

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

December 16, 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 December 16, 2009.

The Secretary reported that six of the seven Directors were present, being Thomas R. Turnbull, Robert F. Starodoj, Harold F. Clark, George H. Shaeffer, Michael A. Glass 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 November 18, 2009, which had been continued until today's meeting.

The minutes of the regular meeting of the Board held November 18, 2009, were read and, upon motion duly made by Mr. Shaeffer, 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 November 2009. After discussion and upon motion duly made by Mr. Clark, seconded, put and unanimously carried, the Treasurer's Report was approved.

The Board then reviewed the Safety Report for November 2009, and the minutes for the Safety Operating Committee, dated December 11, 2009.

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

RESOLVED: That the minutes of the Safety Operating Committee, dated December 11, 2009, are hereby approved.

Attorney Kent Singer reported on pending matters. The Board discussed the candidates for the general counsel position.

Upon motion made by Mr. Clark, seconded, put and carried, with Mr. Glass abstaining, the following resolution was adopted:

RESOLVED: That the law firm of Starr & Westbrook, P.C. is hereby selected as general counsel for Holy Cross Energy.

Barry Croissant, Supervisor of Purchasing and Facilities, gave a status report on the headquarters expansion project. The Board discussed the possibility of including a snow melt system for portions of the project.

Tim Charlton, General Manager of Support Services, reported on matters under his supervision. Mr. Charlton reviewed the insurance renewal quotes for 2011.

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

RESOLVED: That the insurance proposal for 2011 provided by Federated as presented at this meeting is hereby approved.

Mr. Charlton reviewed proposed Employee Policy E-80 regarding protective eyewear for Holy Cross Energy employees.

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

RESOLVED: That Employee Policy E-80 as presented at this meeting is hereby approved.

Mr. Charlton also discussed the possibility of changing Holy Cross business hours.

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

RESOLVED: That the proposed changes in Holy Cross business hours be approved such that the offices are open from 7:30 A.M. – 4:30 P.M. Mondays through Thursdays and from 7:30 A.M. – 3:30 P.M. on Fridays.

Mr. Charlton reported that member equity checks had been delivered. Mr. Charlton also requested that the Board waive the 2009 annual audit requirement for the Round-Up Board since no disbursements were made in 2009.

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

RESOLVED: That the 2009 annual audit of the Round-Up program be waived.

Richard Brinkley, General Manager of Electric Operations and Engineering, reported on matters under his supervision. Mr. Brinkley reviewed the system outage report for November 2009. Mr. Brinkley also reviewed a proposed ground source heat exchange system for the Cooley Mesa building.

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

RESOLVED: That Staff be authorized to incorporate the ground source heat pump system into the Cooley Mesa project as presented at this meeting at a cost not to exceed \$22,000.00.

The Board listened to a presentation from InPower Corporation regarding a solar covered parking lot at the Eagle Airport.

Steve Casey, Member Services and Marketing Administrator, reviewed a rebate program sponsored by the Governor's Energy Office. The consensus of the Board was to direct Management to seek funding from the GEO program.

Del Worley, Chief Executive Officer, reported on matters under his supervision. Mr. Worley reported on the status of Paradigm activities. He also reported on the REC contract with U.S. Geothermal. Mr. Worley then reviewed current negotiations in the PSCo wholesale rate case. He also reviewed preliminary results of the customer survey.

Mr. Worley also discussed budget and rate issues for 2010. Mr. Worley reviewed a proposal for an energy efficiency study and the consensus of the Board was to move ahead with the study.

Mr. Worley discussed the need to appoint a delegate and alternate delegate to the Colorado Rural Electric Association Annual Meeting. Discussion was held regarding said attendance.

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

RESOLVED: That Mr. Glass be appointed as delegate and Mr. Starodaj as alternate delegate to the Annual Meeting of the Colorado Rural Electric Association.

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, Starodaj 80, Clark 63, Shaeffer 75, Glass 106, Palmer 60 and Lamb 132.

The meeting recessed at 3:30 P.M. on December 16, 2009.

Secretary

APPROVED:

President