

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

**JANUARY 20, 2010**

A regular meeting of the Board of Directors of Holy Cross Electric Association, Inc., a/k/a Holy Cross Energy (hereinafter called "Holy Cross"), a Colorado corporation, was held at the main office at 3799 Highway 82 in Garfield County, Colorado, at 9:00 A.M. on January 20, 2010.

The Secretary reported that all seven directors were present, being Thomas R. Turnbull, George H. Shaeffer, Robert F. Starodoj, Michael A. Glass, Harold F. Clark, Lynn E. Dwyer and Adam L. Palmer. Director Emeritus George S. Lamb was also present. Staff attending included Chief Executive Officer Delvan D. Worley, General Manager of Electric Operations and Engineering Richard Brinkley, General Manager of Support Services Tim Charlton, and general legal counsel Randolph W. Starr. Also present were employee guests Jill Kerrigan and Lana Holub.

President Turnbull adjourned the meeting of the Board of Directors originally convened on December 16, 2009, which had been continued until today's meeting.

Upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that the minutes of the regular meeting of the Board held December 16, 2009, be approved.

A list of accounts payable was presented. After discussion and upon motion duly made by Director Shaeffer, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that such list be approved, and the payment of all items thereon be directed, approved and ratified.

President Turnbull 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 December 31, 2009 (year end). After discussion and upon motion duly made by Director Dwyer, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that the Treasurer's Report be approved.

The Board then reviewed the Safety Report for January 2010, and the minutes for the Safety Operating Committee meeting dated January 5, 2010. During the discussion three representatives from the Aspen Canary Initiative, Kim Peterson, Marcie Darby and Laurie McDonald, entered the Board Room. Mr. Brinkley explained further about the matters identified in the minutes of the meeting. After discussion, and upon motion duly made by Director Shaeffer, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that the minutes of the Safety Operating Committee dated January 5, 2010, be approved.

President Turnbull introduced employees Jill Kerrigan, Consumer Service Representative in the Vail office, and Lana Holub, Consumer Service Representative in the Glenwood Springs office, and recognized them for their respective long service to Holy Cross (10 years and 30

years respectively). President Turnbull presented an award to each employee. At the conclusion of the presentation they left the Board Room.

President Turnbull presented for discussion and consideration a proposed Bylaw change (attached to agenda) regarding reassignment of Director districts for election of Directors. Lengthy discussion ensued about the proposed change. Upon motion duly made by Director Clark, seconded, put to a vote and unanimously carried, the following resolution was adopted: **RESOLVED** that the proposed changes (attached) in the Bylaws regarding Director districts be approved.

President Turnbull presented for discussion a proposed Bylaw change to amend the Bylaws to provide that only members within a Director district may vote on election of candidates within that Director district. It was discussed whether to propose this amendment for consideration by the members at the next Annual Meeting. Discussion about the benefits and detriments to the members for such a change ensued. A motion was duly made by Director Clark and seconded to adopt the following resolution. Further discussion ensued. The motion was put to a vote and carried by a majority vote with Director Palmer dissenting, the following resolution was adopted:

**RESOLVED** to direct Management and legal counsel to draft a proposed Bylaw amendment to provide for election of candidates by members residing in the district of the candidate and to propose that the amendment be presented to the members at the next Annual Meeting of Members for an advisory vote to the Board.

At this time a short break was taken.

President Turnbull presented for discussion and consideration a Board retreat. Discussion among the Board members ensued about the benefits and costs, including employment of a meeting facilitator, of having such a retreat. By consensus, the retreat was approved to be held on Monday, March 8, 2010 (all day), with the place to be determined.

Steve Casey, Member Services and Marketing Administrator, entered the Board Room. Mr. Casey discussed the WE CARE rebates. He distributed a memorandum dated January 6, 2010, that contained recommended changes in the rebate program and discussed a budget of \$600,000 for funding of renewable energy generation systems on an interim basis. A detailed allocation of the remaining WE CARE budget will be summarized and presented for consideration by the Board at the February 2010 Board Meeting. Questions by the Board members were asked and answered and discussion ensued. Upon motion duly made by Director Dwyer, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that the following recommendation be approved:

- a. Consumers will pay a \$250 refundable application fee.
- b. Holy Cross will pay \$1.50 per watt up to 6 kW.
- c. Holy Cross will pay \$0.50 per watt up to 6 kW for 10 years worth of Renewable Energy Credits.
- d. Holy Cross will initially allocate \$600,000 to renewable Energy rebates.

