

TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.

Minutes of Regular Board Meeting

Westminster, Colorado - Headquarters Building

May 6, 2022

Chairman and President Tim Rabon called the meeting to order at 8:03 a.m. All directors were present for all or a portion of the Meeting except Phil Zochol (Panhandle) and Ralph Hilyard (Roosevelt). Also present for all or a portion of the Meeting were the following management personnel: Chief Executive Officer Duane Highley; Senior Vice President (Generation) Barry Ingold; Senior Vice President (Transmission) Joel Bladow; Senior Vice President (Energy Management) Brad Nebergall; Senior Vice President (Policy & Compliance/Chief Compliance Officer) Barbara Walz; Senior Vice President (CTO and Member Relations) Jennifer Goss; Senior Vice President (People and Culture/CHRO) Elda de la Pena and Chief Energy Innovations Officer Reg Rudolph. Also present were Jared Routh (High West); David Churchwell (K.C.); Kirsten Skeehan (La Plata) and Jason Bishop (Midwest). Also present were several Tri-State staff personnel, including Pam Schroeder who recorded these Minutes at the request of Secretary Julie Kilty.

INTRODUCTION OF GUESTS AND VISITORS

Mr. Rabon welcomed guests and visitors in attendance and especially welcomed Joe Hoskins, the new director on the Board from Continental Divide Electric Cooperative, Inc. He then requested all stand for the Pledge of Allegiance.

MEMBER/CONSUMER COMMENTS

None.

ACTION ON AGENDA

Mr. Rabon reported the Financial, Accounting and Human Resource System Capital Project Authorization Resolution listed under the consent agenda will be pulled and taken up at a future meeting. Mr. Rabon also reported there will be several items discussed in Executive Session, due to their confidential information or non-public financial projections, including: the Cyber Security Report, the 2022 Forecast Update, Action on Deferred Revenue, Action on Retaining Ernst & Young for Fiscal

Year 2022, San Miguel River Enhancement Project Update, Update on Rifle Generating Station and the Chief Executive Officer evaluation. Mr. Rabon asked if there were any changes or if any additional items needed to be removed from the Agenda, there were none.

Action: Upon motion and second, the Board unanimously adopted the Order of Business, as presented, with the changes referenced above.

#### CONSENT AGENDA

Mr. Rabon presented the Consent Agenda and noted as previously stated the Financial, Accounting and Human Resource System Capital Project Authorization Resolution was removed from the Consent Agenda. He asked if there were any changes or if any items needed to be pulled for further discussion. Mr. McCormick requested Policy #110 (Transmission Extension Policy), the Escalante Harding Farm Sale Authorization Resolution and the Escalante Wengert Farm Sale Authorization Resolution be pulled for further discussion.

Action: Upon motion and second, the Board unanimously approved the Consent Agenda, as presented, with the changes referenced above.

The Consent Agenda included:

a. April 6, 2022 Regular Board Meeting Minutes

b. Resolutions:

- Craig Station Ammonia and Urea Contract Authorization

RESOLVED, a master purchase agreement with The ESS Group, Inc. dba Colonial Chemical Company for ammonia and urea NOx reduction reagent in the total amount not-to-exceed \$10,350,000.00, plus applicable taxes, of which Tri-State's share is approximately \$6,417,000.00 is approved, and the Chief Executive Officer is hereby authorized to execute, subject to legal review, said master purchase agreement and related purchase orders.

- Burlington CO2 Fire Protection System Contract Authorization

RESOLVED, that a contract with Associated Fire Protection, Inc. to design, procure, install, and commission a new CO2 fire protection system at Burlington Generating Station, in an approximate amount of \$542,910.00, plus any applicable taxes, is approved, and the Chief Executive Officer is authorized to execute, subject to legal review, said contract.

- Limon and Knutson Hot Gas Path and Combustion Section Parts Reconditioning Contract Authorization

RESOLVED, that a contract with Power Systems Mfg., LLC to recondition the hot gas path and combustion parts from Knutson Generating Station, in an approximate amount of \$814,462.00, plus any applicable taxes, is approved, and the Chief Executive Officer is authorized to execute, subject to legal review, said contract.

- New Horizon Mine Kelly Property Sale Authorization

RESOLVED, that the sale of all or a portion of the West ¼ of the Northwest ¼ of Section 10, Township 46 North, Range 15 West of the New Mexico Principal Meridian, Nucla, Colorado, together with 30 shares of CCC Ditch irrigation water rights, in exchange for payment of fair market value or other reasonable value under the circumstances, is approved, and the Chief Executive Officer or Senior Vice President, Generation are authorized to execute, subject to legal review, any and all documents necessary to conclude the transaction.

