

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
October 12, 2018

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, October 12, 2018 with the following directors present: Bill Bauer, Jerry Fetterman, Kent Lindsay, Sue McWilliams, John Porter, and David Sitton. Others present: General Manager Josh Dellinger, Attorney Barry Spear, Finance Manager Ginny Johnson, Operations Manager Ken Tarr, System Engineer Clint Rapier, Corporate Operations Manager Chris Snyder, Executive Secretary / HR Rep Shawna McLaughlin. Absent was Director Bill Mollenkopf.

Others Present: Laurie Dickson, Liz Baker and Heidi Brugger

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

Approve Consent Agenda:

Action Item: Motioned by McWilliams to approve consent agenda and seconded by Lindsey. Motion carried.

Membership Input: Heidi Brugger stated that our monitor is so low that it makes it difficult to see the presentation in the board room. Dellinger stated that it would be mounted on the wall.

4Core Presentation by Laurie Dickson and Liz Baker: Presentation regarding Energy Smart Colorado, which is a statewide energy efficiency program. Requesting \$5,000 to help make the program available to Empire Electric members. The program provides rebates for energy assessments and efficiency upgrades. This is 4Core's first year of offering this program. Sitton asked if the \$5,000 was a one-time request or would it be annual. Laurie Dixon stated that they would prefer that it would be an annual donation to keep the program sustainable.

Correspondence:

Thank you from:

The Mancos Days Association and Cortez Summer Fest for our donations.

Levi Bramwell, Taylor Garner, Jack Kricheldorf, Gage Papoff, Aubrey McKellips, Andelin Lanier for purchasing their livestock at the County Fair.

Other Correspondences:

Western State Electric Supply Patronage Retirement letter.

CoBank Patronage Distribution letter.

Donation Requests:

The \$5,000 4Core request was revisited. Empire already offers an energy efficiency program, so there was discussion regarding whether this would be redundant to what we already do. There was a concern that there would be overhead taken out of any donation to this program; thus, our money may be better spent funding our own program. Sitton recommended that we have staff research the program to see if there is any value in it beyond what we currently do and to see if there are any opportunities for collaboration between this program and our internal program. The request was tabled until staff can research the program.

Stephanie Smith from Mancos asking for a \$500 donation for the OMNI Leadership Practicum scholarship. Donation denied.

Policy Review/Action:

Action Item: Policy 36 – Leaves of Absence: Recommendation to add PTO in places where it referenced Vacation time. Motion to approve with changes by Porter, seconded by Lindsay. Motion carried.

Action Item: Policy 37 - Holidays: Recommendations to make it applicable to only non-bargaining unit employees since holidays are addressed in the union contract for bargaining unit employees. Reference PTO instead of vacation. Floating holidays prorated for new employees. Removing sentence regarding holiday hours will be lost if accrual is already at the maximum limit. Motion to approve as presented by McWilliams, seconded by Bauer. Motion carried.

General Manager Report:

Newsletter for new members was created by Bobbe Jones. Fetterman recommended that we send it to all members not just the new members.

Action Item: Approval of Resolution 8-2018 for Barry Spear thanking him for his years of service as Attorney to Empire Electric. Sitton presented the resolution. Motioned by Bauer to approve, Seconded by McWilliams. Motioned carried.

RESOLUTION 8-2018

WHEREAS, Barry Spear with Maynes, Bradford, Shipp and Sheftel, LLP has served with distinction as Attorney for Empire Electric Association, Inc. since May 20, 1998

WHEREAS, Barry has been an invaluable and trusted advisor to this Board of Directors and to the management and employees of the Cooperative

WHEREAS, Barry has earned the admiration and respect of the Board of Directors for his leadership, knowledge and guidance during his tenure

BE IT FURTHER RESOLVED that the Board of Directors do hereby extend to Barry Spear our sincere and grateful appreciation for his dedicated service to Empire Electric Association, Inc., our congratulations on his well-earned retirement, and our best wishes to him for continued success, happiness, and good health in the years to come.

Preliminary Budget Review: Johnson presented the Preliminary Budget and the long-term financial forecast. Discussion ensued on the Pinto project, which is included in the 2019 capital budget but will probably not be closed out until 2020 or 2021. The 2019 capital budget doesn't include any contribution in aid from Tri-State for this project. Rapier has been researching battery options and he explained some of those options. Continued discussion on line items within the preliminary budget. No changes were recommended by the board.

