

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

**SEPTEMBER 21, 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 9:07 a.m. on September 21, 2011. The Board met in the Board room of the newly completed addition to Holy Cross's headquarters building.

The Secretary reported that four of the seven Directors were present being Michael A. Glass, Thomas R. Turnbull, Megan M. Gilman and Adam L. Palmer. Director Lynn E. Dwyer was unavoidably absent due to a family emergency and Director Harold F. Clark was absent. Director David C. Munk was on the speaker phone. 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 Rodney Sherman, Crew Foreman at the Glenwood Springs facility; Calvin Amichaux, Warehouseman at the Glenwood Springs facility; Jeanne Blatter, Senior Accounts Payable/Payroll at the Glenwood Springs facility and Eileen Wysocki, Energy Auditor at the Glenwood Springs facility. Also in attendance was John Svensk representing Public Service Company of Colorado.

President Glass adjourned the meeting of the Board of Directors originally convened on August 17, 2011, which had been continued until today's meeting.

Upon motion duly made by Director Gilman, 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 August 17, 2011, be approved.

President Glass asked for comments of members of the public present. As there were no members of the public present there were no comments made.

A list of general fund disbursements was presented. Questions about certain expenditures were asked by Board members and answered by Mr. Charlton and Mr. Worley. 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 August 31, 2011, presented by Director Munk and Mr. Charlton. Upon motion duly made by Director Gilman, 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 August 2011 and the minutes for the Safety Operating Committee meeting, dated September 11, 2011, that were distributed prior to the Board meeting. 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 Minutes of the Safety Operating Committee dated September 11, 2011, be approved.

President Glass introduced employees Rodney Sherman, with 30 years of service; Calvin Amichaux with 25 years of service; Jeanne Blatter with 15 years of service and Eileen Wysocki with 15 years of service. The Board recognized each employee for service to Holy Cross. At the conclusion of the presentation these employees left the Board room.

Attorney Starr had no report.

At this time Vicky Velasquez, Human Resources Supervisor, and Tammeron Trujillo of Mountain States Employers Council, entered the Board room.

Upon motion duly made by Director Gilman, 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 the employee compensation matters with Vicky Velasquez and Tammeron Trujillo, management succession matters, wholesale rate contract matters, and power purchase agreement negotiations. 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.

At the conclusion of the discussion on employee compensation and management succession matters Ms. Velasquez and Ms. Trujillo left the Board room. A short break was taken at that time and Diana Golis, Manager Power Supply and Contract, and Chris Hildred, Engineer, entered the Board room.

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

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

At this time Ms. Golis and Mr. Hildred left the Board room.

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

**RESOLVED** that Mr. Worley is authorized to negotiate and execute all documents necessary to reach settlement with Public Service Company of Colorado of the pending wholesale rate case, including modification to the Wholesale Power Purchase Agreement upon terms as discussed in executive session and upon review of all documents by special legal counsel Miller, Balis & O'Neil.

Mr. Worley presented proposed changes to Tariffs, Rules and Regulations Sheets No. 16 (Residential Services – Time of Day – Optional), No. 17 (General Services – Small and Irrigation – Time of Day – Optional), No. 21 (General Services – Totalized Tariff a/k/a Vail) and No. 22 (General Services – Aspen Ski Company Snowmaking/Ski Lift Tariff). The proposed changes in the Tariffs, Rules and Regulations had been published as required by law. These proposed changes are precipitated by the change in the wholesale rate tariff of Public Service Company of Colorado to Holy Cross. Questions were asked by members of the Board and Mr. Worley responded to the questions. 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 Tariffs, Rules and Regulations Sheets No. 16, 17, 21 and 22 as presented in draft format to the Board by management are hereby approved with the effective date of the revised rates to be November 1, 2011 (for Sheet No. 16 and Sheet No. 17) and October 1, 2011 (for Sheet No. 21 and Sheet No. 22) as stated in the rate tariff sheets.

At this time a break for lunch was taken.

