

**INTERMOUNTAIN RURAL ELECTRIC ASSOCIATION**  
**Colorado 16 Jefferson**  
**Sedalia, Colorado**

A regular meeting of the Board of Directors (the “Board”) of The Intermountain Rural Electric Association (the “Association”) was called to order at the office of the Association at 5496 N. U.S. Highway 85, Sedalia, Colorado, at 9:30 a.m., March 18, 2021.

The following Directors were present in person: Tim White, Bruff Shea, Mike Kempe, Jim Anest, Gene Sperry, and Ron Kilgore. Bob Graf attended via telephone. A quorum was deemed present. CEO Patrick Mooney, incoming CEO Jeff Baudier, and Association staff were also present.

**Agenda Approval**

Upon motion by Mr. Shea, seconded by Mr. Kilgore, the Board unanimously approved the agenda, as presented.

**Public Comment**

One customer attended the meeting but did not address the Board.

**Minutes Approval – February 18, 2021, Regular Meeting**

Upon motion by Mr. Sperry, seconded by Mr. Kempe, the Board unanimously approved the minutes of the February 18, 2021, regular meeting, as presented.

**CREA Report**

Mr. White presented the CREA report.

Mr. White noted that he did not attend the February 26 meeting but reviewed some discussion items from the meeting minutes: legislation, budget reports, and CREA’s plan to re-open after COVID. Discussion followed.

**Finance Report**

Mr. Mooney presented the Finance report in Ms. Jones’s absence.

The Association received an \$8.5 million fuel cost adjustment (FCA) from PSCo related to the extreme weather that occurred in February. The amount has gone down about

\$1.2 million since the finance report was submitted. Three Colorado cooperatives and the Association agreed to retain an expert consultant to review the incident and the accuracy and legitimacy of the FCA.

Mr. Mooney reviewed financial ratio data.

CFC, CoBank, and the Association are all in agreement on the language of the mortgage indenture. Restatement of the existing loan documents is underway. Mr. Mooney expressed hope that the loan documents will be ready for Board approval at the April meeting.

### **Operations and Engineering Report**

Ms. Feuerstein presented the Operations and Engineering report.

In January, the Association's effective capacity factor for Comanche Unit 3 was 98%.

Pioneer Solar peaked at 40 MW in February. All the inverters have been installed. The project is anticipated to achieve full load by the beginning of April.

Demand in February was 454 MW, up from 2020, and kWh sales were up from the previous year.

New service workloads remained high in February. Ms. Feuerstein noted that the difference between total services in place versus total active customers is due to the lag time between service completion and closing work orders. In February, 59 jobs were released for construction.

Ms. Feuerstein reported that February was an extremely good month regarding outages. She discussed the winter storm that occurred the weekend before the Board meeting. Association crews were prepared for the storm, and it was essentially a non-event for the Association. There were four outages due to the storm, two were due to snowplows hitting Association equipment, and two were related to falling trees. She attributed the minimal outages involving trees to the Association's vegetation management program. Operations deployed crews to assist with outages in Xcel's service area.

Ms. Feuerstein reported that there are approximately 182 AMI meters that cannot communicate with the system. New relays and communication infrastructure are being added.

Ms. Feuerstein reviewed the updated construction budget and noted projects deferred to a later date.

The CSU pump station, located outside of Divide, Colorado, is online and operating at 3 MW.

There were two vehicle incidents and no OSHA-recordable lost-time injuries in February.

### **Community Relations Report**

Ms. Leshar presented the Community Relations report.

Ms. Leshar circulated a printout of customer feedback and comments regarding the recent blizzard received via Facebook and emails. Public Affairs will incorporate these comments to promote a new reliability series, which will be posted on various social media sites.

Ms. Leshar reported that disconnect notices are going down significantly from past years; however, disconnects have increased. The AMI system implementation has contributed to this, as personnel is not deployed for disconnections and payments are no longer taken in the field. Also, even though a payment is often received the same day as shut off, it is logged as a disconnect. The number of accounts still off at month-end is decreasing.

All Association lobbies will be open to the public effective March 22.

The \$9.25 disconnect notice fee will resume on March 22. Customers were notified of when the fee would continue.

The call center service level continues to increase and in February was 93%.

