

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
February 8, 2019

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, February 8, 2019 with the following directors present: Bill Bauer, Bill Mollenkopf, Kent Lindsay, John Porter, Jerry Fetterman and David Sitton. Others present: General Manager Josh Dellinger, Attorney Shay Denning, Finance Manager Ginny Johnson, System Engineer Clint Rapier, Corporate Operations Manager Chris Snyder, Executive Secretary / HR Rep Shawna McLaughlin.

Others Present: Heidi Brugger, Gala Puck, Carolyn Dunmire, Ellen Foster, Marianne Mate, Ben Goodrich – School to Farm, Mercy Ramirez - Ameri Corps, Greg Barker and Katie Pellicore with San Juan Citizens Alliance.

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

Approve Consent Agenda:

Action Item: Bauer moved to approve the consent agenda, seconded by Lindsay. Motion carried. Sitton mentioned the Safety Summary and how glad he is to see that it is at zero accidents.

Donation Request Presentations: Mercy Ramirez with AmeriCorps and Ben Goodrich with the Montezuma School to Farm gave a presentation regarding Montezuma School to Farm and what they do for the community.

Membership Input: Marianne Mate spoke about renewable energy and the efforts to bring it to our area. She would like to see movement and change with some strategic ways how to come up to our 5% in renewables. Greg Barker also spoke about the cost perspective of renewables.

Carolyn Dunmire stated that she would like to run for Sue McWilliams vacated board seat. She talked about her experience and stated that she is here to observe the board meetings and learn more about Empire Electric.

Correspondence:

Thank you from:

Dove Creek Fire Department for our donation.

Energy Outreach Colorado for our donation.

Community Connections for Sponsorship of Festival of Trees for our sponsorship of their event.

Hospice for our annual donation.

Other Correspondences:

CoBank's director election request for director candidates.

NRECA Director Course Catalog.

Donation Requests:

Montezuma School to Farm – Requesting \$2,000 for the Montezuma Kids Eat Healthy campaign. This would be an educational donation and would come out of unclaimed capital credits. Bauer moved to give \$500. Mollenkopf moved to amend the donation request to \$1000 and Fetterman seconded. Bauer accepted the increased donation amount and consented to adjusting the original motion instead of requiring a formal amendment. Motion carried.

Policy Review/Action:

Action Item: Policy 12: Election and Voting Policy (9-8-17): A discrepancy between this policy and state statute was found. In II.A.4, the policy presently says, "information on how to become a candidate and the schedule of elections shall be mailed to each member and posted on the Cooperative's website no less than two months prior

to the annual meeting.” State statute 40-9-5.109.5(2) says that this information needs to be mailed and posted no less than two months before petitions to become a candidate are due. Dellinger recommends changing the policy to mirror the state statute. He is also recommending a few additional wording changes to add clarity. Mollenkopf moved to approve with amendments, seconded by Porter. Motion carried.

Policy 45: Identity Theft Protection (8-12-16): No changes recommended.

General Manager Report:

Action Item: Resolution 02-2019, Bylaw Amendment to Conform with State Law. It was discovered that a provision in Article III, Section 4 of the Bylaws does not comply with C.R.S. 40-9.5-109.5(2). Sittou would like to have a Bylaw meeting to discuss if there needs to be other changes. They would like to schedule the meeting for March 7, 2019 at 1:00 pm. Porter moved to amend the bylaws using Resolution 02-2019, Mollenkopf seconded. Motion carried.

RESOLUTION 02 - 2019

At a regular meeting of the Board of Directors (“Board”) of Empire Electric Association, Inc. (“Empire”), held at its office and principal place of business in Cortez, Colorado, on February 08, 2019, there being a quorum present, the following resolution was proposed and after being put to vote was adopted, said resolution being in words and figures as follows, to-wit:

Bylaw Amendment to Conform with State Law

WHEREAS, the members of Empire have adopted certain bylaws (“Bylaws”) as a governing document for Empire; and

WHEREAS, a clause in Article XIII of said Bylaws reads as follows: “When local, state, or federal law is enacted rendering any or all of these bylaws in violation of the law, the board of directors shall be entitled to alter, amend, or repeal any or all of the applicable bylaws without a vote of the membership”; and

WHEREAS, it has been recently discovered that a provision in Article III, Section 4 of the Bylaws (“Provision”) does not comply with C.R.S. 40-9.5-109.5(2); and

WHEREAS, the Board desires to amend the Bylaws to comply with state law; and

WHEREAS, the Board is entitled to make such amendment without a vote of the membership.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby amends the Provision in the Bylaws as follows:

Original reading: “Information on how to become a candidate and the schedule of elections shall be mailed to each member and posted on the cooperative's website no less than two (2) months prior to the annual meeting.”

Amended reading: “Information on how to become a candidate and the schedule of elections shall be mailed to each member and posted on the cooperative's website no less than two (2) months before petitions to become a candidate are due.”

Consider offering EV charger Rebates: Dellinger explained that Tri-State is offering matching rebates for EV charging stations. He recommended that we double the Tri-State offering so that members can get full value of the Tri-State rebate. We would offer up to \$1000 for Level 2 chargers and up to \$6000 for Level 3 chargers. Certain requirements will need to be met in order to receive the rebate. Discussion was had on what the different levels entail, and the different amount required to install each level. Discussed some of the concerns about companies installing EV chargers and reselling energy. Grant monies would need to be applied first then we would pay the rebates. Consensus from the Board is that Empire offer the rebates.

