

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
January 11, 2019

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, January 11, 2019 with the following directors present: Bill Bauer, Bill Mollenkopf, Kent Lindsay, John Porter and David Sitton. Jerry Fetterman attend by conference call. 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: Members Randy McKnight, Shaine Gans, Diane McBride, Heidi Brugger and Eric Gold.

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

Approve Consent Agenda:

Action Item: Porter moved to approve the consent agenda, seconded by Bauer. Motion carried.

Donation Request Presentations: Randy McKnight with the Cortez Celtic Fair presented a donation request for this event. Requesting \$1000.00. Event is June 22, 2019.

Diane McBride and Shaine Gans with Southwest Colorado Canyon Alliance presented a donation request for \$500.00.

Membership Input: none

Correspondence:

Thank you from:

Dove Creek ROCK for the donation.

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

Dolores Elementary 4th grade class for sponsoring their trip to the Durango Power House.

Bruce Downer for helping get a solar array on his home.

Lindsay stated he spoke with Kelly McCabe and he wanted to thank Empire for helping with his solar array.

Other Correspondences:

CFC Board Report.

CARE membership campaign brochures.

Donation Requests:

Cortez Celtic Fair – Lindsay moved to donate \$500.00, seconded by Bauer, motion carried.

Southwest Colorado Canyons Alliance – Porter moved to donate \$500.00, seconded by Mollenkopf, motion carried.

Montezuma School to Farm – Board would like to have a presentation with more information. Request has been tabled.

Policy Review/Action:

Policy 42: Employee Retirement (01-12-18): No changes recommended.

Policy 44: Attendance at Board of Directors Meeting (6-10-16): No changes recommended.

General Manager Report:

Action Item: Resolution 01-2019 for CFC 5103 Line of Credit Agreement and 5102 Amendment and Restatement. Dellinger explained the line of credits options and staff's recommendation to split our current line of credit between the two options. Discussion was had as to what we use these lines of credits for. Mollenkopf moved to approve the resolution, Bauer seconded, motion carried.

**RESOLUTION 1-2019
CERTIFICATE OF RESOLUTIONS AND INCUMBENCY**

I, Jerry Fetterman, do hereby certify that (i) I am the Secretary of Empire Electric Association, Inc. (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on January 11, 2019; (iii) the meeting was duly and regularly called and held in accordance with the bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) forms of the loan documents were submitted to the meeting and were authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the loan documents:

WHEREAS, the Cooperative has previously established a line of credit with National Rural Utilities Cooperative Finance Corporation ("CFC") under the terms of a Perpetual Line of Credit Agreement (the "5102 Agreement") in an aggregate amount which shall not at any one time exceed Seven Million Nine Hundred Thousand and 00/100 Dollars (\$7,900,000.00) (the "5102 Facility");

WHEREAS, the Cooperative wishes to replace a portion of the 5102 Facility with a new \$4,000,000.00 line of credit from CFC;

WHEREAS, as a condition of extending the new line of credit, CFC has required that the Cooperative decrease the amount of the 5102 Facility; and

NOW THEREFORE BE IT RESOLVED, that the Cooperative establish a line of credit and authorize borrowing from CFC in an amount which shall not at any one time exceed \$4,000,000.00 (the "5103 Line of Credit Amount"), subject to the provisions of the Line of Credit Agreement substantially in the form submitted to this meeting (the "5103 Line of Credit Agreement");

BE IT RESOLVED, that the Cooperative execute and to deliver to CFC an amended and restated line of credit agreement with CFC, in order to reduce the amount of the 5102 Facility to Four Million and 00/100 Dollars (\$4,000,000.00) (the "5102 Line of Credit Amount"), subject to the provisions of the amendment and restatement substantially in the form submitted to this meeting (the "Amendment and Restatement");

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the following documents:

- a) the 5103 Line of Credit Agreement; and
- b) the Amendment and Restatement.

RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to make all payments, to execute any future amendments to said Amendment and Restatement, and

said 5103 Line of Credit Agreement, as such individual may deem appropriate within the respective 5102 Line of Credit Amount and the 5103 Line of Credit Amount so authorized and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office or Title</u>	<u>Name (typed or printed)</u>
President	David Sitton
General Manager	Josh Dellinger
Finance Manager	Virginia Johnson

Action Item: Voting Delegates: CREA and Western United Annual Meetings – John Porter nominated as voting delegate, Bauer nominated as Alternate. Motioned by Bauer, Fetterman seconded. Motion carried. NRECA -Dellinger appointed as voting delegate by general acclamation.

