

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

September 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 September 16, 2009.

The Secretary reported that six of the seven Directors were present, being Thomas R. Turnbull, 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 August 19, 2009, which had been continued until today's meeting.

The minutes of the regular meeting of the Board held August 19, 2009, were read and, upon motion duly made by Mr. Clark, 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 August 2009. After discussion and upon motion duly made by Ms. Dwyer, seconded, put and unanimously carried, the Treasurer's Report was approved.

The Board then reviewed the Safety Report for August 2009, and the minutes for the Safety Operating Committee, dated September 10, 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 September 10, 2009, are hereby approved.

Dawn Charlton, Executive Secretary at the Glenwood Springs facility, with fifteen (15) years of service was recognized for her service and presented with a service award.

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

Tim Charlton, General Manager of Support Services, reported on matters under his supervision.

Vicky Velasquez, Human Resources Supervisor, reviewed the changes proposed to the Holy Cross Family and Medical Leave Policy.

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

RESOLVED: That the changes proposed to Employee Policy E-48, Family and Medical Leave, as presented at this meeting are hereby approved.

Mr. Clark presented the recommendation of the Round-Up Foundation Directors to appoint three new members to the Round-Up Foundation Board of Directors.

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

RESOLVED: That the following three Holy Cross consumers be appointed to the Holy Cross Energy Round-Up Foundation: Mary Ezequelle (Gypsum), Djoko Boentaran (Basalt) and Elizabeth Jones (Battlement Mesa).

Mr. Clark also requested on behalf of the Foundation that Holy Cross contribute matching funds to the program and to assist in promoting the program.

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

RESOLVED: That Holy Cross Energy contribute matching funds to the Holy Cross Energy Round-Up Foundation, assist in promoting the program and provide funds for mileage expenses and lunches for the Foundation Directors.

Mr. Charlton reviewed the CFC program for investment in capital securities. He recommended that the Board defer action at this time. Mr. Charlton also reviewed the options for a meeting place for the 2010 Annual Meeting. The consensus of the Board was that the meeting should be held in Glenwood Springs.

Richard Brinkley, General Manager of Electric Operations and Engineering, reported on matters under his supervision.

Mr. Brinkley reviewed the closing documents for the transmission portion of the Snowmass project.

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

RESOLVED: That the final invoice and closing documents for the transmission portion of the Snowmass project be approved as presented at this meeting.

Mr. Brinkley also reviewed the WECC audit of the Holy Cross system and the system outage report. He also reported on efforts to clear beetle-killed trees from Holy Cross facilities. He also reported on negotiations with the Town of Eagle regarding a renewal of the franchise agreement.

Mr. Brinkley reviewed the status of the development of the Cooley Mesa property.

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

RESOLVED: That Management be directed to obtain bids for the water and sewer facilities and fencing at Cooley Mesa.

Barry Croissant, Supervisor of Purchasing and Facilities, gave a status report on the headquarters expansion project. He also reported that the fire suppression tank and boiler projects were nearly complete.

Del Worley, Chief Executive Officer, reported on matters under his supervision.

Mr. Worley reviewed the PURPA Standards from the 2007 Energy Independence and Security Act and asked the Board to consider the Staff recommendations.

Mr. Worley reported on matters related to Paradigm, LLC. Mr. Worley introduced Bob O'Neil, outside counsel for Holy Cross, to discuss the proposed Clean Energy Collective.

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, Clark 63, Shaeffer 0, Glass 106, Dwyer 40, Palmer 60 and Lamb 132.

The meeting recessed at 3:45 P.M. on September 16, 2009.

Secretary

APPROVED:

President