Action Item: Consider Town of Mancos request concerning EV Charger: A letter was provided from Town of Mancos regarding the sale of electricity from the EV charger. They are asking that we make an exception to our Rules and Regulations to allow them to resale the energy in this case. Bauer asked how we are going to get members to involve EEA when they are installing EV chargers. Dellinger stated that the rebate should encourage people to get us involved and we will also do some marketing. Discussion was held on whether we are setting the precedence of companies reselling energy. Attorney Denning stated that when we grant an exception we can state that it can be for this specific circumstance. There was discussion regarding our desire to encourage EV's while protecting our system. Dellinger noted that he and staff are working on updating our Rules and Regulations to address EVs. Fetterman moved to grant a temporary exception from our Rules and Regulations per Mancos' request as a one-time exception until new Rules and Regulations have been set. Seconded by Porter. Motion carried.

Consider UMUT request for acquiring casino complex assets: Request has not been received so there will be no action at this time.

Action Item: Select delegate for the Tri State Annual Meeting: Meeting will be held in April. Mollenkopf and Sitton will be attending and possibly Bauer. Porter moved to make Sitton the delegate and Mollenkopf the alternate. Bauer seconded. Motion carried.

Board District Map and Descriptions: Staff finalized the descriptions for the new district maps. New maps have been displayed in the hallway. Fetterman asked for a high-resolution map to be placed on our website.

Financials: Johnson discussed the preliminary financial statement for December 2018. Final report will be provided in March's meeting.

Auditors will be here on February 18th. Dellinger asked if the board would like to have an in person or a web conference audit report. Consensus was to set it up as a web conference but if there are issues ask them to come in person.

Miscellaneous: Strategic planning will be held April 16th and 17th. Venue will be in the Calvin Denton room. Steve Kettler with CFC will be our facilitator.

Backup feed for Monticello. Rapier put together a summary of his analysis of a battery versus a Pinto delivery point as backup options for Monticello. Dellinger explained the options and how the battery option does not meet our needs as a backup because it cannot provide service for a large, extended outage. We are planning on moving forward with the Pinto delivery point. Tri-State has said that they would contribute \$1.6 million to this project. Discussion of what other cooperatives are doing with batteries ensued

Director Roundtable: Lindsay attended the MVI meeting and mentioned that Lake Powell may be lowered to a level too low for the hydroelectric generators there to operate. Mollenkopf noted that Tri-State owns 24% of the generation from that station.

Mollenkopf mentioned the unfortunate tone of the recent Cortez Journal article about solar in Montezuma County. Discussion followed. Empire is not at all against renewables but is limited in the size and amount we can accept. The paper failed to show that, due to the size of the project that was proposed, Empire could not take on the project by itself and had to refer it to a generation level entity, like Tri-State. Mollenkopf noted that Tri-State is not against renewables either as they frequently send out RFP's for various renewable projects.

Attorney:

No movement on FERC DMEA-Tri-State issue.

Assisted in amending the policies and the Bylaws.

UMU joint use agreement still has not been completed.

CenturyLink joint use agreement still has not been completed.

DMEA complaint – Denning discussed her conflict of interest on this issue since LPEA and Empire have different positions. LPEA has hired special counsel to assist them with their filings. LPEA voted to file a Motion to Intervene in the case and will support DMEA. If Empire decides to file anything, Denning will help find special counsel to handle the filings. Mollenkopf reported that all the Motions to Intervene had been denied because of the number of filings. They would instead be “friends of the court” filings or amicus briefs. Denning reported on the rules for filing an amicus brief. Denning will continue to keep us updated and aware of deadlines.

Demand Letter was sent to Oscar Juarez and his company regarding the damage that was done by Juarez in his company truck. We received a check in the mail for the full amount that was demanded.

Tri-State: Mollenkopf reported on the Tri-State meeting and the topics that were discussed during the 4-day meeting.

He talked about what will be presented at their annual meeting.

Tri-State will have a member resource planning meeting after the CREA meeting next week.

Discussed legislative agendas and how aggressive they are. Tri State's approach is that they will comply with whatever is mandated.

Mollenkopf also discussed a wind project that was recently approved.

He discussed the Polar Vortex and the reliability of base load. Reliability still needs to be part of the equation.

Interviews for the CEO position were completed, and they have selected a candidate and an offer is being provided to the person selected. Announcement will be sometime next week.

CREA: Porter attended the CREA meeting and provided a report to the board.

Majority consensus was that CREA not take a position regarding the DMEA complaint.

Sitton asked if Dellinger could come up with a list of questions for a member survey prior to the upcoming strategic planning meeting. Dellinger responded that there is not much time, but he and staff will see what they can do.

Western United: Porter reported on the Western United meeting.

Mike Prom will be retiring. Greg Mordini will be taking over as the new manager.

Porter passed out a list of all the coops Western United serves.

Robert Gardner from Holy Cross is now the President of the Board.

Utah Rural Electric Cooperative: no report.

Committees: Youth Camp Committee – 2019 List of winners were:

- Washington D.C. Trip – Cassie Gatlin, Dove Creek HS
- Co-op Leadership Camp, Steamboat Springs –
 - Kylie Breitenbach, MCHS
 - Andrew Ruatti, Mancos, HS
 - Maya Powell, Mancos HS

- Kasey Wallace, Mancos HS
- Brooklyn Holt, Monticello HS

Executive Session: Bauer moved to go into executive session to discuss FastTrack and Tri State issues, Fetterman seconded. Motion carried. Went into executive session at 11:22 a.m. Came out of executive session at 12:00 p.m.

FastTrack:

Discussed in executive session.

Adjournment: Meeting adjourned at 12:00 p.m.



Jerry Fetterman, Secretary/Treasurer



David Sitton, President