

**MEETING MINUTES
BOARD OF DIRECTORS
Regular Meeting
January 20, 2022**

A regular meeting of the Board of Directors (“Board”) of CORE Electric Cooperative (“CORE”) was called to order at CORE’s offices, located at 5496 N. U.S. Highway 85 in Sedalia, Colorado, at 9:30 a.m. on January 20, 2022.

The following Directors were present in person: Tim White, Jim Anest, Bob Graf, Ron Kilgore, Mike Sperry, Bruff Shea, and Mike Kempe. A quorum was deemed present. CEO Jeff Baudier and CORE staff also were present. President Tim White called the meeting to order and presided.

1. Agenda Approval

Mr. White proposed amendment to add new Item 5A, Approval of CREA Annual Meeting Delegate and Alternate. Upon motion by Mr. Graf, seconded by Mr. Anest, the Board unanimously approved the proposed agenda, amended as noted.

2. Public Comment

One Member addressed the Board to propose that CORE install new, higher poles through mountainous regions to support others’ installation of fiber optic cable to support rural areas.

3. Approval of Minutes of December 16, 2021, Regular Meeting

Upon motion by Mr. Shea, seconded by Mr. Kempe, the Board unanimously approved the minutes of the December 16, 2021, regular meeting, as presented.

4. Approval of Write-Offs

Upon motion by Mr. Kempe, seconded by Mr. Shea, the Board unanimously approved December write-offs in the amount of \$95,287.00.

5. Approval of 2022 NRECA Voting Delegate and Alternate

The National Rural Electric Cooperative Association (NRECA) has requested CORE to designate a voting delegate for its 2022 Annual Meeting. Currently, the NRECA voting and alternate delegates are Messrs. Shea and Graf, respectively. Mr. White explained that no formal action is necessary to appoint delegates if the delegates are to remain the same for 2022 as they were for 2021, but a motion to change the delegates would be necessary if the Board desires to change its delegates. There was consensus that Mr. Shea should remain CORE's voting delegate and Mr. Graf should remain the alternate delegate to NRECA; therefore, no vote was taken.

5A. Approval of CREA Annual Meeting Delegate and Alternate

CREA has requested CORE to designate a voting delegate for its 2022 Annual Meeting. Currently, the CREA voting and alternate delegates are Mr. White and Mr. Mooney, respectively. Upon motion by Mr. Kempe, seconded by Mr. Kilgore, the Board unanimously approved Mr. White as the 2022 voting delegate and Mr. Anest as the alternate delegate to CREA.

6. Approval of Resolutions

6.1 BR22-1: E Source Membership Renewal

Ms. Feuerstein answered questions regarding Board Resolution BR22-1, which authorizes CORE to enter into a New Agreement with E Source, a Boulder-based research and consulting firm offering advisory services. Upon motion by Mr. Shea, seconded by Mr. Kilgore, the Board unanimously adopted the following resolution:

BOARD RESOLUTION BR22-1

WHEREAS:

CORE Electric Cooperative ("CORE") entered into a membership agreement with E Source, a Boulder-based research and consulting firm offering advisory services in the fields of distributed energy resources (DER), technology assessment (TAS), demand-side management (DSM), communications and marketing in 2021, for the period February 1, 2021 through January 31, 2022 ("Existing Agreement");

The Existing Agreement allowed CORE access to a full library of publications and research, on-demand support, participation in leadership counsels and workgroups, access to an extensive proposals database and

engagement director services, among other things (“Services”);

CORE has determined that the services have been beneficial and recommends entry into a similar Agreement in 2022 for the period February 1, 2022 through January 31, 2023 (“New Agreement”);

CORE received a proposal for the New Agreement in the amount of \$145,094.00 that includes the existing membership package currently in place, plus Customer Experience Strategy Service benefits;

CORE’s staff have reviewed the proposed New Agreement and determined that continuing and expanding the resources and services provided by E Source would further benefit the business areas CORE seeks to develop and improve;

CORE’s staff have recommended that CORE enter into the New Agreement for one-year membership with E Source in 2022; and

The Board of Directors has determined that such recommendation is in the best interests of CORE and its members.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors authorizes CORE to enter into a one-year Membership Agreement with E Source at the cost of One Hundred Forty-five Thousand and Ninety-four Dollars (\$145,094) and authorizes the Chief Executive Officer or his designee to execute such contracts as may be necessary in connection therewith.

