

**MEETING MINUTES
BOARD OF DIRECTORS
Regular Meeting
April 28, 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 April 28, 2022.

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

Agenda Approval

Mr. White requested to amend the agenda, moving a portion of Executive Session before Item 2, Public Comment. Upon motion by Mr. Anest, seconded by Mr. Shea, the Board of Directors unanimously approved the agenda, amended as noted.

Executive Session

Mr. White called for an executive session to discuss a confidential matter. Upon motion by Mr. Graf, seconded by Mr. Kilgore, and carried unanimously, the Board of Directors approved an executive session.

The Board reconvened in open session. No formal action was taken in the executive session.

Public Comment

A member of the Cooperative attended the Board meeting to address the Board with a concern related to the placement of a transformer box in an easement adjacent to her property.

Approval of Minutes of March 17, 2022, Regular Meeting

Upon motion by Mr. Shea, seconded by Mr. Sperry, the Board of Directors unanimously approved the minutes of the March 17, 2022, regular meeting, as presented.

Audit Committee Report

Mr. Graf presented the Audit Committee Report. Mr. Graf reported that the Audit Committee held its regular quarterly meeting on April 27, 2022. Directors and committee members Jim Anest, Bob Graf, and Bruff Shea were present and constituted a quorum. Also present were Jeff Baudier, Chief Executive Officer; Dede Jones, Chief Financial Officer; Karen Sauls, Committee Secretary; and Julie Desimone from Moss Adams, the Cooperative's independent auditors.

The Committee met with Julie Desimone, who reviewed the draft audited financial statements prepared by Moss Adams. Ms. Desimone and the committee had an extensive discussion regarding the proposed reports. The committee recommended that the Board of Directors approve the audited financial statements as presented.

The Internal Auditor position remains open, and staff is working diligently on filling the position.

The committee received and reviewed the quarterly compliance memo from the Cooperative's Chief Financial Officer, Dede Jones, which confirmed that applicable accounting policies and internal control measures were adequate for required compliance with existing loan covenants and financial reporting. Mr. Graf commended Ms. Jones and her staff for their continued efforts during staffing transitions, the NISC conversion, and the independent auditor site visit.

There was nothing to report under the special investigation or whistleblower policies.

There was discussion regarding the Securian dispute, to which Mr. Graf requested to defer the update to the Board in executive session.

Mr. Graf requested that the quarterly compliance memorandum to the Board be incorporated into the minutes of the meeting.

Acceptance of Financial Statements

Upon motion by Mr. Kilgore, seconded by Mr. Kempe, the Board of Directors unanimously accepted the draft audit reports, amended as presented.

Audit Committee: Moss Adams Presentation

Julie Desimone, an auditor for Moss Adams, presented to the Board the financial statement audit results for the year ended December 31, 2021. She reviewed the audit process and advised the Board that no material weaknesses, significant deficiencies, or noncompliance with laws or regulations were found. The audit team received full and timely cooperation from management and staff. Directors asked questions regarding the audit reports and received answers from Ms. Desimone.

Approval of Resolution BR22-9: Citadel Substation T2 Transformer Purchase

Mr. Graf requested to remove the phrase “the lowest responsive bidder” from the resolution. Mr. Kilgore and Mr. Kempe asked for additional information. Upon motion by Mr. Anest, seconded by Mr. Shea, the Board of Directors unanimously adopted the following resolution, amended as noted:

BOARD RESOLUTION BR22-9

WHEREAS,

CORE Electric Cooperative (“CORE”) has the need for one three-phase 115-12.47 kV, 30/40/50 MVA transformer for the Citadel Substation;

CORE solicited, received, evaluated a proposal from Prolec-GE Waukesha, Inc. for the transformer, and compared to the 2020 bids received for Franktown and the 2021 bid received for Citadel T1;

The bid submitted by Prolec-GE Waukesha, Inc. in the amount of one million, one hundred ninety two thousand, five hundred fifty one dollars and thirty six cents (\$1,192,551.36) is less than the other bids;