Ms. Leshar gave a brief update on various bills pending before the General Assembly. She discussed different positions regarding SB21-072, the RTO bill. The Association is working on another One-Click Politics email political advocacy platform.

Ms. Leshar discussed the Association's position on SB21-170, Wildland Fire Mitigation Cooperative Electric Association.

Mr. Graf asked how many key accounts the Association has and what criteria determined a "key account." Ms. Leshar replied there are approximately 19 key accounts. For a customer to become a "key account," it must meet at least one of the following requirements: the account has a bill of over \$1.5 million annually; it is a municipality; or it has high visibility in, or is of importance to, our service territory.

Public Affairs is working on developing different kinds of marketing and better outreach.

### **Corporate Services Report**

Mr. Fleming presented the Corporate Services report.

Mr. Fleming discussed Human Resources activities for February.

The culture survey is postponed at this time.

Mr. Fleming reviewed the financial summary for the Association's medical/prescription drug, dental, and vision plans.

Human Resources met with department heads and directors to develop metrics and criteria to consider for a bonus allocation. The Association is accepting proposals for deployment but has not engaged a contractor directly. Mr. Graf asked if there are resources in the industry that provide possible criteria for such a program that Human Resources could use? Mr. Fleming replied that Human Resources is researching previous studies and is developing a plan based on those study recommendations. Discussion followed.

A vendor was selected for leadership training. Leadership training for supervisors, managers, and directors is expected to start in mid-May.

Mr. Fleming reviewed IT projects.

The NISC technical install and data mapping tasks are underway. There are three dedicated NISC implementation project managers working concurrently on the Association projects and data. Overall, the project is on schedule, and Mr. Fleming has received positive feedback regarding the migration progress.

IT is moving the backup data center from Zayo to EdgeConnex.

Mr. Fleming discussed the Association's recent website outage. Discussion followed.

Mr. Fleming reviewed February fleet statistics. The total miles driven in February was 81,000 miles. The Association purchased two new bucket trucks.

The Association is installing a radar physical access facility monitoring control at the Bennett district office. The tower at Strasburg is decommissioned. The architect is creating design documents for the Conifer district office remodel.

### **Legal**

Mr. Johnson presented the legal report.

Mr. Johnson updated the Board on Association litigation matters and disputes. Discussion followed.

The PUC issued its investigative report regarding Comanche Unit 3 on March 1, 2021. Discussion followed.

The Air Quality Control Commission rejected a proposal from the Environmental Defense Fund regarding a state-wide cap and trade program for greenhouse gas emissions due to the lack of sufficient resources.

The PUC opened an investigation into the polar vortex event that occurred in February. The investigation focuses on the impact on gas customers at the retail level and the various trades that took place leading up to and during the polar vortex event. Jurisdictional utilities were required to submit reports describing their activities. Discussion followed.

The Air Quality Control Commission announced its intent to develop an employee traffic reduction program. The program is aimed at employers with 100 or more employees to decrease the number of miles traveled through rideshare, telecommuting, and other activities to reduce greenhouse gas. A proposed rule might be issued in May 2021 for approval in August 2021.

PSCo recently amended its Form 3206, which adds a new \$1.7 billion Colorado Power Pathway project, a 560-mile 345 kV transmission loop. PSCo has not yet filed a Certificate of Public Convenience and Necessity.

### **Chief Executive Officer's Report**

Mr. Mooney presented the CEO report.

Mr. Mooney reviewed several items from his report.

Texas-based Brazos Electric Power Cooperative announced it filed for Chapter 11 Bankruptcy protection. Brazos is a wholesale power supplier that serves 16 distribution cooperatives. Brazos' outstanding debt is about \$2 billion.

The National Rural Utilities Cooperative Finance Corporation appointed Jay Andrew Don to replace Sheldon Peterson as Chief Executive Officer, effective May 3, 2021.

Mr. Mooney and the Board discussed the upcoming annual meeting.

Mr. Mooney reported that the incoming CEO, Jeff Baudier, has resumed discussions with Bluebird Branding regarding the rebranding process, which was put on hold last year due to COVID-19. Discussion followed.

Mr. Mooney reported that the Association's insurance policies were renewed for the year. He noted that the premium increased 10.4% from 2020 due to the new Bennett district office.

Mr. Mooney noted that the Association received nearly \$2 million in one day related to four major construction projects.