7. Audit Committee Report

Mr. Graf presented the Audit Committee Report. Mr. Graf reported that the Audit Committee held its regular quarterly meeting on January 19, 2022. Present and constituting a quorum were directors and committee members Jim Anest, Bob Graf, and Bruff Shea. Also present were Jeff Baudier, Chief Executive Officer; Dede Jones, Chief Financial Officer; and Joan Beckner, Chief Legal Officer.

The Committee discussed the new audit team from Moss Adams. The Internal Auditor position remains open, and staff anticipates that the position will be filled within the coming months.

The Committee also discussed the Quarterly Compliance Memorandum to the Board. Mr. Graf requested that the Memorandum, prepared by CORE's CFO, Ms. Jones, be incorporated into these meeting minutes. Accordingly, the Memorandum is attached.

8. Special Presentation: Employee Total Rewards and Performance Management Program

Ms. Solano presented the Total Rewards and Performance Management Program. Discussion ensued. The Compensation Project will kick off in early 2022 and will focus on development of a base pay structure and job architecture, as well as provide consistency, compliance, and offer flexibility with pay decisions.

9. Quarterly Staff Presentations

9.1 Finance

Ms. Jones reviewed with the Board CORE's preliminary quarterly financial results, the 2022 forecast, and gave a status update on goals. In December 2021, kWh sales were down 1.4% from the previous year, resulting from mild weather, but up about 3.2% on a year-to-date basis from 2020. Discussion followed.

9.2 Operations and Engineering

Ms. Feuerstein updated the Board on CORE's power supply for 2021.

Capacity factors were reported as follows:

- Comanche Unit 3: CORE capacity factor was 74.2%.
- Victory Solar: capacity factor was 26.1%.
- Pioneer Solar: capacity factor was 23.9%.

Small generation interconnection workload continues to grow, with 4,868 net meters set to date.

For December 2021, system peak billing demand was 417 MW, and system energy was 225,732 MWh.

There were 4,207 net meters set by the end of 2021, compared to 3,770 in 2021. Applications for service were up 26% from 2020, with 290 net meter applications in December and 4,880 net meter applications year to date. Meters set were up 11.5% from 2020, with 309 net meters set in December and 4,207 net meters set year to date.

Ms. Feuerstein reviewed EIA reliability data for Colorado, noting that CORE's reliability is one of the best among Colorado utilities. CORE exceeded its reliability goals for 2021 by large margins.

There were 377 unplanned outages affecting 80,180 members for 353,176-member outage hours in the fourth quarter of 2021. Ms. Feuerstein noted there were two Major Event Days (MEDs) in December (12/15 and 12/30), both due to windstorms, that accounted for 37% of the total number of outages, and 316,951-member outage hours, or 90% of the total outage hours for the fourth quarter. CORE's fire safety settings were enabled during both high wind events.

Without the MEDs in December, there were 239 unplanned outages, affecting 16,358 members for 36,239-member outage hours in the fourth quarter. The largest category of outages was "Public" (motor vehicle accidents, digging into cable, cutting trees into our lines, etc.), resulting in 74 outages affecting 1,709 members for 2,445 outage hours.

Ms. Feuerstein gave an update on the 2021 Construction budget stating the total spend was \$5,591,187 under the revised budget total.

Ms. Feuerstein reviewed year-end vegetation management data and noted that the cycle is on track. Discussion ensued.

9.3 Corporate Services

Ms. Solano presented the Corporate Services report discussing the National Information Solutions Cooperative (NISC) Implementation project, Information Technology, Human Resources, and Fleet and Facilities departments.

Ms. Solano updated the Board regarding the NISC Implementation project, noting that Finance and Technology would go live on January 31, 2022, and Billing and Operations were on track to go live on April 4, 2022.

Information Technology contributions to 2021 Goals and Objectives included continued support for the NISC Implementation project as well as the Cyber Security Awareness Training rollout. In December, CORE had about 350,000 emails, with 12,000 emails that were blocked by the system. CORE's percentage of clicks on phishing emails remains below the industry benchmark.

CORE currently has 259 total employees. In 2021, CORE had 71 new hires and 34 separations. Nearly three-quarters (72%) of eligible employees have participated in CORE's Wellness Reimbursement benefit.