CORE’s engineering staff has reviewed the proposals and recommends that CORE award an Equipment Contract (CORE Form 198) to Prolec-GE Waukesha, Inc., for the purchase, shipping, assembly and on-site testing of the transformer:

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

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors authorizes CORE to award an Equipment Contract (CORE Form 198) to Prolec-GE Waukesha, Inc. for the

purchase, shipping, assembly and on-site testing of the transformer in the amount of one million, one hundred ninety two thousand, five hundred fifty one dollars and thirty six cents (\$1,192,551.36) and such additional amounts not-to-exceed fifteen percent (15%), if any, as may be reasonably necessary to facilitate such purchase, installation and testing.

**Approval of Resolution BR22-10:
Parker Station Substation T1 & T2 Transformer Purchase**

Mr. Graf requested to remove the phrase “the lowest responsive bidder” from the resolution. Upon motion by Mr. Shea, seconded by Mr. Kempe, the Board of Directors unanimously adopted the following resolution, amended as noted:

BOARD RESOLUTION BR22-10

WHEREAS,

CORE Electric Cooperative (“CORE”) has the need for two three-phase 115-12.47 kV, 30/40/50 MVA transformers for the Parker Substation;

CORE solicited, received, evaluated a proposal from Prolec-GE Waukesha, Inc. for the transformers, and compared to the 2020 bids received for Franktown and the 2021 bid received for Citadel T1;

The bid submitted by Prolec-GE Waukesha, Inc. in the amount of two million, three hundred sixty two thousand, one hundred sixty nine dollars and four cents (\$2,362,169.04) is less than the other bids;

CORE’s engineering staff has reviewed the proposals and recommends that CORE award an Equipment Contract (CORE Form 198) to Prolec-GE Waukesha, Inc., for the purchase, shipping, assembly and on-site testing of the transformers:

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

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors authorizes CORE to award an Equipment Contract (CORE Form 198) to Prolec-GE Waukesha, Inc. for the purchase, shipping, assembly and on-site testing of the transformers in the amount of two million, three hundred sixty two thousand, one hundred sixty nine dollars and four cents

(\$2,362,169.04) and such additional amounts not-to-exceed fifteen percent (15%), if any, as may be reasonably necessary to facilitate such purchase, installation and testing.

**Approval of Resolution BR22-11:
Spring Valley Substation T1 Transformer Purchase**

Mr. Graf requested to remove the phrase “the lowest responsive bidder” from the resolution. Upon motion by Mr. Kempe, seconded by Mr. Shea, the Board of Directors unanimously adopted the following resolution, amended as noted:

BOARD RESOLUTION BR22-11

WHEREAS,

CORE Electric Cooperative (“CORE”) has the need for one three-phase 115-12.47 kV, 30/40/50 MVA transformer for the Spring Valley Substation;

CORE solicited, received, evaluated a proposal from Prolec-GE Waukesha, Inc. for the transformer, and compared to the 2020 bids received for Franktown and the 2021 bid received for Citadel T1;

The bid submitted by Prolec-GE Waukesha, Inc. in the amount of one million, two hundred four thousand, eighteen dollars and twenty cents (\$1,204,018.20) is less than the other bids;

CORE’s engineering staff has reviewed the proposals and recommends that CORE award an Equipment Contract (CORE Form 198) to Prolec-GE Waukesha, Inc., for the purchase, shipping, assembly and on-site testing of the transformer:

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

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors authorizes CORE to award an Equipment Contract (CORE Form 198) to Prolec-GE Waukesha, Inc. for the purchase, shipping, assembly and on-site testing of the transformer in the amount of one million, two hundred four thousand, eighteen dollars and twenty cents (\$1,204,018.20)

and such additional amounts not-to-exceed fifteen percent (15%), if any, as may be reasonably necessary to facilitate such purchase, installation and testing.

