

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

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, March 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, Operations Manager Ken Tarr, System Engineer Clint Rapier, Corporate Operations Manager Chris Snyder, Safety Coordinator Jules Bitsilly, Executive Secretary / HR Rep Shawna McLaughlin.

Others Present: Members Heidi Brugger, Marianne Mate, Joel Tryon and Ellen Foster.

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.

Membership Input:

Marianne Mate from Dolores represents the Energy Futures Committee that wants to bring more affordable and reliable power to the area. They are presently focusing on getting educated about Empire. They want to encourage Empire to be cleaner and more independent. She asked some questions regarding our strategic planning. She would like Empire to adopt a resolution to reduce their carbon footprint by 50% by 2030. She also is questioning whether Empire can claim to have 30% renewables from Tri-State. Mollenkopf discussed the transparency of Tri-State and some of their bylaw changes in regard to renewable energy. Heidi Brugger asked about how many responses that we receive from the member survey. Dellinger explained what we received from the last survey. Mate asked if the members could have other input to the strategic planning besides the survey. Sitton said that any member can submit input to the board for consideration.

President Sitton asked the other attending members to introduce themselves. Heidi Brugger noted that she also wants to become more informed about Empire. Ellen Foster noted that she is interested in renewables. Joel Tryon noted that he is concerned that increasing renewables could drive prices up and noted that he does not want Empire to pursue more renewables if doing so will be more expensive.

Correspondence:

Thank you from:

- School Community Youth Collaborative for the donation to Teen Maze.
- Southwest Canyons Alliance for the donation.
- Pinon Project for supporting their Christmas for Kids program. This donation was from both the employees and Empire as a cooperative.

Other Correspondences:

- Southwest Health Systems invitation to their Donor Appreciation event.

Donation Requests:

Action Item: San Juan County Farm Bureau – Farm Days Program - Requesting \$1000. We donated \$200 in 2017. Bauer moved to donate \$300.00, seconded by Mollenkopf. Motion carried. The Board noted that we will use unclaimed capital credits for the donation.

Policy Review/Action:

Action Item: Policy 6 - Visitors: Jules Bitsilly, Safety Coordinator, presented Policy 6. This is a new policy drafted by our Company Safety and Health Committee. We presently have unwritten practices that we follow for visitors and the Committee thought it would be prudent to formally document a visitor's policy. Mollenkopf moved to approve as presented, seconded by Lindsay. Motion carried.

Action Item: Policy 47: Anti-Nepotism (08-12-2016) – Minor grammatical edits are suggested but nothing significant. Lindsay moved to approve as presented, seconded by Porter. Motion carried.

General Manager Report:

Action Item: Purchase of bucket truck cab and chassis – Ken Tarr, Operations Manager, presented a quote from Altec and explained the need for a new cab and chassis. We've had ongoing problems with the truck and Tarr does not think it is wise to continue to put money into fixing it. The aerial device is still valuable, and he would like to remount it on a new cab and chassis. This is not a budgeted purchase. Johnson explained how this would affect the budget. Accounting is looking at a lease option. Bauer moved to authorize the procurement of the bucket truck as presented, seconded by Lindsay. Motion carried.

Tri-State Bylaw Amendments – Dellinger discussed the proposed Tri-State Bylaw amendments. There is general wide-spread support for adding the ability to create additional membership classes. There was discussion at the recent special meeting about how to determine the voting rights of partial requirements members and about adding language regarding making sure present members are held harmless and not disadvantaged if new classes of membership are created. Mollenkopf also explained the proposed amendments. Denning stated that she would encourage Empire to vote for the original language of the amendments and against the edits to that language that have been proposed. She explained her reasons for this opinion. Board consensus was to have our delegate vote this way.

Action Item: Consider Resolution 03-2019, Resolution to Improve Wholesale Electric Power Costs to the Member-owners of Tri-State Generation and Transmission Association. This is a resolution being promoted by San Isabel. Dellinger explained the Resolution and his conversation with San Isabel. Mollenkopf suggested that we do a resolution for Tri-State commending them for keeping rates stable and encouraging them to keep up the good work. Denning compiled a new resolution with Mollenkopf's recommendations. Bauer moved to approve the new resolution 3-2019, seconded by Mollenkopf. Motion carried.

