

MEETING MINUTES
Board of Directors - Regular Meeting
5496 N. U.S. Highway 85
Sedalia, Colorado
January 25, 2024

Call to Order

President Tim White called a regular meeting of the Board of Directors ("the Board") of CORE Electric Cooperative ("CORE") at 9:31 a.m. on January 25, 2024

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

Agenda Approval

Upon motion by Mr. Anest, seconded by Mr. Kilgore, the Board of Directors unanimously approved the agenda as presented.

Public Comment

One member attended the meeting and addressed the Board.

Approval of Minutes of December 21, 2023, Regular Meeting

Upon motion by Mr. Shea, seconded by Mr. Sperry, the Board of Directors unanimously approved the December 21, 2023, meeting minutes, as presented. Mr. Graf abstained.

Approval of Write-Offs

Mr. Kempe requested information regarding a certain write-off. Upon motion by Mr. Shea, seconded by Mr. Kilgore, the Board unanimously approved December write-offs for \$79,442.

Audit Committee Report

Mr. Graf presented the Audit Committee Report. Mr. Graf reported that the Audit Committee held its regular quarterly meeting on January 24, 2024. Directors and committee members Jim Anest, Bob Graf, and Ron Kilgore were present and constituted a quorum. Also present were Jeff Baudier, Chief Executive Officer; Dede Jones, Chief Financial Officer; Amanda Hall, Director of Enterprise Risk Management; Wade Pynes, Controller; Perry Glantz, legal counsel; and Karen Sauls, acting Committee Secretary.

Mr. Graf stated that CORE's insurance policies are in renewal and that increased costs have been budgeted.

The Audit Committee reviewed the results from the December 2023 physical inventory count. There is about \$28-\$30 million of inventory, and the adjustments from the last physical inventory count were \$39,000, a quarter of 1%.

There was an extensive discussion regarding charge-offs in the miscellaneous receivable category, primarily on contractor receivables. Management is very aware of the issue and is spending a great deal of time formulating a procedure to resolve the problem. Discussion followed.

Mr. Graf updated the Board on the review of the 100 series of board policies. The Audit Committee completed its review of the remaining policies in August, and they are now under review by other parties. Yesterday, the Audit Committee approved edits to Board Policy 112 Management Contingency, which will be on the February Board meeting agenda for vote.

The Compensation Committee is working on Board Policy 107 Chief Executive Officer Evaluation and believes it will be ready to present at the February Board meeting.

Mr. Graf noted that Mr. Baudier would like an outside firm to review Board Policy 100 Compensation of Directors and provide an analysis of board benefits, etc. Staff hopes to present proposed amendments at the June Board meeting.

As discussed at the December Board meeting, the year-end financial documents will be presented at the February Board meeting. Mr. Kempe suggested moving the January Board meetings to the 3rd Thursday and the February Board meetings to the 4th Thursday to accommodate year-end closing timelines. Discussion followed.

The Internal Auditor position is not filled. Amanda Hall is working with a third-party consulting company to fill the position.

The Audit Committee discussed a confidential matter, which will be discussed in today's executive session.

The Committee received and reviewed the quarterly compliance memo from the Cooperative's Chief Financial Officer, Dede Jones. The Cooperative's financials continue to comply with applicable tax reporting, and lender covenants and internal controls are in place to ensure material irregularities do not occur.

Approval of Resolution BR24-1: Spring Valley 115kV Transmission Line Poles

Upon motion by Mr. Shea, seconded by Mr. Kempe, the Board of Directors unanimously approved the following resolution:

BOARD RESOLUTION BR24-1

WHEREAS,

CORE Electric Cooperative ("CORE") intends to construct the Spring Valley 115kV Transmission Line to support load growth in Elbert County near Spring Valley Ranch; and

CORE solicited and received proposals for steel poles for the Spring Valley 115kV Transmission Line on December 22, 2023, from three (3) prequalified suppliers: Valmont Structures; Sabre Industries; and Meyer Utility Structures; and

CORE's engineering staff and outside consultant have reviewed the technical requirements, schedules, and pricing of all proposals received; and

The proposal selected was submitted by Valmont Structures in the amount of Two Million, Two Hundred Eighteen Thousand, Three Hundred Ninety-Seven Dollars and Zero Cents (\$2,218,397.00); and

CORE's engineering staff recommends an equipment contract be awarded to Valmont Structures for the Spring Valley 115kV Transmission Line steel poles; 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 award Valmont Structures a contract in the amount of Two Million, Two Hundred Eighteen Thousand, Three Hundred Ninety-Seven Dollars and Zero Cents (\$2,218,397.00), and such additional amounts not to exceed fifteen percent (15%), if any, as may be reasonably necessary to supply the steel poles for the Spring Valley 115kV Transmission Line consistent with such contract, and authorizes the Chief Executive Officer or his designee to execute such contracts as may be necessary in connection therewith.

