

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

July 15, 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 July 15, 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 June 17, 2009, which had been continued until today's meeting.

The minutes of the regular meeting of the Board held June 17, 2009, were read and, upon motion duly made by Mr. Shaeffer, seconded, put and unanimously approved as well as the minutes of the Meeting of the Board of Directors After the Annual Meeting of Members held June 5, 2009.

A list of accounts payable was presented. After discussion, and upon motion duly made by Mr. Clark, 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 June 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 June 2009, and the minutes for the Safety Operating Committee, dated July 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 July 14, 2009, are hereby approved.

Paul Carlson, CAD and GIS Technician II at the Glenwood Springs facility, with twenty-five (25) years of service; Bill Phillips, Material Handler at the Glenwood Springs facility, with thirty (30) years of service; and Neland Kissinger, Journey Lineworker at the Vail District office, with thirty (30) years of service, were recognized for their service and presented with service awards.

Mr. Clark, the Holy Cross representative on the Colorado Rural Electric Association and Western United Boards of Directors, reported on the activities of these two organizations. Mr. Clark reported Ray Clifton, CREA's Executive Director, announced he would retire effective January 2, 2010. He also announced that the CREA dues formula was revised.

Attorney Kent Singer reported on pending litigation and other legal matters.

Tim Charlton, General Manager of Support Services, reported on matters under his supervision. He discussed the accounting treatment for Holy Cross's investment in Paradigm, LLC. The Board discussed the issue with Holy Cross's auditors via conference call.

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

RESOLVED: That Management be directed to write down \$266,802 of the Holy Cross investment in Paradigm, LLC.

Mr. Charlton also reported on increases in the NRECA Retirement and Security Program funding. Mr. Charlton also reported on the status of Holy Cross's application for a FFB loan from RUS for funding of the Glenwood campus expansion.

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

Richard Brinkley, General Manager of Electric Operations and Engineering, reported on matters under his supervision. Mr. Brinkley reviewed the outage summary for June 2009. He also reported on the status of the Comanche 3 project. He also reported on the approval of the Cooley Mesa project.

Mr. Paul Spencer gave a presentation to the Board concerning a community solar project.

Steve Casey, Member Services and Marketing Administrator, reviewed the allocation of the WECARE funds. Mr. Casey discussed a recent request for data regarding Holy Cross energy sales.

The Board discussed the appointment of a delegate and alternate delegate to the Colorado Rural Electric Association Semi-Annual Meeting.

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

RESOLVED: That Mr. Clark be appointed as a delegate and Mr. Palmer as an alternate delegate to the Colorado Rural Electric Association Semi-Annual Meeting in Telluride, Colorado, on October 3 - 6, 2009.

The Board discussed the appointment of delegates from Holy Cross to the Colorado Rural Electric Association and Western United Electric Supply Corporation. No decision was

made.

Upon motion duly made by Mr. Starodoj, 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 3:40 P.M. on July 15, 2009.

The regular meeting that was recessed on July 15, 2009, was reconvened via email with the Directors on August 7, 2009.

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

RESOLVED: That the management of Holy Cross is hereby authorized to prepare a Partial Release for Tract 1 of the Exemption Plat, related 30 foot Landscape, Signage and Utility Easement along Buckhorn Valley Boulevard and a 20 foot Utility Easement beginning at Navajo Road along the northeasterly property line and ending at the Buckhorn Valley Boulevard. Said Partial Release will be executed by the Administrator of the Rural Utilities Services (RUS) and the National Rural Utilities Cooperative Finance Corporation (CFC).

Upon motion duly made by Mr. Shaeffer, 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.

Secretary

APPROVED:

President