Johnson explained that the final budget will be brought back for final approval in November's meeting.

Dellinger explained that the Totten Lake solar project is not included in the preliminary budget but will be added to the final budget.

2015, 2016 and 2017 1120-POL Forms: Dellinger presented these forms and explained that the IRS required us to file these for the CARE donation. The IRS is still determining whether we will owe any interest or penalties; the IRS auditor recommended that Empire request an abatement on any penalties or interest that may be assessed.

Financials: Johnson stated that Mollenkopf caught an error last month on the load factor for Kinder Morgan that has been corrected and will be correct moving forward. The long-term financial forecast was presented and discussed. The model does not include an increase in purchase power costs until 2022, consistent with current Tri-State projections.

Miscellaneous:

A drunk driver hit a pole in Dove Creek. This was an 80-foot pole. Tarr explained the process was done to de-energize the pole. Tri-State is assisting us in getting the pole fixed.

The third and final phase of the Tri-State asset transfer closed on September 28, 2018. We are still working on cleaning up some easements.

WECC has agreed that we need to be de-registered. NERC has been informed.

CDOT property sale is about to be completed, we are currently waiting on the payment.

Prepaid software has been installed. We will start testing it with the employees later this year. We are looking to roll out to our members during the first quarter of 2019. We will be marketing it at the Home and Garden show and the AG Expo.

Totten Solar projects has been moving quickly. We are close to getting the PPA completed. A special board meeting will be on October 26, 2018 at 3:00 p.m. Agenda will be posted on Monday, October 15, 2018.

Calendars are completed for 2019, Denise Moore did a great job on them.

Lindsay discussed a power outage due to a wreck. He asked if we go after loss of revenue from electric sales. Dellinger stated that we don't go after that loss of revenue. This would be very difficult to calculate. Discussion ensued on what our insurance will cover.

Sitton asked Tarr about our big bucket truck being broke down and if it was due to neglected maintenance. Tarr explained that it wasn't, it was the age and the cost of getting it fixed versus how often it is used. Dellinger noted that the big bucket was purchased for the CO2 loop and we approached Kinder Morgan a few years ago about the repairs it needed. Kinder Morgan did not want to spend money on the repairs since Tri-State was doing the maintenance and the asset transfer was moving forward. We rely on Tri-State to help when we are need of bigger trucks. It is not uncommon for a coop our size to rely on contractors to assist us with large pole issues.

Director Roundtable: none

Attorney:

Spear reported his firm helped with the CDOT land sale and the asset transfer.

Ute Mountain Use agreement is still being worked on.

Joint use agreement with Century Link is still being worked on.

DMEA complaint following the 316 Policy was denied by the full board. DMEA has appealed and the appeal will be heard by the executive committee. If it's denied through the committee, then DMEA will have the option to take it to court.

Denning is working on the Totten Lake Solar Project.

The town of Dove Creek is being sued by a resident because the road drainage wasn't done correctly and flooded a residence. Empire has been named in that suit because of the easement. Empire's easement should be protected if it goes into a settlement or trial.

Tri-State:

McWilliams reported on the 115-policy committee meeting. NewGen did a cost of service presentation and analyzed the subsidizations that occur with the bill tables and net metering options. La Plata is the only one that has a large net metering project in the Tri-State system. The committee voted to suspend its work until after the contract committee reconvenes and determines whether there will be any changes to the 5% limit.

CREA:

No meeting in September. The CREA Summit is at the end of the month. Porter plans on attending.

Western United:

No meeting this month. McWilliams discussed the packet that was sent to their board member. They will meet the end of October.

Utah Rural Electric Cooperative: No Meeting this month.

Committees: Bylaw Committee Meeting. No suggested changes. No meeting needs to be set.

Executive Session: McWilliams moved to go into executive session to discuss FastTrack and Union Negotiations, Bauer seconded. Motion carried. Went into executive session at 11:04 a.m. Came out of executive session at 11:53 a.m.

FastTrack:

Discussed in executive session.

Adjournment: Meeting adjourned at 11:54.

David Sitton, President

Jerry Fetterman, Secretary/Treasurer