Mr. Mooney updated the Board on the customer matter discussed last month.

### **Approval of Write-Offs**

Upon motion by Mr. Anest, seconded by Mr. Kilgore, the Board unanimously approved December write-offs of \$60,586.

### **Proposed Resolution**

Mr. Mooney recommended the adoption of Resolution BR21-9, approving renewal of the Town of Elizabeth franchise agreement. Upon motion by Mr. Shea, seconded by Mr. Kilgore, the Board unanimously adopted the following resolution:

#### **BOARD RESOLUTION BR21-9**

Whereas, The Intermountain Rural Electric Association (the "Association") has been granted a franchise by the Town of Elizabeth, Colorado (the "Town") to construct, maintain, and operate facilities within the Town for the purpose of distributing electric energy, which franchise will expire on May 31, 2021; and

Whereas, the Association and the Town have negotiated a twenty-year extension of the Association's franchise in substantially the same form as the existing franchise agreement; and

Whereas, the Town has published notice of the ordinance approving the Association's franchise as required by Colorado law; and

Whereas, the proposed franchise ordinance was approved by the Board of Trustees for the Town on first reading on February 23, 2021 and on second reading on March 9, 2021, and has been designated by the Town as Ordinance No. 21-03; and

Whereas, the Board has been provided a copy of the Town's Ordinance No. 21-03 as Board Document BD21-4; and

Whereas, the Chief Executive Officer has discussed the terms of the franchise ordinance with the Board and recommends that it be approved; and

Whereas, the Board of Directors has determined that such recommendation is in the best interests of the Association and its members;

Now, therefore, be it resolved by the Board of Directors that the terms of Ordinance No. 21-03, extending the Association's franchise with the Town of Elizabeth for a period of twenty (20) years, as presented to the Board in Board Document BD21-4, are hereby approved. The President of the Association is hereby authorized to execute, deliver and cause to be filed with the Clerk of the Town of Elizabeth the Association's acceptance of the terms of the franchise ordinance.

### **Proposed Resolution**

Mr. Mooney recommended the adoption of Resolution BR21-10, which identifies specific officers of the Association who are authorized to take action with respect to CoBank loans. Upon motion by Mr. Graf, seconded by Mr. Kempe, the Board unanimously adopted the following resolution:

#### **BOARD RESOLUTION BR21-10**

WHEREAS, The Intermountain Rural Electric Association ("Borrower" or "Company"), under its articles of incorporation, bylaws, or other organizational documents has full power and authority to borrow money and to secure the same with its own property; and

WHEREAS, the Borrower is a member of CoBank, ACB ("CoBank") and desires to maintain its membership in CoBank; and

WHEREAS, the Borrower has obtained from CoBank certain existing loans to finance capital expenditures which are outstanding as of the date of this Resolution ("Existing Obligations"); and

WHEREAS, the Borrower may obtain, with Board approval, future loans or other financial accommodations (including, without limitation, interest rate swaps, hedges, caps, collars or similar arrangements designed to protect against fluctuations in interest rates ("Hedging Transactions"), letters of credit, note purchase agreements and bankers acceptances) ("Future Obligations"); and

WHEREAS, CoBank has requested that the Borrower provide a resolution from the Board to verify the persons or positions with authority to execute certain documents and bind the Borrower with respect to the Existing Obligations and any Board-approved Future Obligations; and

WHEREAS, all prerequisite acts and proceedings preliminary to the adoption of this Resolution have been taken and done in due and proper form, time and manner;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of The Intermountain Rural Electric Association that the President, Vice President, Secretary-Treasurer, Assistant Secretary-Treasurer, Chief Executive Officer and Chief Financial Officer ("Officers") of the Borrower are, with respect to the Existing Obligations or any Future Obligations that are approved by the Board, jointly and severally authorized and empowered to: (1) to execute and deliver to CoBank or its nominee all such written loan agreements, documents and instruments as may be



