

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
May 09, 2025

Regular meeting of the Board of Directors of Empire Electric Association, Inc. was held Friday, May 9, 2025, with the following directors present: David Sitton, Kent Lindsay, Jerry Fetterman, 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, and Member Engagement Manager Andy Carter. Appearing by web conference: Attorney Shay Denning. Absent was System Engineer Dalton Randolph.

Others present in person: Members Jeff Busic, SJ Duncan, Doug Sparks, Monticello Mayor Baylee Hedglin, and broadband project advocates Shak Powers (Region 9), Doug Seacat (Clearnetworx), Bill Blackford (Farmers Telecom), Jim McClain (Montezuma County), Rick Smith (City of Cortez), Jason Armstrong (Town of Mancos), and Kelly Hebbard (Clearnetworx).

Others present by web conference: Clearnetworx representative Jonathan Cook and member Emiko South.

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 Archibeque. Motion carried.

Membership Input: None.

Monthly Safety Report: Dellinger stated that there were no personal injuries or property damages. The full report is in the board packet. The EEA safety luncheon will be held on September 11, 2025. Sitton asked if the construction crews that are building the new HQ building are adhering to our safety standards. Snyder stated that they are, and they are having multiple meetings with them. Snyder also noted that when we interviewed them we asked about their safety program. Sitton asked if we could get a safety update from them. Snyder will have this available for the June Board meeting.

Correspondence:

- CFC Patronage Statement.
- Federated Member Update – April 2025.
- Invitation from Western United for their open house on September 11th.

Policy Review/Action:

Action Item: Policy 38: Inactive Employee Benefits (05-12-2023): Dellinger stated staff and legal reviewed and have a few minor grammatical edits. Robinson moved to approve Policy 38 as presented, seconded by Barry. Motion carried.

Policy 40: Drug and Alcohol (05-12-2023): Dellinger stated that staff and legal reviewed and there are no suggested edits.

General Manager Report:

Action Item: Consider Clearnetworkx Broadband Project Request: Clearnetworkx representatives Doug Seacat and Kelly Hebbard gave a presentation regarding the broadband projects Clearnetworkx has received funding for in our area. Denning disclosed upfront that she is the attorney for Region 9, Kent Lindsay is a Montezuma County Commissioner and on the Region 9 board and Fetterman is a director for Farmers Communications. Fetterman and Lindsay will need to recuse themselves from any votes due to potential conflicts of interest. Clearnetworkx asked EEA to open its easements for telecom use under SB19-107. Clearnetworkx stated the projects are in jeopardy of being canceled if they have to get their own easements because perfecting individual easements on all properties would take a significant amount of time and their funding has strict timelines. Discussion about EEA's concerns with the impact of utilizing SB19-107 and the impact it could have on EEA's members. Discussion on concerns about quality control for recent Clearnetworkx attachments to EEA poles in Cortez. Discussion on how to balance the competing concerns of broadband expansion and membership interests. Shak Powers with Region 9 read a letter asking EEA to support this project by allowing them to use SB-107 (included below). Rick Smith spoke about the 6 strands that EEA will have to access its substations. The EEA Directors and staff will discuss this matter and receive legal advice regarding the statutory options further in executive session.

May 9, 2025
Empire Electric Association Board of Directors
801 N. Broadway
Cortez, CO 81321

Re: Request to Exercise SB19-107 to Support Broadband Deployment in Montezuma County

Dear Members of the Board,

First and foremost, we would like to express our deep appreciation for Empire Electric Association's extensive contributions to broadband expansion in Southwest Colorado and Southeast Utah. Your proactive efforts, including the formation of FastTrack Communications in partnership with La Plata Electric Association, active participation in the Connect 4 Broadband Initiative, and consistent collaboration with stakeholders in the region have been instrumental in improving internet connectivity and infrastructure. Specific outcomes, such as providing 200 Mbps broadband through FastTrack Communications and significantly increasing broadband availability through Connect 4, illustrate your impact clearly. Your leadership has significantly advanced our collective goal of reliable, high-speed internet access, greatly benefiting our rural communities.

We are respectfully requesting that EEA further support regional broadband expansion by exercising the authority granted under Senate Bill 19-107 (SB107), specifically to facilitate broadband infrastructure deployment within existing electric easements. This request is driven by the tight timelines imposed by the federal Capital Projects Fund (CPF) grants administered through the Colorado Broadband Office, which have awarded Clearnetworkx nearly \$6.79 million for two critical broadband projects along the U.S. Highway 160 and State Highway 184 corridors.

The timelines mandated by the CPF program are stringent and pose a significant challenge. Without the implementation of SB107, Clearnetworkx faces prolonged and costly negotiations for new easements, jeopardizing these essential projects. SB107 is designed precisely for situations such as this, providing a balanced framework that ensures necessary infrastructure expansions while protecting landowner rights through clear notification processes, limited claim periods, preservation of primary electric services, and fair leasing standards.