Attorney Starr presented proposed changes to the Bylaws of Holy Cross generally dealing with qualifications of members of the Board of Directors including conflict of interest provisions, mergers, electronic documents and miscellaneous matters. The proposed new Bylaw changes were derived from a standardized set of Bylaws developed by NRECA and were delivered to the Board prior to the meeting in "blackline" format. Questions were asked by members of the Board and Mr. Starr responded to the questions. It was the consensus of the Board that the proposed changes should be presented for further review and direction by the Board at the October meeting so that the changes will be effective prior to the next election cycle for the Board. During the meeting Steve Casey, Manager Member Services, entered the Board room.

Mr. Casey gave an update on the status of the WE CARE customer sited renewable generation budget. During the presentation Barry Croissant, Supervisor of Purchasing and Facilities, entered the Board room. Mr. Casey presented an update on the status of Navigant's Five-Year Energy Efficiency Plan for Holy Cross. Mr. Casey presented an update of existing customer sited renewable energy generation projects. Questions were asked by members of the Board and answered by Mr. Casey and Mr. Worley. A motion was made by Director Munk, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that (to eliminate the gap) a change in the WE CARE Policy was approved to change the application of the policy to projects of 25kW to 100kW to be amended to be 6.1kW to 100kW, with Director Gilman abstaining.

At this time President Glass left the Board room as the discussion about the Roundup River Ranch request occurred. Secretary Turnbull took charge of the conduct of the meeting. The matter of rebate funding the Roundup River Ranch solar project was recalled from being tabled from the August Board meeting. Discussion ensued about the proposal. A motion was made by Director Gilman, seconded, put to a vote and unanimously carried, with President Glass abstaining, the following resolution was adopted:

**RESOLVED** that Holy Cross Energy fund up to 30% of the Roundup River Ranch solar electric generation project under the WE CARE budget.

At the conclusion of the report Mr. Casey left the Board room.

Mr. Croissant gave a report on the status of the campus expansion and other current activities in addition to Mr. Croissant's written report of September 16, 2011. At the conclusion of the report Mr. Croissant left the Board room.

Mr. Charlton gave a report on the matters under his supervision in addition to his written report of September 16, 2011. Mr. Charlton also discussed the audit for fiscal years 2012 and 2013, and current activities (materials distributed to the Board prior to the meeting). Mr. Charlton presented a proposal from Dreyer & Kelso for auditing services for fiscal years 2012 through 2013. Upon motion duly made by Director Turnbull, seconded, put to a vote and carried unanimously, it was

**RESOLVED** that the proposal from Dreyer & Kelso, P.C., P.A., dated August 8, 2011, to provide audit services to Holy Cross for the fiscal years ending April 30, 2012, and April 30, 2013, is hereby approved.

Mr. Brinkley reported on matters under his supervision in addition to his written report of September 16, 2011. Mr. Brinkley reviewed the system outage report for August 2011. Mr. Brinkley also discussed current engineering issues, current electric operations issues, and other issues.

Mr. Worley reported on matters under his supervision in addition to his written report of September 16, 2011. Mr. Worley discussed provisions for access by Board members to the headquarters building.

President Glass reported on CREA matters as there had been no CREA Board meeting.

Mr. Worley reported on his attendance at the Rocky Mountain Electrical League Fall Convention in Santa Ana Pueblo, New Mexico, on September 11 – 13, 2011. He discussed arrangements for the National Rural Electric Cooperative Association Region VII Meeting in Denver, Colorado, on October 11 – 13, 2011, and the CREA Energy Innovations Summit in Denver, Colorado, on October 14, 2011.

Directors stated that the miles actually and necessarily traveled in attending this meeting were as follows: Glass 106, Turnbull 28, Palmer 60 and Gilman 120.

President Glass recessed the meeting at 4:00 p.m. until 9:00 a.m. on October 19, 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 – Michael A. Glass

NOTE: The 2011 Board meeting dates have been set as follows: October 19, 2011; November 16, 2011 and December 21, 2011. 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.