

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
October 13, 2023

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, October 13, 2023, with the following directors present: David Sitton, Kent Lindsay, Jerry Fetterman, Bob Barry, Larry Archibeque, Norman Butler, and Corey Robinson. Others present: General Manager Josh Dellinger, Attorney Tyler Denning, Executive Secretary / HR Representative Shawna McLaughlin, Financial Manager Ginny Johnson, Operation and Engineering Manager Ken Tarr, Member Engagement Manager Andy Carter, and System Engineer Dalton Randolph. Appearing by web conference: Business Service Manager Chris Snyder.

Others present in person: Member Heidi Brugger and CFC Regional Vice President Randy Penn

Others present by Web Conference: Members Bill Mollenkopf, Ken Curtis, and Becky Land.

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

Approve Consent Agenda:

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

Membership Input: None.

CFC's KRTA Presentation by Randy Penn: CFC's Regional Vice President Randy Penn gave a presentation to the Board of Directors on the Key Ratio Trend Analysis (KRTA). The KRTA is a set of financial and operating ratios used by management and board members of distribution cooperatives to better understand how their system has performed historically and compared with other cooperatives from across the country. Data used to generate KRTA reports comes from the RUS and CFC Form 7 financial statements.

Monthly Safety Report: Dellinger stated that there were no personal injuries. There was one property damage where the wind caught a gate and the gate hit a crew truck damaging the gate. Dellinger stated that one of the crews had a dig in late last week. An underground primary line was hit while they were using a backhoe. Fortunately, there were no injuries or property damage. A root-cause analysis will be done on this. The summaries from the latest safety meetings are in the board packet.

Correspondence:

- Federated Membership Update – September 2023
- Western United Patronage Certificate

Thank you's from:

- 4CORE for EEA's support and partnership in the Community Access to Electric Bicycles Program in Cortez.
- Mancos High School for annual donation.
- Rise Southwest for the sponsorship for their suicide awareness walk.
- Tyler Lindsay for purchasing his animal at the Montezuma County Fair Livestock Auction.
- Mayley Higgins for purchasing her animal at the Montezuma County Fair Livestock Auction.
- Pinon Project for a donation from our employee auction.

- VFW for our donation to the Stand down for Veterans event.

Policy Review/Action:

Action Item: Policy 51: Information Disclosure (08-13-21): Dellinger stated that staff and legal reviewed and a few minor edits have been suggested. Staff recommend removing the timeframes stated for posting information about annual meetings and the board election process. Those timeframes are stated in state statute and also set forth in Board Policy 12, so they seem redundant here. Staff also recommends just stating that this information will be posted according to applicable law in this policy. Fetterman moved to approve Policy 51: Information Disclosure, as presented, seconded by Butler. Motion Carried.

Policy 52: Regulation Governing Complaints (10-15-2021): Dellinger stated that staff and legal reviewed and there are just a few errata corrections needed.

General Manager Report:

Review 2024 Preliminary Budget: Dellinger explained that the proposed budget exceeds all the targets in our financial goals policy. Johnson went over the preliminary budget with the board. Johnson added a construction work plan this year. Johnson and Dellinger discussed this plan with the board. The board had no suggestions for changes. The final budget will be presented to the board at November's meeting.

Consider the 2024 Donation Budget: The Board met on September 28th to review the donation requests for 2024. McLaughlin has included a summary of that meeting and the suggested amounts to be donated to the organizations that applied in the board packet. The Board would like to have the extra \$2000 placed in the discretionary funds. The final approval for the donation budget will be done with the overall budget at November's meeting.

Action Item: Consider Totten Lake Property Sale: Dellinger stated that an appraisal has been completed on the Totten Lake tract. The appraisal value is \$115,000. Dellinger stated that he provided draft documents for the sealed bid process in the packet for the board to review if they choose to sell the property this way. Discussion was had on if there would still be interest in the property at this dollar amount. If there isn't interest, why would we go down the sealed bid option and just go with a realtor. Archibeque moved to direct Mr. Dellinger to enter into a listing agreement with a real estate agent listing the Totten Property for a period of six months with a specified floor price, seconded by Barry. Motion carried.

Consider the 2024 Pole Attachment Rate: Dellinger mentioned that staff completed the annual pole attachment rate calculation. We used a methodology established by the FCC to determine an attacher's responsibility of pole costs and then we add-in our costs that are directly assigned to pole attachments. The current rate is \$22.00 per pole per year. The latest calculation resulted in a rate of \$20.90 per pole per year. A pole attachment audit was completed in 2018 and we amortized those expenses over the past five years and the costs have now dropped out of the calculation, which has resulted in a decrease in the direct assigned costs. However, staff recommends leaving the rate as-is. We expect costs to increase in the future and if we decrease the rate now, we will likely need to raise it again in the near future. Consensus of the board is to keep the 2024 Pole Attachment rate at \$22.00 per pole per year.

Financials: Johnson reported on the financials for August. We continue to trend well with the 2023 budget. August was as expected, and we continue to be within our financial goals.

Miscellaneous: Dellinger stated that we had a co-op day of service in Monticello, and we did a refrigerator / freezer recycling event. We recycled 40 units.

Member Appreciation Day will be on October 31st.

Dellinger stated that we received an inquiry from Sue McWilliams about a 40 KW solar array on her property north of the Kinder Morgan Doe Canyon / Air Products facility. She is looking at applying for an Agrovoltaic grant that would help cover the cost of the project. This would fall under Tri-State's BP115.

Director Roundtable: Lindsay stated that the county is going to open bids for the solar array at the fairgrounds. This will be a total of 140 kW.

Attorney: Denning provided a written report. He worked on the bid packet for the Totten Property. He will discuss the easement issue in executive session.

Tri-State: Fetterman reported on the Tri-State meeting. They built a 200 MW solar array at Escalante. Sitton asked if anyone plans on attending the town hall in Escalante on November 9th. Archibeque stated that he would be interested in going if there is any interest from other board members in going.

CREA: Archibeque stated that there wasn't a September meeting. The next meeting is October 20th. He also stated that there are several board members that are going to the Innovations Summit.

Western United: Barry reported on the Western United meeting. The September financials are down about 9.8%. Yearly, they are down about 12%. They are starting to slow down going into the winter season.

Utah Rural Electric Cooperatives Association: Barry reported on the URECA meeting. They will be having a dues increase in 2024. URECA has a resolution about Affordable and Reliable Electricity that encourages lawmakers to consider affordability and reliability when they are developing energy policy. Dellinger is considering signing on with this resolution with agreement from the board. Archibeque moved to support this letter, seconded by Barry. Motion carried.

FastTrack: Report will be in executive session.

Committees: None.

Executive Session: Butler moved to go into executive session to discuss the FastTrack report, to receive legal advice and discuss cyber security, seconded by Robinson. Motion carried. Went into executive session at 11:31 a.m. Came out of executive session at 11:53 a.m.

Adjournment: Meeting adjourned at 11:53 a.m.



David Sitton, President



Jerry Fetterman, Secretary/Treasurer