

**MINUTES OF REGULAR BOARD MEETING  
OF  
HOLY CROSS ENERGY**

**August 19, 2009**

A regular meeting of the Board of Directors of Holy Cross Energy, a Colorado corporation (hereinafter called "Holy Cross"), was held at the office of Holy Cross at 3799 Highway 82 in Garfield County, Colorado, at 9:00 A.M. on August 19, 2009.

The Secretary reported that all seven Directors were present, being Thomas R. Turnbull, Robert F. Starodoj, Harold F. Clark, George H. Shaeffer, Michael A. Glass, Lynn E. Dwyer and Adam L. Palmer. Director Emeritus George S. Lamb was also present.

The President adjourned the meeting of the Board of Directors originally convened on July 15, 2009, which had been continued until today's meeting.

The minutes of the regular meeting of the Board held July 15, 2009, were read and, upon motion duly made by Ms. Dwyer, seconded, put and unanimously approved.

A list of accounts payable was presented. After discussion, and upon motion duly made by Mr. Shaeffer, seconded, put and unanimously carried, such list was approved, and the payment of all items thereon was directed, approved and ratified. The President directed that said list be identified by the Secretary as that acted upon at this meeting.

The Board then reviewed the Treasurer's Report for July 2009. After discussion and upon motion duly made by Mr. Starodoj, seconded, put and unanimously carried, the Treasurer's Report was approved.

The Board then reviewed the Safety Report for July 2009, and the minutes for the Safety Operating Committee, dated August 14, 2009.

Upon motion made by Mr. Shaeffer, seconded, put and unanimously carried, the following resolution was adopted:

**RESOLVED:** That the minutes of the Safety Operating Committee, dated August 14, 2009, are hereby approved.

Kevin Milner, Telecom/Tech Advisor at the Glenwood Springs facility, with thirty-five (35) years of service; and Jill Skramstad, Human Resources Assistant at the Glenwood Springs facility, with twenty (20) years of service, were recognized for their service and presented with service awards.

Attorney Kent Singer reported on pending litigation and other legal matters. He also gave a presentation regarding the fiduciary duties of electric cooperative directors. Board discussion followed.

Barry Croissant, Supervisor of Purchasing and Facilities, gave an update on the headquarters expansion project.

Bourk Dreyer of Dreyer & Kelso reviewed the audit for the fiscal year ending April 30, 2009. Mr. Dreyer responded to questions from the Board.

Upon motion duly made by Mr. Clark, seconded, put and unanimously carried, the following resolution was adopted:

**RESOLVED:** That the audit report for the fiscal year ending April 30, 2009, as presented at this meeting is hereby approved.

Tim Charlton, General Manager of Support Services, reported on matters under his supervision. Mr. Charlton reviewed the recommendation for the 2009 member equity allocation.

Upon motion duly made by Mr. Clark, seconded, put and unanimously carried, the following resolution was adopted:

**RESOLVED:** That Holy Cross shall refund 25% of 1996 member equity allocations of approximately \$2,841,000 in December 2009.

Mr. Charlton reviewed the second quarter financial data.

Mr. Charlton presented the proposed changes to Employee Policy E-37, Housing Allowance, and Employee Policy E-38, Reimbursable Mortgage Assistance Program.

Upon motion duly made by Mr. Palmer, seconded, put and unanimously carried, the following resolution was adopted:

**RESOLVED:** That the changes proposed to Employee Policy E-37, Housing Allowance, as presented at this meeting are hereby approved.

Upon motion duly made by Mr. Clark, seconded, put and unanimously carried, the following resolution was adopted:

**RESOLVED:** That the changes proposed to Employee Policy E-38, Reimbursable Mortgage Assistance Program, are hereby approved as presented at this meeting, with the changes being retroactive to January 1, 2009.

Mr. Charlton presented a recommendation for the Holy Cross contribution to Energy Outreach Colorado for the period from September 1, 2009, to September 1, 2010.

Upon motion duly made by Ms. Dwyer, seconded, put and unanimously carried, the following resolution was adopted:

**RESOLVED:** That Holy Cross will contribute \$55,000 to Energy Outreach Colorado for the period from September 1, 2009, to September 1, 2010, for energy assistance purposes as defined in Senate Bill 05-001, the Low-Income Energy Assistance Act.

Mr. Charlton discussed the need to appoint a Holy Cross Board Director to the Board of the Holy Cross Round-up Foundation.

Upon motion duly made by Ms. Dwyer, seconded, put and unanimously carried, the following resolution was adopted:

**RESOLVED:** That Mr. Clark be designated as the Board representative to the Holy Cross Round-up Foundation.

Richard Brinkley, General Manager of Electric Operations and Engineering, reported on matters under his supervision. Mr. Brinkley reviewed the outage summary for July 2009.

Del Worley, Chief Executive Officer, reported on matters under his supervision. Mr. Worley introduced Ken Pinnock from Mountain States Employers Council to report on wage and benefit issues.

Mr. Pinnock reported on various economic issues and the possible adoption of federal legislation impacting the workplace. He also reported that projected salary increases for employees all over Colorado are down.

Mr. Worley discussed the release of energy usage information to the GEO relative to state government facilities. The consensus of the Board was to approve the release of the information. Mr. Worley also reported on the search for a new Colorado Rural Electric Association Executive Director.

The Board discussed Holy Cross's representation on the Boards of Western United and CREA. The consensus was to contact CREA to request that CREA member managers be eligible to be voting members on the CREA Board.

Upon motion duly made by Mr. Palmer, seconded, put and unanimously carried, the following resolution was adopted:

**RESOLVED:** That Mr. Worley is hereby appointed as the Holy Cross delegate to the Board of Directors of the Western United Electric Supply Association.

Mr. Worley also reported on the status of Paradigm operations, as well as the status of a possible clean energy cooperative.

Upon motion duly made by Mr. Clark, seconded, put and unanimously carried, the following resolution was adopted:

**RESOLVED:** That this Board Meeting is hereby continued until the next regular or special Board Meeting of Holy Cross, provided that the mileage for this day's attendance shall be paid to the Directors as described below.

Directors stated that the miles actually and necessarily traveled in attending this meeting were as follows: Turnbull 28, Starodoj 80, Clark 63, Shaeffer 0, Glass 106, Dwyer 40, Palmer 60 and Lamb 132.

The meeting recessed at 4:15 P.M. on August 19, 2009.

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Secretary

APPROVED:

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President