Approval of Resolution BR24-2: Eminent Domain

Ms. Feuerstein updated the Board on the progress of the 2021 Elbert County System Improvement Project and reviewed the next steps to obtain the required easements. Following discussion and upon motion by Mr. Kempe, seconded by Mr. Sperry, the Board of Directors unanimously approved the following resolution:

BOARD RESOLUTION BR24-2

WHEREAS,

CORE is obligated to provide electric energy to its members within its service territory and is authorized to construct public improvements for that purpose, including a new 115kV transmission line approximately 5½ miles in length to connect the existing Eastern Reliability Upgrade with the future Outback and Spring Valley Substations in Elbert County ("Elbert County System Improvement Project"); and

The Elbert County System Improvement Project will be included in a looped electric system and will provide power for the future estimated 8,000 homes in the areas near future substations; and

CORE anticipates Elbert County will approve the Elbert County System Improvement Project on or around February 28, 2024; and

It is necessary for CORE to acquire fee interests for the future substations, as well as permanent and temporary easements of various dimensions over properties within the Elbert County System Improvement Project area with terms sufficient for the construction and continued operation, maintenance, inspection, repair, alteration, and replacement of electric transmission and distribution facilities together with rights of ingress and egress, vegetation management, and other rights necessary for the full and complete use of such easements (collectively, the "Property Interests"); and

The Board adopted Board Resolution BR19-11 on April 18, 2019, authorizing CORE staff with specific job titles to negotiate and execute real estate contracts, permits, licenses, railroad crossing agreements, and other documents of a similar nature relating to the acquisition of property, easements, and rights-of-way on behalf of CORE; and

CORE, through its staff, has made good faith offers to acquire the Property Interests from the respective property owners; and

Pursuant to C.R.S. §§ 38-2-101, 38-4-103, and 38-5-105, CORE has the power to acquire the Property Interests through the exercise of eminent domain; and

To the extent CORE staff has not acquired the Property Interests by negotiation and purchase by the date of this Resolution, the Board authorizes CORE to acquire the Property Interests through the exercise of eminent domain pursuant to C.R.S. §§ 38-2-101, 38-4-103, and 38-5-105 and take all necessary legal measures, including condemnation and immediate possession, as may be required to timely construct CORE's facilities; and

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

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors finds and determines that it is necessary to the public health, safety, and welfare of its members for CORE to construct the Elbert County System Improvement Project and to acquire Property Interests in connection with the Project.

FURTHER BE IT RESOLVED that the Board of Directors authorizes CORE to take all legal measures and exercise its power of eminent domain to acquire and obtain immediate possession of the Property Interests.

FURTHER BE IT RESOLVED that individuals authorized to negotiate and execute real estate agreements pursuant to BR19-11 are authorized to determine and negotiate specific terms and conditions and modify the specific boundaries of the Property Interests in a manner consistent with this Resolution and existing permits as may be necessary in their discretion to facilitate acquisition of the Property Interests or completion of the Elbert County System Improvement Project.

Approval of Resolution BR24-3: US Highway 85 Land Purchase

Ms. Feuerstein reviewed the details of a proposed land purchase opportunity. Following discussion and upon motion by Mr. Kempe, seconded by Mr. Kilgore, the Board of Directors unanimously approved the following resolution:

BOARD RESOLUTION BR24-3

WHEREAS,

The Board adopted Board Resolution BR19-11 on April 18, 2019, authorizing CORE staff with specific job titles to negotiate and execute real estate contracts, permits, licenses, railroad crossing agreements, and other documents of a similar nature relating to the acquisition of property, easements, and rights-of-way on behalf of CORE; and

The CEO and CORE staff recommend purchase of real estate for the purpose of developing a new substation and battery storage project; and

The CEO and CORE staff recommend that CORE enter into a Contract to Buy and Sell Real Estate to purchase a seventy-six (76) acre parcel, located at 4351 N US Highway 85, Castle Rock, CO 80109, for a price not to exceed Four Million Dollars (\$4,000,000); and

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 hereby authorizes CORE's Chief Executive Officer to purchase the 76-acre parcel at 4351 N US Highway 85, Castle Rock, CO 80109, for a price not to exceed Four Million Dollars (\$4,000,000), and further to execute on behalf of CORE any documents necessary to effectuate such conveyance.

Director Updates

Mr. Shea reported attending the APPA Joint Action Conference and noted discussions on the materials backlogs utilities are experiencing. Discussion followed.

Mr. Baudier said he was invited to participate on a discussion panel regarding transmission backlog at the Western Power Players Conference. He also discussed some potential transmission projects.

Executive Session: Confidential Matters

Mr. White called for an executive session to discuss confidential matters. Upon motion by Mr. Graf, seconded by Mr. Kempe, and carried unanimously, the Board of Directors approved an executive session. The Board convened in executive session at 10:33 a.m. with Mr. Baudier, staff members, and Perry Glantz, legal counsel.

There being no further business to discuss, President Tim White adjourned the meeting. The next regular meeting will be held on February 15, 2024.