**Approval of Resolution BR22-12:
Deer Trail Substation T1 Transformer Purchase**

Mr. Graf requested to remove the phrase “the lowest responsive bidder” from the resolution. Upon motion by Mr. Kempe, seconded by Mr. Sperry, the Board of Directors unanimously adopted the following resolution, amended as noted:

BOARD RESOLUTION BR22-12

WHEREAS,

CORE Electric Cooperative (“CORE”) has the need for one three-phase 115-12.47 kV, 15/20/25 MVA transformer for the Deer Trail Substation;

CORE solicited, received, evaluated a proposal from Prolec-GE Waukesha, Inc. for the transformer, and compared to the 2020 bids received for Franktown and the 2021 bid received for Citadel T1;

The bid submitted by Prolec-GE Waukesha, Inc. in the amount of one million, sixty five thousand, nine hundred seventy nine dollars and twenty cents (\$1,065,979.20) is less than the other bids;

CORE’s engineering staff has reviewed the proposals and recommends that CORE award an Equipment Contract (CORE Form 198) to Prolec-GE Waukesha, Inc., for the purchase, shipping, assembly and on-site testing of the transformer:

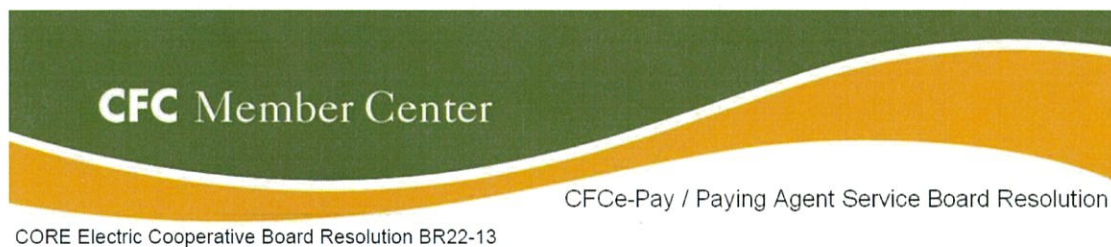
The Board of Directors has determined that such recommendation is in the best interest of CORE and its members;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors authorizes CORE to award an Equipment Contract (CORE Form 198) to Prolec-GE Waukesha, Inc. for the purchase, shipping, assembly and on-site testing of the transformer in the amount of one million, sixty five thousand, nine hundred seventy nine dollars and twenty cents (\$1,065,979.20) and such additional amounts not-to-exceed fifteen percent (15%), if any, as may be reasonably necessary to facilitate such purchase, installation and testing.

**Approval of Resolution BR22-13:
CFC Paying Agent and Authorized Personnel**

Mr. Kempe asked for more information regarding the resolution. Upon motion by Mr. Anest, seconded by Mr. Kempe, the Board of Directors unanimously adopted the following resolution:

BOARD RESOLUTION BR22-13



I James T. Anest, do hereby certify that: I am the Secretary of CORE Electric Cooperative (herein called the "Organization").

The following is a true and correct copy of resolutions passed at a meeting of the governing Board of the Organization held on April 28, 2022, at which a quorum was present and acting throughout; said resolutions were duly adopted thereat and are exactly as they appear in the minutes book of the Organization; the meeting was duly and regularly called in accordance with the articles of incorporation and bylaws of the Organization; and said resolutions have not been modified or rescinded and are in full force and effect:

"WHEREAS, the Organization desires that National Rural Utilities Cooperative Finance Corporation ("CFC") act as its paying agent in certain transactions in which the Organization is obligated to make payments to others; and

WHEREAS, the Organization, in providing the funds with which CFC may make such payments on the Organization's behalf, desires to use those funds due the Organization as a result of the maturity of the Organization's investment in CFC Commercial Paper and/or advances on a Line of Credit now or hereafter established with CFC, or such other funds on deposit with CFC as shall be deemed eligible by CFC from time-to-time to be utilized to make such payments (the last category of funds being referred to herein as "Other Authorized Funds");

NOW, THEREFORE, the following resolutions are hereby adopted:

RESOLVED, that the persons listed on Exhibit 1 hereto (the "Authorized Personnel") are each individually authorized hereby to direct CFC to make payments on behalf of the Organization to the creditors or accounts listed on Exhibit 2 hereto (the "Authorized Accounts");

RESOLVED, that the Chief Executive and Chief Financial Officers (title of authorized officer(s)) is/are hereby authorized on behalf of the Organization to amend the list of Authorized Personnel by notifying CFC in writing of the name and position of any such Authorized Personnel being added or deleted from Exhibit 1;

RESOLVED, that the Authorized Personnel are each individually hereby authorized, on behalf of the Organization (i) to add or delete Authorized Accounts by providing written notice to CFC, or (ii) when necessary, to provide CFC with revised account information for the Authorized Accounts;

RESOLVED, that CFC is hereby authorized and directed to make payments to Authorized Accounts on behalf of the Organization as directed by any of the Authorized Personnel;


RESOLVED, that CFC is hereby authorized and directed to use funds from any or all of the following sources, as indicated by the Authorized Personnel in order to make said payments:

- proceeds of maturing CFC Commercial Paper purchased by the Organization;
- advances on a Line of Credit, now or hereafter established with CFC;
- Other Authorized Funds;

RESOLVED, that CFC shall be entitled to rely upon the directions and instructions given by any of the Authorized Personnel, or by the authorized officer(s) named above, without further inquiry and without any further action by this Board;

RESOLVED, that this resolution shall remain in full force effect until CFC is provided with a written copy of resolutions rescinding or modifying these resolutions, certified by the Secretary of the Organization; and

RESOLVED, that the Secretary is hereby authorized and directed to furnish a certified copy of this resolution to CFC."

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Organization this 28th day of April, 2022 

(SEAL)

Approval to Move September Board Meeting Date

Upon motion by Mr. Anest, seconded by Mr. Kempe, the Board of Directors unanimously approved moving the September 15, 2022, board meeting to September 22, 2022.

Mr. White presented Director Mike Sperry with a Certificate of Completion for the NRECA CCD Program (Credentialed Cooperative Director).

Quarterly Staff Reports:

Finance

Ms. Jones reviewed with the Board CORE's first quarter financial results. In March, kWh sales were down 0.1% from the previous year, resulting from mild weather. Year-to-date, the margin is on budget. Ms. Jones also reviewed the Cooperative's long-term debt portfolio, 5-year statistics, and insurance coverages. Discussion followed.

Operations and Engineering

Ms. Feuerstein reviewed first quarter operations and engineering results.

Capacity factors were reported as follows:

- Comanche Unit 3: Currently offline
- Victory Solar: capacity factor was 25.41%.
- Pioneer Solar: capacity factor was 29.07%.

Small generation interconnection workload continues to grow. To date, 5,130 net meters were set. Ms. Feuerstein noted that no net meters were set in March due to the system conversion, and staff is getting caught up. To date, the Cooperative is approaching 30 MW of net-metered solar.

For March 2022, system peak demand was 430 MW, higher than the prior five years, and system energy was 216,747 MWh, up mainly due to growth.

Services in process remain extremely high, and turn-around times are going very well, even with the NISC conversion. Growth continues, and the amount of work is not slowing down.

Ms. Feuerstein updated the Board on the 2022 construction budget stating the first quarter was slow, but construction work will be ramping up.

Ms. Feuerstein reviewed outages that occurred in the first quarter. She also discussed the Cooperative's system fire settings and system maintenance programs. Discussion followed.

Ms. Feuerstein discussed supply chain issues with the Board. Discussion followed.

Ms. Feuerstein updated the Board on a customer concern. Discussion followed.

Corporate Services

Ms. Solano was absent and excused. Members of her staff presented the Corporate Services report.

Marcy Hudson, Human Resources Director, reviewed personnel metrics for the first quarter and discussed CORE's new employee recognition program. Discussion followed.