- New Horizon Mine Stark Property Sale Authorization

RESOLVED, that the sale of 26432 Road 26.5, Nucla, Colorado, together with 2 shares of CCC Ditch irrigation water rights, in exchange for payment of fair market value or other reasonable value under the circumstances, is approved, and the Chief Executive Officer or Senior Vice President, Generation are authorized to execute,

subject to legal review, any and all documents necessary to conclude the transaction.

- New Horizon Mine North of Benson Property Sale Authorization

RESOLVED, that the sale of all or a portion of the South  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of Section 31, Township 47 North, Range 15 West of the New Mexico Principal Meridian, Nucla, Colorado, in exchange for payment of fair market value or other reasonable value under the circumstances, is approved, and the Chief Executive Officer or Senior Vice President, Generation are authorized to execute, subject to legal review, any and all documents necessary to conclude the transaction.

- Microsoft Enterprise Agreement Three-Year Renewal

RESOLVED, that the Enterprise Agreement with Microsoft Corporation, Inc. is approved, and the Chief Executive Officer is authorized to execute, subject to legal review, all agreements required for a three-year software license Enterprise Agreement with Microsoft Corporation, Inc. in an amount not to exceed \$3,757,634.16, plus applicable taxes.

- Data Archiving Capital Project Authorization

RESOLVED, that the 2022 capital budget is hereby amended in the amount of \$623,372.00 to add the Financial Systems Data Archiving Project.

- La Junta Transformer

RESOLVED, that the necessary contract or contracts with Hyundai Electric America Corporation for the procurement of one (1) autotransformer to be delivered to the La Junta Substation is approved, and the Chief Executive Officer is authorized to execute, subject to legal review, said contract(s) in the amount of \$997,639.00, plus any applicable taxes.

- Vegetation Management for Sunshine-Burro Bridge (Phase 1) 115 kV Contract Authorization

RESOLVED, that the necessary contract(s) with Vegetation Management West, L.P., for vegetation management associated with the Sunshine - Burro Bridge 115kV transmission line through December 2022 is approved, and the Chief Executive Officer is authorized to execute, subject to legal review, said contract(s) in the amount of \$1,833,495.20, plus any applicable taxes.

- CFTC End-User Exception

RESOLVED, that Tri-State Generation and Transmission Association, Inc. is authorized to enter into one or more swap transactions that qualify for exception from the clearing and trade execution requirements under the end-user Commodity Exchange Act subject to the conditions set forth in the Commodity Futures Trading Commission regulations, set or amend policies and procedures as the Chief Executive Officer deems appropriate governing the use of swaps subject to the end-user exception, and take any and all other actions as may be deemed appropriate to effect and carry out the foregoing end-user exception; and

FURTHER RESOLVED, that the Board's authorization and approval stated herein shall be valid until revoked by the Board, subject to review by the Board when deemed necessary, but for so long as Tri-State Generation and Transmission Association, Inc. uses or intends to use the end-user exception for swaps subject to Commodity Futures Trading Commission clearing and trade execution requirements, no less than every 365 days.

#### PRESIDENT'S REPORT

Mr. Rabon presented the President's Report. He also referred to the slide presentation "Board Electronic Expense Voucher" as he discussed the new electronic expense voucher system, noting it will be rolled out with the Executive Committee Members now and with the full Board joining online in July. Finally, Mr. Rabon reported there were some changes in the committees, with Mr. Baca being elected Chairman and Mr. Cooney Vice Chairman of the External Affairs/Member Relations

Committee, Mr. Hoskins joined the External Affairs/Member Relations Committee and Mr. Michie moved to the Engineering and Operations Committee. Discussion followed.

Mr. Keairns discussed the Rate Design Committee's meeting held in April. Discussion followed.

Mr. Michie reported on the Governance Review Committee's progress on board policy review.

#### Executive Committee Report

Mr. Rabon reviewed highlights of the May 4, 2022, Meeting of the Committee, including the Policy Review; Chairman's Update; Consideration of Agendas; Chief Executive Officer's Report; March 2022 Financial Report; Legal Report and General Corporate Matters.

#### Internal Auditor's Report

Internal Auditor John O'Flannigan reviewed copies of the written Audit Report dated May 5, 2022.

#### CHIEF EXECUTIVE OFFICER'S REPORT

Mr. Highley presented the Chief Executive Officer's Report. Discussion followed.

#### COMMITTEE REPORTS

##### Engineering and Operations Committee

Mr. Rabon noted the two (2) land sale resolutions pulled from the Consent Agenda earlier would be discussed and voted on in Executive Session due to confidential financial information.