The Highway 160 and Highway 184 broadband projects are essential to Montezuma County and the broader region. In addition to enhancing connectivity for nearly 1,000 households and businesses currently underserved or unserved by reliable internet, these routes are crucial for the County's goal to build a redundant loop around the County that would create a ring from Cortez to Mancos, to Dolores, to Lewis, and back to Cortez. On a larger scale, Highway 160

particularly is important regionally and inter-regionally. The regions are striving together to connect a loop from Denver to Grand Junction to Cortez to Walsenburg and back to Denver. These loops are designed to prevent single points of failure. Because Highway 160 is the only East-West Corridor across the southern part of the State, this project is even more critical. Strengthening broadband infrastructure along these highways will help to close the critical gaps that are the greatest threats for single points of failure. It will also have the benefits of driving economic development and resilience and fostering a more robust and connected community.

We recognize and respect EEA's prudent responsibility towards its membership and landowners. Other electric cooperatives, including La Plata Electric Association, have successfully implemented SB107, providing valuable insights into effectively managing stakeholder education and project execution.

We therefore urge the EEA Board of Directors to formally authorize the utilization of SB107 to ensure the timely and efficient completion of these pivotal broadband projects. SB107 provides clear statutory authority for electric utilities to allow broadband infrastructure within their easements, while also protecting landowners' rights through:

- A required notification process for impacted property owners;
- A two-year statute of limitations on claims (excluding physical damage or personal injury);
- No interference with primary electric service;
- A mandate for non-discriminatory access and fair leasing practices.

Region 9 stands ready to assist in this process, in any way possible. Once again, thank you for your exemplary efforts and steadfast dedication to improving broadband access in our area. Your continued support and partnership remain essential as we work together to connect and empower our rural communities.

Sincerely,



Shalako L. Powers
Project Manager

Action Item: Consider Dolores Franchise Agreement: Dellinger stated that we have been working with the Town of Dolores to renew the Franchise Agreement, which expires later this year. The language is very similar to our other franchise agreements with a handful of minor changes. The term is for 10 years with a 10-year renewal if neither party cancels after the first 10 years. This is the same as the previous term. Dolores Town Board has already approved this. Mollenkopf moved to approve the Dolores Franchise Agreement as presented, seconded by Archibeque. Motion carried.

Consider Changes to the CFL Recycling Program: Dellinger mentioned that EEA has provided compact fluorescent light (CFL) bulb recycling as a free service to the community for the last 15+ years. This includes collection containers at our main office as well as one hardware store in Cortez. In the last few years, the combined number of bulbs being returned across our system has not been enough to fill a container. We will be removing the collection containers available to the community effective June 1st. While we will no longer be publicizing the program or providing collection containers in the community, should a member bring a CFL into our office after this date, we will simply place it in the box that we use for recycling the EEA bulbs that burn out. The Board agrees with these changes.

Action Item: Revisit Cortez Fire Protection District Data Release Request. Dellinger explained that in October of 2024, we were approached by the Cortez Fire Protection District about providing locations of solar arrays, battery systems, and EVs. After discussion, it became clear that lithium batteries were their main concern. They would like to know where the battery storage systems are so that their personnel can be aware of the potential hazard when responding to calls. We noted that we were not tracking battery systems at the time of the original request. Since then, we have started tracking these systems. Dellinger asked the board if it would like to begin sharing locations of battery storage systems with the Cortez FPD. They have assured us that the data will be stored in a secure database only accessible to the FPD. Archibeque moved to approve the Cortez Fire Protection District data release request, seconded by Mollenkopf. Robinson mentioned that we add language into our DER application that this information will be shared. Motion carried on a 5 – 1 vote with Barry objecting.

Action Item: Consider Dolores Watershed Collaboratives Data Release Request: The Dolores Watershed Collaborative is developing a Wildfire Ready Action Plan (WRAP) and would like to include our infrastructure in the plan as a critical community asset. They are requesting GIS data for our lines in the vicinity of the Dolores River. Robinson moved to approve the Dolores Watershed Collaboratives data release request, seconded by Fetterman. Vote was tied 3 – 3 with Lindsay, Barry, and Archibeque objecting. Sitton recused himself from breaking the tie because he is a board member of the Dolores Watershed Collaborative. With a tie vote, the motion failed. This request is denied.

Action Item: Consider HQ Property Sale Contract. Dellinger stated that we had this agenda item as a place holder just in case the contract was ready for this meeting. We did get a contract that Denning is in the process of reviewing, but it was not ready to be presented at this meeting. We will put this back on the agenda for the June meeting.

Action Item: Consider the BYOR Contracts: Dellinger stated that we did receive these contracts, and we will discuss them in executive session.