Resolution 03-2019

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 March 8, 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:

WHEREAS, Empire purchases at least 95% of its energy needs from Tri-State Generation and Transmission Association, Inc. ("Tri-State") through a Wholesale Electric Services Contract; and

WHEREAS, the Board recognizes that Tri-State has worked diligently over the past few years to control costs in an effort to keep rates from escalating; and

WHEREAS, Empire appreciates the efforts Tri-State has undertaken to control these costs; and

WHEREAS, the Board would like to commend Tri-State for these efforts and encourage Tri-State to continue such efforts.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby commends Tri-State for its efforts to control costs and avoid rate escalation to its members and states that Empire sincerely appreciates the work undertaken by both Tri-State staff and board and encourages Tri-State staff and board to continue these efforts.

Action Item: Consider SCS-1 Tariff updates – Dellinger has been working with Kinder Morgan to update this tariff over the past several months. Dellinger explained this tariff and the proposed revisions. He noted that the revisions are acceptable to Kinder Morgan. Porter moved to approve the SCS-1 Tariff updates, seconded by Bauer. Motion carried.

Financials:

Johnson discussed January financials. Abby Williamson with CarlsonSV will be here to present the 2018 Audited Financial Statements in April. Johnson discussed the 2018 demand charges and how it affected the 2018 margin. Our retail demands were lower in 2018 due to mild weather, which led to decreased demand costs from Tri-State. However, our kWh sales were not down as much as demand was. Since we recover demand costs through kWh charges in most of our rates, this led to increased margins. 2018 allocations will be reported to our members beginning in April. The 990 will be due in May and she has asked for the board to complete the questionnaire. A resolution to close the Wells Fargo accounts will be presented at next month's meeting.

Miscellaneous:

The solar generation report was completed by Andy Carter. Dellinger explained the report and the state statute. Empire's numbers are above the state statute. We will be required to start reporting in 2020. A discussion regarding solar panels, tariffs and costs ensued.

Ute Mountain Ute solar project – This project would only be net metered by Empire. The Tribe received a grant that states Tribal members must benefit from this project. Since the project will be net metered behind the casino complex, the casino will see a reduction in its monthly bills. The Tribe would like help distributing those savings throughout its members. Dellinger explained the present process we are considering. The Tribe will direct the casino to issue Empire a check each month. The Tribe will supply EEA a list that will outline how to distribute funds from the check. Empire will then distribute the funds as directed in the list. The process will be fairly automated on our end, but there will be some administrative oversight. Empire will charge an administrative fee to recover our costs. Sitton cautioned against risks of doing this. Dellinger acknowledged the risks and outlined some of the benefits that could be realized.

Strategic planning survey is out, and everyone should have gotten an email. That survey is open until March 15, 2019. A summary will be put together and be presented to the board.

Josh asked the Board if they would be interested in having Kent Singer come down for a CREA / Legislative update. The Board agreed they would like for him to do a presentation.

Director Roundtable:

Fetterman discussed the Tri-State Member Resource Planning Meeting. They talked about their models and how they come up with their plans. Mollenkopf stated there will be three follow-up Integrated Resource Planning meetings at Tri-State.

Attorney:

FERC petition – Denning reported that there is no update and the Board agreed that Denning could stop reporting on this case until there was a change.

Denning reviewed the policies and submitted a few corrections.

She received a response from the Ute Mountain Ute Tribe on the joint use agreement. She will meet with Rapier to go over this and then provide the Tribe with a response.

CenturyLink agreement is currently being worked on with Empire staff and CenturyLink. Once they have agreed to the terms, Denning will assist in finalizing the document.

DMEA complaint – The PUC ruled that all of the intervenors would be converted to amici and will only be allowed to submit amicus briefs. If Empire wants to submit an amicus brief as well, Denning recommended that they seek special counsel now and include this as an item on the April Agenda. Denning stated that amicus briefs would likely need to be filed at the same time that position statements are due. The PUC has stated that they have jurisdiction and Tri-State has not appealed that decision yet, therefore, any amicus brief would be filed on the merits of the case. Denning estimated the costs of having special counsel to get involved. The board maintains that its position has not changed and would like to continue to remain neutral. Denning will continue to keep us aware of any deadlines.

Wheeler lawsuit – Denning continues to wait for responses to see if she can get Empire out of this case.

Bauer asked about insurance coverage on Forest Fires. Johnson explained what our policy entails and how much coverage we have.