At this time Mr. Casey and the remaining guests, except Marcie Darby, left the Board Room.

Attorney Randolph W. Starr of the law firm of Starr & Westbrook, P.C. reported on pending litigation and other matters. Discussion ensued about posting of approved minutes of Board Meetings on Holy Cross's website. Upon motion duly made by Director Clark, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that Management be directed to commence posting the past 12 months of approved Board Meeting minutes on Holy Cross's website.

At this time Marcie Darby left the Board Room.

At this time a luncheon break was taken.

Barry Croissant, Supervisor of Purchasing and Facilities, entered the Board Room and gave his report on the status of the campus expansion and other current activities in addition to his written report of January 15, 2010. At the conclusion of his report he left the Board Room.

Tim Charlton reported on matters under his supervision in addition to his written report of January 15, 2010. Mr. Charlton described the accounting treatment of expenses applicable to Holy Cross's subsidiary, Paradigm Services LLC, and whether to write off a portion of or all of the balance of the investment in the 2009 fiscal year. Upon motion made by Director Dwyer, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that all of the remaining investment connected with the Paradigm Services LLC subsidiary be directed to be written off on the fiscal year 2009 financial statement.

Mr. Charlton described the nomination and election procedure for the Board of Directors for the upcoming Annual Meeting.

Energy sales for December 2009 were reviewed [Financial Work Plan Monthly Report]. Discussion about contact information for Board members on Holy Cross's website ensued. Staff will add the information to the website based on the consensus of the Board.

Richard Brinkley reported on matters under his supervision in addition to his written report of January 15, 2010. He discussed current engineering issues, current electric operations issues, the status of the Eagle franchise and other matters. Mr. Brinkley reviewed the system outage report for December 2009. Upon motion duly made by Director Clark, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that the Chief Executive Officer be authorized to sign an amendment to the existing Town of Eagle franchise to extend the expiration date until June 15, 2010.

Del Worley reported on matters under his supervision. Mr. Worley reviewed the status of the Xcel rate increase and the buyout of the U.S. Geothermal contract. Mr. Worley and the Board reviewed the results of the 2009 Member Survey. The results will be posted on Holy Cross's website.

At this time a short break was taken. Mr. Brinkley and Mr. Charlton left the Board Room.

President Turnbull presented a discussion about the 2010 goals of Holy Cross. Mr. Worley presented a list of the goals that he had prepared along with his assessment of the progress toward meeting the goals. Discussion about the goals and the progress ensued among the Board members. At this time Mr. Worley left the Board Room. Upon motion duly made by Director Starodoj, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that the Board enter executive session to consider documents or testimony given in confidence generally relating to employee and employee compensation matters. No action was taken by the Board to make final policy decisions or adopt or approve any resolution, rule, regulation, or formal action, any contract, or any action calling for the payment of money.

Upon motion duly made by Director Dwyer, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that the Board exit executive session.

Upon motion duly made by Director Dwyer, seconded, put to a vote and carried by a majority vote, the following resolution was adopted:

**RESOLVED** that Holy Cross make payment of a cash bonus to Mr. Worley in the amount of \$10,000.

At this time Director Clark left the Board Room.

Upon motion duly made by Director Shaeffer, seconded, put to a vote and carried with Director Palmer dissenting, the following resolution was adopted:

**RESOLVED** to give a cruise to Mr. Worley as a bonus.

Mr. Worley indicated he would not accept the cruise.

Upon motion duly made by Director Shaeffer, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that this Board Meeting is 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, Shaeffer 75, Starodoj 80, Glass 75, Clark 63, Dwyer 40, Palmer 60 and Lamb 132.

The meeting concluded at 4:28 P.M. on January 20, 2010.

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Secretary - Robert F. Starodoj

APPROVED:

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President - Thomas R. Turnbull

NOTE: The 2010 Board Meeting dates have been set as follows: January 20, 2010; February 17, 2010; March 17, 2010; April 21, 2010; May 19, 2010; June 5, 2010; June 16, 2010 (reorganization and regular agenda); July 21, 2010; August 18, 2010; September 15, 2010; October 20, 2010; November 17, 2010 and December 15, 2010. The Annual Meeting of Members for 2010 will be at the Ramada Inn in Glenwood Springs on Saturday, June 5, 2010 at 10:00 A.M.