Identity Theft Protection Report: Dellinger discussed this report and what measures we made to protect members' information in 2018 and what measures we plan to take this year to continue to protect them.

Selection of Annual Meeting Judges: Porter moved to appoint Elena Prickett, Ruby Gonzales and Cookie Pickens as the Election Judges for the annual meeting, Lindsay seconded, motion carried.

Financials: Johnson reviewed the financial report. She stated that we received a Tri-State capital credit retirement of \$1.315 Million.

Miscellaneous: Dellinger noted that Empire's overall reliability was 99.99% for 2018.

CARE committee is looking for a member to fill McWilliams's spot. If anyone would like to run for that spot, they can contact Dellinger or CARE directly.

The Tribe continues to move forward with their solar project. Presently, the Tribe plans to purchase the distribution infrastructure that serves the casino complex in order to net meter their proposed solar project behind this load. The board will likely consider selling this infrastructure to the Tribe for net book value as an agenda item at next month's meeting. If the Tribe does purchase this infrastructure, we will likely develop an agreement to operate and maintain this equipment for them.

Mancos installed an EV charger. They are charging for energy, which technically goes against our Rules and Regulations which state that electricity cannot be resold. Dellinger is currently reviewing EEA's Rules and Regulations and hopes to have a draft for the board to review soon. Discussion as to what we need to do for the time being. Denning explained how some of the other co-ops have been handling this. Dellinger mentioned having Mancos write us a letter asking for an exception from our rules and regulations. Member Gold mentioned that he has used the charging station. The direction from the Board is to talk to Mancos about them charging a parking fee without selling the electric. Sitton would like to get a formal letter from Mancos regarding the EV station. Dellinger will follow up with Mancos to seek this change and to obtain a letter.

CREA Director Compensation Survey was included in the packet.

Director Roundtable:

Member Eric Gold asked to speak. He complimented the board on how thorough and knowledgeable they are. He would like us to consider other responsibilities other than fiduciary. He would like us to consider the price of coal as far as the cost of health and damage to the environment.

Attorney: Denning reported there is still no news on the DMEA-TS FERC petition.

Regarding the Ute Mountain Ute pole attachment agreement, she is still trying to contact Peter Ortego.

She is standing by for further action on the pole attachment agreement with CenturyLink.

She sent a demand letter to Oscar Juarez and the company that he worked for requiring payment for damages the pole Mr. Juarez hit. The letter to Mr. Juarez was returned but the letter to the company was accepted. The deadline for a response is late January and if we don't hear from the company by then, we will need to decide how to move forward.

Denning noted the Wheeler lawsuit is still moving along slowly.

Denning discussed the DMEA PUC complaint against Tri-State. DMEA is exploring its options for exiting Tri-State. They have filed a complaint with the Colorado Public Utilities Commission asserting that the exit fee calculated by Tri-State is unjust and discriminatory. Many cooperatives have filed to intervene in the case. Denning explained what happens next along with the timelines. Denning stated that there may be a potential conflict of interest on her part since she represents both us and LPEA, if LPEA decides to take a different position than Empire. Empire may need to hire Bill McEwan or someone else as special counsel. The deadline to file as an amicus has not been set yet. Discussion with the Board on what their thoughts were on this situation. Consensus from the Board is that they would like to remain neutral and not intervene but will continue to monitor the case. Denning will continue to make sure that we are aware of what's going on in the case and provide us with deadlines. If at some point we decide that we need to file as an amicus, she will get us the information on how to do that and assist in finding conflict counsel.

Tri-State: Mollenkopf was unable to attend the meeting. The board voted to present a bylaw amendment to allow for partial requirement membership class changes at their annual meeting. Mollenkopf stated that we will need to appoint someone to vote for EEA at the annual meeting.

Mollenkopf also noted Tri-State just announce the approval of the 100 MW Spanish Peaks solar project.

CREA: No meeting in December.

Western United: No meeting in December.

Utah Rural Electric Cooperative: No report.

Committees: No report.

Executive Session: Bauer moved to go into executive session to discuss FastTrack, Mollenkopf seconded. Motion carried. Went into executive session at 11:15 a.m. Came out of executive session at 11:27 a.m.

FastTrack:

Discussed in executive session.

Adjournment: Meeting adjourned at 11:27 a.m.



Jerry Fetterman, Secretary/Treasurer



David Sitton, President