Tri-State:

Mollenkopf reported on the Tri-State meeting. He presented the US Securities and Exchange Commission form 10-K. He also presented the 2018 audit results and discussed the year end numbers from Tri-State. Duane Highly officially accepted the offer from Tri State to be the CEO. His first day will be April 1, 2019. Discussed cost savings regarding Class C members of Basin. EPA released preliminary data on emissions in the lower 48 states.

CREA:

Porter reported on the CREA meeting. They had a presentation from federated regarding insurance. He cautioned coops to have a vegetation management plan in place which Empire does have. PUC opened a new docket to revise distributed generation interconnection procedures and standards that will affect coops. Dellinger noted that we submitted comments to CREA and CREA will compile comments and file on behalf of the Colorado distribution cooperatives. CREA decided to remain neutral on establishing HOV EV lanes. Greenhouse gas emissions legislation was discussed. Poudre Valley, directors serve 3-year terms, but they have a 4-year cycle. One year they don't have an election that saves them lots of money.

Western United:

Porter discussed their financial report.

Utah Rural Electric Cooperative:

We secured a Monticello Golf vacation package to donate for the UREC annual meeting.

Committees:

Porter went over the scholarship awards. Porter motioned to approve with the addition of Wyatt Fulmer to the Monticello Vo-Tech School. Seconded by Lindsay. Motion carried.

Montezuma-Cortez High School (8)

- 1. Matthew Broughton
- 2. Kailey Case
- 3. Marguerite Copeland
- 4. Brianna Dennison
- 5. Kale Hall
- 6. Nanabah Sam
- 7. Amanda Sturman
- 8. Aryelle Wright

Trade Related (0):

None

Dolores High School (4)

- 1. Codi Archuleta
- 2. Tawnee Benavidez
- 3. Phillip Hufman – *Tri-State*
- 4. Tatum Majors

Trade Related (0):

None

Dove Creek High School (4)

- 1. Madilyn Hankins

Trade Related (0):

None

Basin Scholarship

Emily Cole (Mancos High School)

Mancos High School (4)

- 1. James Ayers
- 2. Taeylor Samora
- 3. Vassar Stephens
- 4. Scottie Sword

Trade Related (1):

Rose Morgan (Welding)

Monticello High School (4)

- 1. Britton Brewer
- 2. Aspen English – *Tri-State*
- 3. Shelly Lewis
- 4. Elise Thayne

Trade Related (1):

Wyatt Fulmer (Heavy Machinery)

Empire Employee/Director Dependent

Summer Harris

Cameron Schafer

Gage Petrose

Adult Scholarships (6)

- 1. Jacqueline Chittick
- 2. Elizabeth Edwards
- 3. Sarah Enriquez
- 4. Madison, Hilaire
- 5. Shania Snow

Executive Session: Mollenkopf moved to go into executive session to discuss FastTrack and KRTA Ratios, seconded by Bauer. Motion carried. Went into executive session at 11:51 a.m. Came out of executive session at 12:01 p.m.

FastTrack:

Discussed in executive session.

Adjournment: Meeting adjourned at 12:03 p.m.



Jerry Fetterman, Secretary/Treasurer



David Sitton, President
John Porter, Vice President.

SAFETY SUMMARY – February 2019

Employee First Report of Injury

Part of Body	2010 Total	2011 Total	2012 Total	2013 Total	2014 Total	2015 Total	2016 Total	2017 Total	2018 Total	2019 Total	Current Month	Total 2010-2019
Arm	1						1					2
Back	1	2	1				1					5
Body		1					1					2
Collarbone												0
Eye/Face		2	1				1		1			5
Finger			1	3	1	1		1	1			8
Foot	1							2				3
Hand		2										2
Head												0
Hip								1	1			2
Knee	1	1	1	1	1			1	1			7
Leg					2				2			4
Mouth			1									1
Neck				1								1
Shoulder		1	1	1								3
Stomach												0
Wrist												0

2019 Cause of Injury

Cause of Injury	# of Claims	% of Total	Losses	% of Total
Fall, Slip or Trip				
Pushing or pulling (strain or injury)				
Into Openings (fall or slip)				
Slipped, did not fall				
Lifting (strain or injury)				
Caught in, under or between				
Reaching (strain or injury)				
Temperature Extremes				
Wielding or Throwing (Strain or injury)				
All Other	0	0	0	0

Summary of Personal Injury

Year	Personal Injury Report	OSHA Reportable ^o	Lost Time Accidents	
2010	7	0	0	
2011	9	5	2	103 days-97 restricted
2012	6	2	0	
2013	5	3	1	4 days – 105 restricted
2014	4	3	0	
2015	1	0	0	
2016	4	4	0	
2017	5	3	1	4 days
2018	6	4	1	25 days – 17 days restricted
2019	1	0	0	
TOTAL	48	24	5	136 full days – 219 restricted

o OSHA Reportable:

Any Accidents Involving:

- Loss of consciousness
- Restriction of work or motion
- Transfer to another job
- Medical treatment (other than first aid)

Property Damage: Digger Truck Auger stow bracket was damaged.

