

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

MAY 18, 2011

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 at 9:05 a.m. on May 18, 2011.

The Secretary reported that all of the seven directors were present being Harold F. Clark, Lynn E. Dwyer, Thomas R. Turnbull, Michael A. Glass, George H. Shaeffer, Adam L. Palmer and David C. Munk. Staff attending included Chief Executive Officer Delvan Worley, Chief Financial Officer Tim Charlton, Chief Operating Officer Richard Brinkley and General Legal Counsel Randolph W. Starr. Also present were Mark Gibson, Mechanic/Small Equipment at the Glenwood facility; Nancy Larson, General Office Clerk at the Glenwood facility; Michael Selland, Crew Foreman at the Vail District; and David Schramm, Serviceman at the Vail District. Also present were Clem Kopf, Megan Gilman and Dan Corcoran, director candidates and members of Holy Cross.

President Clark adjourned the meeting of the Board of Directors originally convened on April 20, 2011, which had been continued until today's meeting.

President Clark asked for comments of members of the public present. All visitors introduced themselves.

Upon motion duly made by Director Dwyer, 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 April 20, 2011, be approved.

A list of general fund disbursements was presented. Questions about certain expenditures were asked by Board members and answered by Mr. Worley and Mr. Charlton. No action was taken as the accounts that were paid have already been accomplished in accordance with Board policy.

The Board then reviewed the Treasurer's Report for April 30, 2011, presented by Director Glass.

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

RESOLVED that the Treasurer's Report be approved.

The Board reviewed the Safety Report for April 2011 and the minutes for the Safety Operating Committee meeting, dated May 13, 2011. 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 Minutes of the Safety Operating Committee dated May 13, 2011, be approved.

President Clark introduced employees Mark Gibson, with 5 years of service; Nancy Larson, with 5 years of service; Michael Selland, with 15 years of service; and David Schramm, with 30 years of service. The Board recognized each employee for service to Holy Cross. At the conclusion of the presentation the employees left the Board room.

Attorney Starr reported on the PUC cases that supplemented the HB10-1365 Clean Air Clean Jobs Act proceedings. Mr. Starr also reported on the NRECA Legislative Conference and the status of one litigation matter.

Mr. Worley distributed a "redline" version of the rates and then he discussed the retail rate design matters including incorporation of the revenue requirement goals of Holy Cross and its effect on the electric rates. He gave a presentation about the rate increase with slides detailing the background of the rate adjustment. The proposed new rates indicated that member revenue would increase approximately 5.55% on average. Examples of new rates in each class were presented. Questions from the Board were answered by Mr. Worley during his presentation. During the discussion Diana Golis, Manager Power Supply and Contracts, entered the Board room. After discussion, and upon motion duly made by Director Palmer, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED that the rate tariffs as presented in draft format to the Board by management are hereby approved for publication of notice to the consumers of Holy Cross with the effective date of the revised rates to be July 1, 2011.

At this time a short break was taken.

Mr. Worley discussed the overall strategy relating to Holy Cross's Energy Efficiency and Renewable Energy Plan. He reviewed the established prior plan of Holy Cross. He reviewed a proposed outline of a business contract for the purchase of electric power and energy produced from coal mine methane generation source (Vessels). Questions from the Board were answered by Mr. Worley during his presentation. After discussion, and upon motion duly made by Director Turnbull, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED that the Chief Executive Officer is hereby approved for signature on a business power purchase contract with Mr. Vessels subject to the contingencies outlined by Mr. Worley in his presentation to the Board and subject to review and approval of the contract by legal counsel.

Mr. Worley reviewed a proposed outline of a business contract for the purchase of electric power and energy produced from wind generation source (Xcel). 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 Chief Executive Officer is hereby approved for signature on a business power purchase contract with Xcel Energy subject to the contingencies outlined by Mr. Worley in his presentation to the Board and subject to review and approval of the contract by legal counsel.

Mr. Worley reviewed the status of the study by Navigant under the revised scope of work for the energy efficiency plan of Holy Cross. During the presentation Barry Croissant, Supervisor of Purchasing and Facilities, entered the Board room. Questions from the Board were answered by Mr. Worley during his presentation. At this time Ms. Golis left the Board room. Mr. Worley reviewed the status of the RFP for alternative generation and indicated that the biomass project is the only project that is under consideration. He described the status of the project.

Mr. Croissant gave his report on the status of the campus expansion and other current activities in addition to his written report of May 12, 2011. At the conclusion of his report he left the Board Room.

Mr. Charlton gave a report on the matters under his supervision in addition to his written report of May 13, 2011. Mr. Charlton also discussed current activities, a presentation of the 1st Quarter financial report and budget results, and he gave an update of the Annual Meeting of Members and the director elections. He reminded the Board about attendance at the CFC Forum in San Francisco.

Mr. Brinkley reported on matters under his supervision in addition to his written report of May 13, 2011. Mr. Brinkley reviewed the system outage report for April 2011. Mr. Brinkley also discussed current engineering issues, current electric operations issues, the status of the Minturn franchise and other safety issues.

At this time, a luncheon break was taken. At this time Ms. Gilman left the Board room. A cake was presented to Director Shaeffer to celebrate his long service as a member of the Board of Holy Cross. During the luncheon break Wendell Goad, Line Superintendent, introduced Michael Tornes, who attained Journey Lineworker status; Adam Siebenaler, who attained Journey Lineworker status; Todd Foral, who attained Journey Lineworker status; and Matt Mason, who attained Journey Lineworker status. Mr. Goad and the Journey Lineworkers joined the Board for lunch and they were all recognized for their achievement. At the conclusion of Mr. Goad's report Mr. Goad and the Journey Lineworkers left the Board Room.

Director Turnbull made some remarks regarding Director Shaeffer's Board service to Holy Cross. Director Shaeffer made remarks about his service on the Board. Other directors also made comments to Director Shaeffer regarding his service to Holy Cross.


Mr. Brinkley continued his report on the outage report and other operational issues.

Mr. Worley reported on the Western United Electric Supply Board meeting and Director Glass reported on the CREA Board meeting.


Mr. Worley reported on matters under his supervision in addition to his written report of May 13, 2011. Mr. Worley also discussed the status of the wholesale rate case of Public Service Company.

Directors stated that the miles actually and necessarily traveled in attending this meeting were as follows: Clark 63, Dwyer 40, Turnbull 28, Glass 106, Shaeffer 75, Palmer 60 and Munk 36.

President Clark recessed the meeting at 1:00 p.m. until the Annual Board Meeting to be convened after the Annual Member Meeting on June 4, 2011, at the Ramada Inn in Glenwood Springs, and then reconvened at the regular Board meeting at 9:00 a.m. on June 15, 2011. The next meeting will be held at Holy Cross's office at 3799 Highway 82 in Glenwood Springs, Colorado.

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Secretary – Thomas R. Turnbull

APPROVED:

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President – Harold F. Clark

NOTE: The 2011 Board meeting dates have been set as follows: June 4, [annual Board meeting]; June 15, 2011; July 20, 2011; August 17, 2011; September 21, 2011; October 19, 2011; November 16, 2011 and December 21, 2011. **The Annual Meeting of Members has been set for June 4, 2011, at the Ramada Inn in Glenwood Springs.** The 2012 Board meeting dates have been set as follows: January 18, 2012; February 15, 2012; March 21, 2012; April 18, 2012; May 16, 2012; June 20, 2012; July 18, 2012; August 15, 2012; September 19, 2012; October 17, 2012; November 21, 2012 and December 19, 2012.