Jeremy Cannon, IT Director, discussed the Cooperative's Information Technology metrics, projects, cybersecurity measures, and network risk assessments for the first quarter. Discussion followed.

John Zenyuh, Corporate Services / Project Director, reviewed Fleet and Facility metrics for the first quarter. He also gave updates on the NISC implementation project and the Conifer and Woodland Park district offices projects. Discussion followed.

Mr. Baudier reported that Cindy Newsome, Strategic Planning and Communications Director, was out of the office. He updated the Board on department structure, endeavors, and projects.

Member Experience

Ms. Leshar introduced the newest member to her team, Rob Osborn, Director of Business Development.

Ms. Leshar reviewed payments and delinquent analytics, call center statistics, member contacts, and outreach. She discussed changes regarding payments since implementing NISC. Cash payments may increase slightly because the new system has more pay locations that accept cash. Member Service Reps will no longer take payments over the phone due to PCI compliance; however, customers will still be able to make payments

via the automated phone system. Pay arrangements were discontinued in March to move to payment extensions within NISC. It is expected that extensions will be more effective than payment arrangements because it allows payments in smaller amounts and in shorter timeframes.

Rob Osborn, Director of Business Development, summarized his background to the Board, noting that he has worked in the utility industry for about 16 years; and for 11 years prior, he was a practicing attorney.

Mr. Osborn gave an overview of business development and structure and reviewed goals and priorities, economic development reporting metrics, and electric vehicles and innovation. Discussion followed.

Mr. White called for a break.

CEO Report

Mr. Baudier discussed the electric industry business model of the past 100 years and what changes need to occur for the Cooperative's future. He also reviewed the Cooperative's goals regarding economic development, future service offerings, reliability obligations, and power supply. Discussion followed.

Membership Presentation

Mr. Baudier presented to the Board regarding the Cooperative's current memberships. Discussion ensued. Upon motion by Mr. Graf, seconded by Mr. Kempe, the Board of Directors unanimously approved to withdraw membership from the Colorado Rural Electric Cooperative (CREA) and the National Rural Electric Cooperative Association (NRECA).

CREA Report

Mr. White presented the CREA report. Mr. White reported the bulk of the March 2022 CREA meeting was legislative. He did not have any legislative updates.

Director Updates

There were no Director updates.

Executive Session: Confidential HR and Legal Matters

Mr. White called for an executive session to discuss Confidential HR and Legal Matters. Upon motion by Mr. Anest, seconded by Mr. Graf, and carried unanimously, the Board of Directors approved an executive session. The Board convened in executive session with Mr. Baudier, Ms. Feuerstein, Dede Jones, and Perry Glantz, legal counsel.

The Board reconvened in open session. Upon motion by Mr. Graf, seconded by Mr. Kempe, and carried unanimously, the Board of Directors authorized Perry Glantz, the Cooperative's legal counsel, to proceed with certain confidential actions regarding the Xcel dispute related to Comanche Unit 3.

The Board reconvened the executive session.

There being no further business to discuss, President Tim White adjourned the meeting.

The next regular meeting will be held on May 19, 2022.

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

DATE: April 27, 2022

SUBJECT: Audit Committee (AC) Oversight Report to the Board of Directors for the Quarter January 1, 2022 through March 31, 2022.

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 is posted. 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.

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 their work in connection with the audit of CORE's financial statements for the year ended December 31, 2021. 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. 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

Comanche 3's unplanned forced outage began January 28, 2022 and is expected to remain offline until mid-June 2022. Over \$13 million of replacement power and outage maintenance costs related to this transmission breaker outage are expected. We will use the regulatory balancing mechanism to expense these costs over a three-year period from 2022 through 2024.

The liability of \$731,233 recorded at yearend 2021 for the amount due to non-union retirees who elected to a take lump-sum distribution from the defined benefit pension plan will be updated through April 30, 2022. USI is preparing the analysis to record an additional amount, if determined it is needed, based on 2022 lump-sum distributions taken.

Dierdre P. Jones, Chief Financial Officer