Ms. Solano discussed Fleet and Facilities Fourth Quarter results. Discussion followed.

9.4 Community Relations

Ms. Leshner presented the Community Relations report. Ms. Leshner reported that revenue was up 3.2% and 2,018,276 payments were processed in 2021, with 83% being electronic payments. There is a continued push to alert customers about free electronic payment options. In 2021 payment arrangements decreased 34% from 2020. The call service level for December was approximately 80%. In 2021 there was a 3% increase in calls and a 1.5% increase in e-contacts from 2020.

10. CREA Report

Mr. White did not give a CREA report this month.

11. Strategic Retreat Discussion

Mr. Baudier discussed holding a strategic retreat session for the Board and executive staff. Discussion ensued.

12. Director Updates

There were no Director updates.

13. Executive Session: Confidential Legal Matters

Mr. White called for an executive session to discuss Confidential Legal Matters. Upon motion by Mr. Graf, seconded by Mr. Kilgore, the Board of Directors unanimously approved an executive session.

There being no further business to discuss, Mr. White adjourned the meeting. The next regular meeting will be held on February 17, 2022.

TO: Board Audit Committee
FROM: Dierdre P. Jones, CFO

DATE: January 19, 2022

SUBJECT: Audit Committee (AC) Oversight Report to the Board of Directors for the Quarter October 1, 2021 through December 31, 2021.

With respect to Board Policy No. 102 Section III. A. and the AC's responsibility to report to the Board of Directors (BODs), I report the following:

1) Internal Audit Activities

Internal audit activities are directly supervised by the CFO. The internal auditor position remains vacant. The position will be posted in Q1 2022, after yearend close and conversion to NISC in January. The AC will be engaged in the hiring process.

2) Accounting and Financial Reporting Process

CORE Electric Cooperative ("CORE") follows generally accepted accounting principles in recording and reporting its accounting information. CORE accounts follow the industry standard Rural Utilities Service Uniform System of Accounts – Electric as published in 7 CFR Part 1767. Financial reports are prepared monthly following a well-defined, documented and systematic accounting close and review process.

3) Internal Control Structure

Internal controls, as maintained by management and documented in the cooperative's policies and procedures, are in place to: safeguard assets, ensure the reliability and integrity of financial information, ensure compliance with laws and regulations; promote efficient and effective operations, and accomplish CORE goals and objectives.

4) Financial Statements

In my opinion, the financial statements for the quarter and year to date present fairly, in all material* respects, the financial position, results of operations and cash flow of the cooperative.

The year end 2021 financial statements are identified as PRELIMINARY and will be considered as such until adjusted to record the actuarial value of the union defined benefit pension and the post-retirement benefit obligations. Revised

Form 7 and final audited financial statements will be provided to the AC and the Board of Directors at the April meetings.

5) Compliance with Legal and Regulatory Requirements

CORE is in substantial compliance with the reporting requirements of all federal, state, and local authorities related to taxes, payroll and insurance. In addition, the Cooperative is in substantial compliance with the covenants contained in our loan and credit agreements with CFC and CoBank.

6) Retention and performance of Independent External Auditor

Moss Adams has conducted preliminary work in connection with the audit of CORE's financial statements for the year ended December 31, 2021. Their work primarily consisted of evaluation and testing of controls. Final fieldwork is planned on-site the week of March 14th. Audits of the union pension and 401k savings plans will begin in Q2 2022 with issuance of these audit reports expected in July 2022.

7) Special Investigations and Whistleblower Policies

There are no special investigations or whistleblower activities to report. Access to Red Flag reporting has been given to the Chief Administrative Officer, Kathleen Solano, and General Counsel, Joan Beckner. There has been no change to the protocol that the CEO will be notified of any whistleblower activity that doesn't involve him. Once hired, the internal auditor will also be granted access.

8) Miscellaneous Issues Related to the Financial Practices of the Association

Physical inventory counts were conducted in December by Finance staff resulting in a write-off of \$12,647, or 0.06% on total inventory of \$20,373,034.

Comanche 3 experience unplanned forced outages in December of 14 days. Replacement power and outage maintenance costs of \$955,089 were deferred to 2022. The balance of the regulatory asset at December 31, 2021 is \$10,821,319.

A liability of \$731,233 has been recorded at yearend for the amount due to non-union retirees who elected to a take lump-sum distribution from the defined benefit pension plan.