

EMPIRE ELECTRIC ASSOCIATION, INC.  
MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
December 14, 2018

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, December 14, 2018 with the following directors present: Bill Bauer, Bill Mollenkopf, Jerry Fetterman, Kent Lindsay, John Porter, Sue McWilliams and David Sitton. Others present: General Manager Josh Dellinger, Attorney Shay Denning, Finance Manager Ginny Johnson, Operations Manager Ken Tarr, System Engineer Clint Rapier, Corporate Operations Manager Chris Snyder, Executive Secretary / HR Rep Shawna McLaughlin.

Others Present: Member Gala Pock and Eric Gold.

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

Approve Consent Agenda:

**Action Item:** Sitton added discussion of a personnel matter to the executive session portion of the agenda. Discussed the bad debt write off. McWilliams noted a correction to the minutes at page 6 under the Western United report. Her office is President instead of Treasurer at Western United. McWilliams moved to approve the consent agenda with modifications, Mollenkopf seconded. Motion carried. Board made the decision to only include the critical care account summary instead of the list of names in the board packet.

Membership Input: none

Correspondence:

Porter received his Director Gold renewal certificate from NRECA.  
Complaint from a member about us not being open on Friday afternoon.  
CFC Report from the Boardroom.  
CREA Annual Meeting  
NRECA Annual Meeting

Donation Requests: none

Policy Review/Action:

**Action Item:** Policy 40: Alcohol and Drug (04-08-16) – Our attorney recommended explicitly noting that being under the influence of marijuana in the workplace will not be tolerated. Mollenkopf moved to approve as amended, McWilliams seconded, motion carried.

**Action Item:** Policy 41: Physical Evaluations for Employees (03-11-16) – Our attorney recommended a few minor grammatical edits to make the policy read a little clearer. McWilliams moved to approve as amended, Porter seconded, motion carried.

General Manager Report:

**Action Item:** Consider Union Contract – Dellinger explained some of the changes within the contract that were made during recent negotiations and recommended the board approve the new contract. Porter moved to approve, Bauer seconded, motion carried.

**Action Item:** Select 2019 Consumer Deposit Interest Rate – Average from local bank savings accounts this year is 0.0467%. McWilliams moved to approve 0.0467% as Empire's 2019 consumer deposit interest rate, Mollenkopf seconded, motion carried.

**Action Item:** United Power Letter – Bylaw Request – Dellinger explained that United Power is trying to have Tri-State change their bylaws to include a partial requirements membership class. They are hoping that changing the bylaws will give them flexibility without effecting the rest of the membership. If Tri-State doesn't put this on the annual meeting agenda, they will need to have it put on by petition and they would like for us to consider signing the petition. Mollenkopf stated that Tri-State has had other requests for bylaw changes and the review of these requests is on the agenda for next month's meeting. He doesn't think that they will have it on the annual meeting agenda for this year. United did offer to do a presentation at the January board meeting for Empire. Mollenkopf mentioned that he thinks that the board should wait until Tri-State does their strategic planning in January to see what comes out of that before we have United do a presentation. Denning stated that if we are going to consider signing their petition, we may want to have that decision made in the January meeting. Sitton stated that there is so much into this that he thinks that we need to have more information before that decision is made. Dellinger explained the petition is just to get the request for the bylaw change in front of the Tri-State membership, then the specifics for a partial requirements contract would be decided later. Porter motioned to table the discussion until January Meeting, Lindsay seconded. Mollenkopf and McWilliams abstained, Fetterman was a nay. Motion carried with Bauer, Lindsay, and Porter ayes.

Solar Communications Strategy. Dellinger went over Empire's solar communications strategy and showed some examples of our communication materials.

**Action Item:** NRTC Voting Delegate – No interest from any of the board members to go to this meeting. Dellinger will be going to the meeting. Porter moved to appoint Dellinger as the voting delegate, seconded by Mollenkopf, motion carried.

**Action Item:** Consider Board District Boundaries – Jaclynn Fallon developed three different options for board district boundaries. Dellinger went over the three options. Discussion followed. Sitton explained how the district boundaries were set in the past. Mollenkopf moved to adopt Option 3, Porter seconded, motion carried.

