gave a second notification to leave Tri-State. Their new departure date will be January 1, 2027. There was a presentation about the RFPs for the Bring your own Resource Plan. They will be choosing these RFPs in March. There has been a development with FERC on the contract

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termination payments. FERC has changed the way the transmission credit is calculated and Tri-State believes it will cause subsidization from the remaining members to the departing member.

CREA: Archibeque reported that the next meeting will be held on January 31st. He attended a resolution policy meeting and an executive committee meeting. He mentioned that Ted Compton is attempting to start a new organization called the Cooperative Innovation Network. They are putting on a 4-day meeting in Denver. He discussed some of the items on the agenda for this meeting. According to Kent Singer, this organization will be attempting to provide the same services that CREA already does, therefore, CREA will be monitoring the progress of this organization and seeking to provide feedback that may be helpful to its purpose. Archibeque discussed wildfire legislation. Colorado legislators do not seem to have an appetite for carrying a wildfire mitigation bill. The chances of this bill getting passed this year are low. The policy and resolution committee spoke about allowing non-cooperative associate membership. This policy proposal will come to the board in February's meeting.

Western United: Barry reported the meeting will be held in February.

Utah Rural Electric Cooperatives Association: Barry reported on the URECA meeting. He stated that they are running a bill that puts requirements around where solar can be sited. They are also looking at reviewing tax credits for wind and solar. Utah still has the goal to double generation in the state over the next ten years. They continue to look at nuclear power. Barry stated that he will attend the Meet the Legislators and the rural caucus at the end of the month.


Committees: Dellinger explained that the member survey questions on the agenda were inadvertently left on the agenda from last month's board meeting, and we don't have any more to discuss regarding the survey. The Youth Trip Committee will be meeting after today's board meeting.

Executive Session: Archibeque moved to go into executive session to discuss FastTrack, to receive legal advice, to discuss Tri-State items, and for the Key-Staff Executive Summary, seconded by Mollenkopf. Motion carried. We went into executive session at 11:27 a.m. Key staff was asked to step out at 12:05 p.m. Came out of executive session at 12:25 p.m.

Adjournment: Meeting adjourned at 12:25 p.m.



David Sitton, President



Kent Lindsay, Vice President