required by CoBank in regard to or as evidence of the Existing Obligations or Future Obligations (including exhibits, amendments and/or supplements thereto); (2) to obligate the Borrower to pay such rate or rates of interest as the Officers so acting shall deem proper, and in connection therewith to purchase such interest rate risk management products as may be offered from time to time by CoBank; (3) to obligate the Borrower to such other terms and conditions as the Officers so acting shall deem proper, provided those terms are not materially different from the Board-approved terms; (4) to obligate the Company to make such investments in CoBank as required by CoBank; (5) to execute and deliver to CoBank or its nominee an application for any Future Obligations; (6) to pledge, grant a security interest or lien in, or assign property of the Company or property of others on which it is entitled to borrow, of any kind and in any amount as security for any or all Existing Obligations or Future Obligations of the Company to CoBank; (7) from time to time extend, amend, renew or refinance the Existing Obligations or any Future Obligations or the loan documents evidencing same, provided that there are no material changes from the Board-approved terms; (8) to reborrow from time to time all or any part of the amounts repaid to CoBank on an Existing Obligation or Future Obligation (whether for the same or a different purpose); (9) to execute and deliver to CoBank such agreements, addenda, documents or instruments as may be required by CoBank in the event that the Company elects to use CoBank's electronic banking system (the "System"); (10) to execute and deliver to CoBank any agreements, addenda, authorization forms and other documents or instruments as may be required by CoBank in the event that the Company elects to use any services or products related to the Existing Obligation or Future Obligation that are offered by CoBank now or in the future, including without limitation an automated clearing house (ACH) service; (11) to direct and delegate to designated employees of the Company the authority to direct, by written or telephonic instructions or electronically, if the Company has agreed to use the System for such purpose, the disposition of the proceeds of the Existing Obligations or any Future Obligations or any property of the Company at any time held by CoBank; and (12) to delegate to designated employees of the Company the authority to request by telephonic or written means or electronically, if the Company has agreed to use the System for such purpose, the Existing Obligation or Future Obligation, and in connection therewith, to fix rates and agree to pay fees. In the absence of any direction or delegation authorized in (11) or (12) above, all existing directions and/or delegations shall remain in full force and effect and shall be applicable to the Existing Obligations or Future Obligations.

RESOLVED FURTHER, that each of the Officers is hereby jointly and severally authorized to: (1) establish a Cash Investment Services Account at CoBank; (2) make such investments therein as any Officer shall deem proper; (3) direct by written or telephonic instructions or electronically, if the Company has agreed to use the System for such purposes, the disposition of the proceeds therein; (4) delegate to designated employees of the Company the authority set forth in (2) and (3) above;

and (5) execute and deliver all documents and agreements necessary to carry out this authority.

RESOLVED FURTHER, that each of the Officers is hereby jointly and severally authorized and directed to do and/or cause to be done, from time to time, all things which may be necessary and/or proper for the carrying out of the terms of this Resolution.

RESOLVED FURTHER, that all prior acts by the Officers or other employees or agents of the Company to accomplish the purpose of this Resolution are hereby approved and ratified.

RESOLVED FURTHER, that any Officer of the Company is hereby authorized and directed to cast the ballot of the Company in any and all proceedings in which the Company is entitled to vote for the selection of a member of CoBank's board of directors or for any other purpose.

RESOLVED FURTHER, that this Resolution shall supersede any prior resolutions regarding the subject matter herein, and shall remain in full force and effect until a certified copy of a duly adopted resolution effecting a revocation or amendment, as the case may be, shall have been received by CoBank. The authority hereby granted shall apply with equal force and effect to the successors in office of the Officers herein named.

RESOLVED FURTHER, That the Secretary-Treasurer or the Assistant Secretary-Treasurer of the Company is hereby authorized and directed to certify to CoBank a copy of this Resolution, the names and specimen signatures of the present Officers above referred to, and if and when any change is made in the personnel of any said Officers, the fact of such change and the name and specimen signatures of the new Officers. CoBank shall be entitled to rely on any such certification until a new certification is actually received by CoBank.

### **Executive Session**

Mr. White called for a motion to go into executive session for the purpose of discussing Comanche Unit 3, confidential business information, and personnel matters. Upon motion by Mr. Kempe, seconded by Mr. Sperry, the Board of Directors unanimously approved an executive session. Staff was excused, and the Board convened the executive session at 11:30 a.m. with Mr. Mooney, Mr. Baudier, and Mr. Johnson. Ms. Feuerstein attended the discussion on Comanche Unit 3.

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Following the executive session, the meeting was adjourned at 1:08 p.m. No formal action was taken during the executive session.

The next regular meeting will be held on April 22, 2021.