Personal Injury Report: Employee slipped on snow and ice walking in the parking lot.

Safety & Health Committee Report: The safety and health committee met on Wednesday, February 13th. A DRAFT Visitor Policy for our secured areas was reviewed by the committee. This Board policy will be sent to Josh for final review and comment. Jules reached out to other coops and safety consultants on security plans and they had no information available for us. Installation of TV monitors for safety messaging was further discussed. Cost and IT support should not be an issue. Additional information will be brought to next month's meeting. Snowplowing at our HQ's parking lot was discussed again, and we will communicate with the employees doing the snowplowing not to stock pile near the entrance to Empire Electric. Montezuma Health department has confirmed training on Hantavirus and West Nile in April for our employees. An entrance door chime was installed for the front door at HQ and is working fine. Tap Root Investigations: A video was shown on what TapRoot is and how it is utilized. All our policies should be consistent when to do a TapRoot investigation and should match our Safety Improvement Plan initiative. All major accident reports are to be brought to committee for review and a TapRoot investigation will be completed. SOP #20 will need to be revised to reflect any changes. CSHC Volunteers – The selection of safety committee members was reviewed, and it was decided that volunteers will be solicited, and a selection will be made by the safety committee. Linda Deavers was selected as a new safety committee member. The DART and Vehicle Accident Rate (VAR) formulas were reviewed with the committee. The DART for 2018 was 7.2 and VAR at 2. These formulas will help us in setting new goals for 2019. Safety Suggestion: Empire Electric employees should have official badges to show when they have contact with our members. This would allow our members to know that the person at their door is an EEA employee and not just someone trying to gain access to their home. Committee agreed that it is important that our employees are identifying themselves and that employees need to keep their badges on them to show if needed. Committee agrees that this is something we already have in place. No PHR's for February.

Monthly Safety Meeting: The monthly safety meeting was held Thursday, February 14th. **Old Business:** Ken talked about the recent incident involving a voltage regulator at the Dove Creek Substation. He spoke to the importance of properly performing the substation inspections and emphasized the importance of marking the yes radio button for maintenance required. If there is an issue that needs to be addressed, please make sure that dispatch is notified so they can generate a service order and we can have the maintenance crew check out the problem. They are working with Scott Ehmke/SubCheck Plus to see if they can make issues found more obvious on the inspection forms. Ken reported that we will be scheduling a Voltage Regulator training in the coming months. He also stated that the on-call lineman cell phone was having problems and has been replaced. Jules mentioned that we are getting estimates for a Hydrogen Gas detector to be installed near the electric forklift charging station. **Near-misses:** An Asplundh employee stated that he was working between Market and Chestnut and a homeowner came out with a dog on a leash and the dog bit him on the leg. He is okay, but the dog bite did break the skin; Ace was soldering some wires and the cable had a split on one side and it sparked at him. No injuries; Ace was working on a compressed spring on the auger, when he was knocking it out, it exploded. Thankfully, he was wearing his PPE for both incidents and no injuries; Preston had an issue with a digger truck, the auger was being extended out and the hook didn't catch the auger assembly causing the auger bracket to get bent. He recommended inspecting this assembly prior to each use. **New Business:** An Asplundh employee mentioned he had an outage at his house due to failed transformer, he wanted to give kudos to the crews for taking such good care of him and his family and getting the power back on quickly. Ken reviewed a couple of revisions that were made to job briefing form. Two check mark boxes were added for "Outage Response" and "After-hours". The Safety Summary was reviewed for January. CDL Medical and license expirations list was reviewed. **Training:** "Slips, Trips and Falls/ Circle of Safety" training conducted by Federated Rural Insurance – Darrin Davenport.

EMPIRE ELECTRIC ASSOCIATION, INC.
BOARD OF DIRECTORS
POLICY NO. 47

ANTI-NEPOTISM

I. OBJECTIVE

- A. To state the policy of the cooperative with regard to the employment of "close relatives" of members of the Board of Directors (Board) and existing employees of Empire Electric Association, Inc. (Cooperative).
- B. To prevent conflicts of interest and adverse influences that may arise from family relationships within the workplace.