Financials: Johnson reported on March's financials. She stated that we will have an audit presentation before executive session. She highlighted the 2024 actual budget variances for March and compared them to the 2025 March budget. The totals show that we are on the same trend because the difference between the two years is very small. Johnson spoke about utilizing capital credits to satisfy bad debt and how that process works in our software.

Miscellaneous: Dellinger introduced the Mayor of Monticello Baylee Hedglin and stated that she attended the meeting to speak about the Monticello Franchise Agreement. Hedglin stated that there were several residents that asked why Monticello doesn't offer their own municipal services. Therefore, they elected to do their due diligence to see if it would be financially feasible for them to provide their own electric utility service. They hired a consulting firm to evaluate this for them. There will be an overview of this report at the Monticello Council meeting on June 10th, and she invited the board to attend. They have been pleased with the service that EEA offers.

Dellinger stated that this will be Jerry Fetterman's last meeting in person. We had planned on approving a resolution thanking Fetterman for his years of service during the June meeting. Sitton read Resolution 01-2025 and presented it to Fetterman. The Board will ratify this resolution during June's board meeting.

RESOLUTION 01-2025

Retirement of Jerry Fetterman

WHEREAS, Jerry Fetterman has served as a member of the Board of Directors of Empire Electric Association, Inc. since June 11, 2005;

WHEREAS, Jerry will retire from the Board of Directors on June 19, 2025;

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

WHEREAS, Jerry has served as the Secretary / Treasurer for EEA, the Board Member for Tri-State and on several committees for EEA;

WHEREAS, serving a total of 20 years as a Director with EEA, Jerry 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 Jerry Fetterman 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 Jerry 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 Jerry Fetterman as a token of our respect.

Director Roundtable: None.

Attorney: Attorney Shay Denning stated that her report is in the packet. Denning thanked Fetterman for all of his years of service to EEA.

Tri-State: Robinson reported on the Tri-State Board meeting. He stated that 28 members have signed the extended contract. The ERP was filed with the PUC on April 11th. They are considering a cost reduction plan. Susan Hunter, the VP of Energy Resources will be retiring. Tri-State will be joining the Southwest Power pool next spring. There was a presentation regarding the supply chain with the tariffs and how this will affect Tri-State. Engineering and operations have ordered quite a few large transformers to replace some of the ones that are aging out.

CREA: Archibeque reported on the CREA meeting. He supplied all the legislative information in the board packet. They continue to recruit a CEO. Applications for the CEO position are due by May 15th. If they don't have any applications at that point, they will go through a recruitment company. The building proposal is moving forward.

Western United: Barry reported on the Western United meeting. The sales and financials are in the packet.

Utah Rural Electric Cooperatives Association: Barry reported on the URECA meeting. They had their annual meeting and golf tournament. Officers were elected and no officer changes were made.

Committees: The Scholarship Committee designated directors to hand out the EEA scholarships at each high schools award ceremonies. Barry and Archibeque will be presenting them at Dove Creek and Monticello, Mollenkopf will present at Dolores and Lindsay will present at Cortez.

Audit Report Presentation by Phil Tippetts, Senior Staff Auditor with Decoria & Company, PC.: A presentation was given regarding our 2025 audit report. He complimented the staff and said that this was a very positive audit. Johnson stated that there were no audit adjustments.

Executive Session: Lindsay moved to go into executive session to discuss the audit report, seconded by Robinson. Motion carried. We went into executive session at 12:29 p.m. Staff were asked to leave at 12:29 p.m. They returned at 12:40 p.m. Came out of executive session at 12:40 p.m. to accept the audit report.


Action Item: Consider approving the 2025 Audit Report: Fetterman moved to accept the 2025 Audit Report, seconded by Lindsay. Motion carried.


Archibeque moved to go back into executive session to discuss the Clearnetworkx request, Tri-State, and to receive legal advice, seconded by Lindsay. Motion carried. Went back into executive session at 12:43 p.m. Fetterman, Lindsay, and Denning left the executive session at 1:35 for the discussion of Clearnetworkx, Denning was asked to come back into executive session at 1:55, Fetterman and Lindsay were asked to come back in at 2:17 p.m. Came out of executive session at 2:22 p.m.

Action Item: Consider the BYOR Contracts: Robinson moved to authorize Josh Dellinger, as General Manager, to execute the Flexible Supply Agreement and Power Purchase Agreement for the BYOR-Naturita Solar Project, following legal review, seconded by Mollenkopf. Motion carried.

Action Item: Consider Clearnetworkx Broadband Project Request: The Board directed staff to pursue an agreement, for the Board's approval, with Clearnetworkx to exercise SB-107 and open up Empire's easements in the area requested.

Adjournment: Meeting adjourned at 2:24 p.m.



David Sitton, President

Jerry Fetterman, Secretary / Treasurer