

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

**MARCH 17, 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 9:03 a.m. on March 17, 2010.

The Secretary reported that all of the seven Directors were present, being Thomas R. Turnbull, George H. Shaeffer, Robert F. Starodaj, 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 Worley and general legal counsel Randolph W. Starr. Also present were Marilyn Dorman, Accounting Supervisor; Ginger Franke, Purchasing Assistant; Dave Munk, Holy Cross member; and Lee Cassin, Holy Cross member.

President Turnbull adjourned the meeting of the Board of Directors originally convened on February 17, 2010, which had been continued until today's meeting.

President Turnbull introduced the members present. President Turnbull asked if there were any comments from the members present. Mr. Munk gave a presentation about his background and reason for becoming a candidate for the Board. Ms. Cassin introduced herself.

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 February 17, 2010, be approved.

A list of accounts payable was presented. During the discussion General Manager of Electric Operations and Engineering Richard Brinkley entered the Board room. 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 February 28, 2010, presented by Director Glass. 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 Treasurer's Report be approved.

The Board then reviewed the Safety Report for March 2010, and the minutes for the Safety Operating Committee meeting, dated March 2, 2010. Mr. Brinkley explained further about the matters identified in the minutes of the meeting. 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 March 2, 2010, be approved.

President Turnbull introduced Ginger Franke and recognized her for her 30 years of service to Holy Cross. President Turnbull presented an award to Ms. Franke. At the conclusion of the presentation Ms. Franke left the Board room.

Attorney Randolph W. Starr of the law firm of Starr & Westbrook, P.C. reported on pending litigation and other matters.

Mr. Worley reviewed the member equity allocations and refund options available for 2010 in accordance with the Articles of Incorporation, Bylaws and Policies of Holy Cross. Mr. Worley recommended that member equity allocations be based on operating margins for 2009.

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

**RESOLVED** that Holy Cross shall allocate for 2009 only, operating margins of \$9,253,338.45 to member equity accounts.

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

**RESOLVED** that 45% of the 2009 member equity allocations on a discounted net present value basis in the approximate amount of \$2,661,213.87 be refunded to members in May 2010.

Mr. Worley presented a draft of Corporate Policy C-6 regarding meetings of the Board. After discussion by the Board and upon motion duly made by Director Shaeffer to table the draft of Corporate Policy C-6 for redraft in accordance with the discussion of the Board with the redraft to be presented at the April Board meeting. The motion was seconded, put to a vote and unanimously carried.

Mr. Worley presented a draft of Corporate Policy C-24 regarding voting and elections. After discussion by the Board and upon motion duly made by Director Dwyer, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that Corporate Policy C-24 "Voting and Elections", dated March 17, 2010, be approved as presented. A copy of the policy is attached to the minutes of the meeting.

At this time a short break was taken.

Director Palmer and Mr. Worley discussed the proposed Eagle County Airport solar project to be installed over the parking area at the airport. Extensive discussion among the Board members ensued about the project. Board consensus was to move forward with the appropriate due diligence of potential purchase of the output of the project. During the discussion Steve Casey, Member Services and Marketing Administrator, entered the Board room.

As new business Mr. Worley discussed the US Geothermal REC contract and that their option to buyout expired the end of February. Mr. Casey distributed a handout regarding potential Raft River REC resale options. Upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that the CEO is authorized to sell the 2011-2017 US Geothermal RECs for the best price and terms deemed appropriate by the CEO.

At the conclusion of this item Mr. Casey left the Board room.

Mr. Worley discussed a plan for a community renewable project that would be owned by the customers of Holy Cross at net-metering economics. Holy Cross would own the RECs from the project. It was the consensus of the Board to continue moving forward on the project.

Mr. Worley discussed the Town of Basalt hydroelectric project and his meeting with a representative of the Town.

Director Glass gave a report on Western United Electric Supply Corporation matters. Upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that Mr. Worley be the Director and Director Glass be the Alternate Director to Western United Electric Supply Corporation.

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 March 12, 2010. At the conclusion of his report he left the Board room.

Director Clark reported on the status of the Holy Cross Energy Round-Up Foundation.

At this time a luncheon break was taken. Mr. Munk left the Board room. During the luncheon break the 2010 Work Plans were presented by the General Managers and the Department Managers.

Director Glass gave a report on Colorado Rural Electric Association matters. Board members gave reports on their participation in the CREA Annual Meeting.

Mr. Brinkley reported on matters under his supervision in addition to his written report of March 12, 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 February 2010. At the conclusion of his report Mr. Brinkley left the Board room.

Mr. Worley reported on matters under his supervision in addition to his written report of March 12, 2010.

Arrangements for the upcoming NRECA Legislative Conference in Washington, D.C., on May 2 - 5, 2010, were discussed.

Discussion about other industry matters ensued. At this time Ms. Cassin left the Board room.

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


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

Directors stated that the miles actually and necessarily traveled in attending this meeting were as follows: Turnbull 28, Shaeffer 75, Starodoj 80, Glass 106, Clark 63, Dwyer 40, Palmer 60 and Lamb 68.

President Turnbull recessed the meeting at 3:04 p.m. until April 21, 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: April 21, 2010; May 19, 2010; June 5, 2010; June 16, 2010 (reorganization + 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.