Mr. Turner, as Chairman of Tri-State's Engineering and Operations Committee, reviewed highlights of the May 5, 2022, Meeting of the Committee, including review and recommendation of the Craig Station Ammonia and Urea Purchase; Burlington CO2 Fire Protection System Contract; Limon and Knutson Hot Gas Path and Combustion Section Parts Reconditioning Contract; Escalante Harding Farm Sale; Escalante Wengert Farm Sale; New Horizon Mine Kelly Property Sale; New Horizon Mine Stark Property Sale; New Horizon Mine North of Benson Property Sale; Microsoft Enterprise Agreement Three-Year Renewal; Data Archiving Capital Project; La Junta Transformer and the Vegetation Management for Sunshine-Burro Bridge (Phase 1) 115 kV Contract. The committee also



elected officers, reviewed policies and heard Affiliated Organization reports and departmental reports.

#### Board Policy #110 (Transmission Extension Policy)

Action: Following explanation by Mr. Bladow of recommended proposed changes and upon motion and second the Board approved the proposed changes to Board Policy #110 (Transmission Extension Policy), with Mr. McCormick abstaining and Mr. Wilson dissenting.

(Note. The exhibit to the Policy was amended to provide updated annual calculations.)

#### External Affairs/Member Relations Committee

Mr. Baca, Chairman of Tri-State's External Affairs and Member Relations Committee, reviewed highlights of the May 5, 2022, Meeting of the Committee, including Election of Officers; Policy Review; Safety Report; Environmental and Regulatory Activities; Legislative Review; Member Relations Report; Communications Report; and Statewide Meetings and Affiliated Organizations Reports.

#### Beneficial Electrification & Energy Efficiency Program

Matt Fitzgibbon, Beneficial Electrification Manager, referred to the slide presentation "*Optimizing Electrification*" as he discussed the following items: What is Energy Efficiency?; ERP Settlement Targets; 2021 Incentive Breakout; 2021 Annual Incremental kWh Savings; Lifetime Cost to Achieve (\$/kWh); Electrification Results; and Take-Away. Discussion followed.

#### Finance and Audit Committee

Mr. Brekel, Chairman of Tri-State's Finance and Audit Committee, noted the Action on Deferred Revenue, and the 2022 Forecast Update would be discussed in Executive Session due to confidential financial information. He then reviewed highlights of the May 5, 2022 Meeting of the Committee, including review and recommendation of these items: 2022 Ernst & Young Audit Plan-Retention and Fees, Deferred Revenue Authorization and CFTC End-User Exception Authorization. The committee also had Election of Officers; reviewed the 1<sup>st</sup> Quarter 10Q; Ernst & Young Audit Results and Reports; Sarbanes Oxley (SOX) Control Update; FERC Form 1 Update and heard Departmental Reports.

#### GENERAL COUNSEL REPORT

Julie Rech, Senior Manager/Assistant General Counsel, who reported on behalf of Mr. Reif who was in Washington D.C. for the FERC hearing regarding the Contract Termination Payment docket, noted that the legal report would occur in Executive Session due to confidential information.

#### UNFINISHED BUSINESS

None.

#### NEW BUSINESS

None.

#### EXECUTIVE SESSION

Mr. Rabon informed the Directors of the need to go into Executive Session to consider confidential business matters.

Action: Upon motion and second, the Board unanimously approved going into Executive Session to consider confidential business matters.

The Executive Session commenced at 10:24 a.m. and adjourned at 2:11 p.m.

#### OPEN SESSION RESUMED

Mr. Rabon reported during Executive Session the Board approved the Escalante Harding Farm Sale Authorization Resolution; Escalante Wengert Farm Sale Authorization Resolution; Deferred Revenue Resolution and the 2022 Ernst & Young Audit Contract.

#### EXECUTIVE SESSION

Mr. Rabon informed the Directors of the need to go back into Executive Session to conduct the Chief Executive Officer evaluation.

Action: Upon motion and second, the Board unanimously approved going back into Executive Session to conduct the Chief Executive Officer evaluation.

The Executive Session commenced at 2:13 p.m. and adjourned at 2:43 p.m.



OPEN SESSION RESUMED

Mr. Rabon reported during Executive Session the Board approved the 2022 Chief Executive Officer evaluation and compensation.

ADJOURNMENT

Action: It being 2:44 p.m. and there being no further business to transact, it was the consensus of the Directors that the Meeting should be adjourned and the next Regular Meeting of the Board is scheduled to be held on June 8, 2022.

  
Secretary

APPROVED:

  
Chairman and President