Financials: Johnson mentioned that the IRS audit is closed. Penalty and interest were abated for one year. She is sending forms to request abatement for the other two years. If the IRS won't abate, then Carlson stated they will pay. Johnson explained that the reason that we were flagged for an audit was because we had two tax identification numbers. The 990 is filed under one and the payroll is filed under the other. We are working to eliminate one so we can do everything under one number in the future.

CFC approached us about a new as-offered line of credit. It is 40 bases points lower than their secured line of credit. Johnson is suggesting that we maintain half of our line of credit in the as-offered option and half in the secured option. If there is interest in redoing our line of credit, we will put it on the January agenda. Board agreed to have the resolution put on the January agenda.

Johnson went over the financial report.

Vectra Bank conversion had some issues with the ebox. Those issues are being worked on and all fees for that service will be waived by Vectra until this service works correctly.

Miscellaneous: Dellinger noted we recently signed a large power agreement with the Bridge Shelter.

Dark Fiber Network agreement is still being worked on. We are still working on a solution for the southern route. Looking at cancelling the WAPA wheeling contract for the Towoac Hydro plant and also considering options for the Fairview and Pleasant View plants. We are considering the possibility of Empire owning the infrastructure to the plants.

Director Roundtable: McWilliams attended two LaPlata board meetings this year. One was a special meeting with Tri-State. LaPlata asked Tri-State to give them a Go Shop letter as part of the work being done by LaPlata's Power Supply Committee.

Mollenkopf brought up that he likes the new fence at the Totten lake property.

Sitton stated that the Stone's came to visit him with concerns that a recent tariff change is going to penalize them. They had apparently misunderstood the tariff changes. Sitton explained to them that they wouldn't be penalized for shutting down during the winter and they seemed satisfied. They are also looking at building a windmill at their RV park.

Lindsey stated that the county commissioners met with one of our state representatives. They asked for Tri-State to allow more access to solar projects. Lindsay stated that we have access so he's not sure where this came from. Fetterman stated that he has been getting solicitations from development companies and he was wondering if that may have some impact on their thought process. Discussion continued regarding this topic.

Attorney:

FERC still has no movement on the DMEA-Tri-State question.

Reviewed policies and suggested a few changes.

Set up a call with Pete Ortego for next week regarding the Ute Mountain Ute Joint use agreement.

DMEA complaint – DMEA can now take its next step. DMEA filed a case with the PUC with the claim that Tri-State's proposed buyout price is unfair and discriminatory.

Working with Dan in their office to get him up to speed on Empire issues and she will bring him over to meet the board soon.

Working with Ginny to draft a demand letter to the company of a driver who hit a pole. Should be done by next week.

Worked with Member Services regarding a bankruptcy notice. The member filed a complaint with the bankruptcy court saying that we were in violation regarding us charging them a deposit for their new account. Denning sent a letter to the member and they withdrew their complaint.

Denning has been working on the Wheeler lawsuit for the inverse condemnation over in Dove Creek.

Tri-State: Mollenkopf reported on the Tri-State meeting.

Mollenkopf spoke about the DMEA complaint with the PUC.

Approved a capital credit patronage of \$30 million. Empire will get a patronage of \$1.3 million.

There was an energy risk presentation.

Strategic planning meeting is next month.

CEO search is continuing. They hope to have it narrowed down to 3 finalist that will interview in February.

They are on the 5<sup>th</sup> RFP for renewables. They selected two successful applicants, one wind project and one solar project.

CREA: Porter reported on the CREA meeting. The following were topics of discussion at the last CREA meeting:

- Potential legislation changes.
- Electric vehicle charging stations.
- Guatemalan project.

Western United: Porter will be taking over as Empire's Western United representative in January. Report was included in the package. McWilliams mentioned the glove and sleeve testing has a new solution that is making the gloves look unclean and could be confusing for the lineman.

Utah Rural Electric Cooperative: No news

Committees: none

Executive Session: Mollenkopf moved to go into executive session to discuss FastTrack and Personnel Matters, McWilliams seconded. Motion carried. Went into executive session at 11:02 a.m. Came out of executive session at 11:25 a.m.

FastTrack:

Discussed in executive session.

**Adjournment:** Meeting adjourned at 11:26 a.m.

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David Sitton, President

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Jerry Fetterman, Secretary/Treasurer