II. POLICY

- A. "Close Relative" means a person who is related to the principal person as a spouse, domestic partner, common law spouse, cohabitating couple, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece by blood, marriage, or adoption, and also includes more distant relatives living in the same household of the principal person.
- B. No person who is a ~~e~~Close ~~r~~Relative of a member of the Board shall be eligible for regular employment. Should a Board member and employee become ~~e~~Close ~~r~~Relatives through a Board election, marriage, or other circumstance, the affected individuals must choose which will resign within thirty (30) days of the establishment of the relationship. If the affected individuals cannot mutually agree upon who will resign, the person with the least amount of tenure with the Cooperative will be terminated.
- C. Close ~~r~~Relatives of current employees may be employed by the ~~e~~Cooperative with the following restrictions:
 1. One ~~e~~Close ~~r~~Relative shall not directly or indirectly supervise the other.
 2. One ~~e~~Close ~~r~~Relative shall not direct the work of the other.
 3. Close ~~r~~Relatives may not report to the same immediate supervisor.
 4. One ~~e~~Close ~~r~~Relative shall not exert influence over the other's hiring, termination, pay, discipline, work assignments, or other work-related matters.
 5. ~~One~~A ~~e~~Close ~~r~~Relative shall not have access to the Cooperative's confidential information, including payroll and personnel records, of the other.
 6. The co-employment shall not cause safety, security, or morale issues, and shall not create an actual or perceived conflict of interest or adverse influence in the workplace.
 7. Any other restrictions may be determined and applied by management as may be needed ~~meant~~ to prevent possible problems in the workplace.

Management has the right to determine whether the above restrictions have been violated. It shall not be considered unfair or discriminatory for the Cooperative to terminate, transfer, or refuse to hire a person if any of the above restrictions are violated. If a violation of any of the above restrictions occurs due to a marriage or other circumstance, the affected individuals must choose which will resign within thirty (30) days of the violation. If the affected individuals cannot mutually agree upon who will resign, management will in the best interest of the Cooperative determine who will be terminated.

- D. This policy shall be administered so as to be in conformance with C.R.S. 24-34-402, as amended.

III. RESPONSIBILITY

- A. The Board shall be responsible for enforcing this policy in situations involving directors.
- B. The general manager or his/her delegate shall enforce this policy in all employment situations.

AUTHORITY: Board Motion 06/22/87
 Board Motion 07/21/89 [Amended]
 Board Review 12/20/91
 Board Review 04/21/95
 Board Review 11/17/95
 Board Review 10/24/2003
 Board Motion 11/17/2006
 Board Motion 02/20/2009
 Board Motion 11/8/2013 [Amended]
 Board Motion 08/12/2016 [Amended]

EMPIRE ELECTRIC ASSOCIATION, INC.
BOARD OF DIRECTORS
POLICY NO. 6

VISITORS

I. OBJECTIVE

- A. To state the policy of Empire Electric Association, Inc. ("Cooperative") regarding Visitors in secure areas of Cooperative property. A Visitor is defined as anyone not employed by or on the board of the Cooperative.

II. POLICY

- A. The Cooperative allows Visitors access to areas that are considered to be secure from the general public so that necessary work may be accomplished. Such work may include repair and maintenance of facilities and equipment, delivery of supplies, or external audits. Visitors may also be granted access to attend board meetings, employment interviews, and training events.
- B. Anyone entering a secure area must show proper identification, complete and sign the visitor log, and receive a visitor badge before being admitted. The visitor badge must be visibly displayed while in secure areas. All Visitors should be escorted by a Cooperative employee while in secure areas.
- C. Visitors are encouraged to leave personal belongings in their vehicles and to only bring what is necessary into secure areas. Any personal items brought into secure areas are subject to search. Personal items subject to search include backpacks, brief cases, handbags, boxes, computer cases, tool boxes, or any other item that may, at the sole discretion of the Cooperative, be considered a security risk. If any items are discovered that pose a security risk the Visitor will be asked to remove the item from the facility.

III. RESPONSIBILITY

- A. The Board shall be responsible for any change or revision of this policy.
- B. The Manager is responsible for administration of this policy and for making recommendations for changes.

AUTHORITY: **Board Motion** **03/08/2019**