

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

SEPTEMBER 20, 2017

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 cooperative association, was held at the main office at 3799 Highway 82 in Garfield County at 9:05 a.m. on September 20, 2017.

Agenda Item 1: Roll Call. Chair Megan M. Gilman reported that five of the seven Directors were present being David C. Munk, Robert H. Gardner, Adam L. Palmer, and Michael A. Glass; and Kristen N. Bertuglia and Clemons M. Kopf were absent. Board members Palmer, Glass and Chair Gilman attended by video conference from the Avon District Office. Staff attending included President and Chief Executive Officer Bryan J. Hannegan in Avon; Mindy Tagler, Vice President - Finance; Diana Golis, Vice President - Power Supply and Contracts; Cody O'Neil - Vice President, Glenwood District Operations; Rick Arnhold - Vice President Eagle/Vail District in Avon; Jenna Weathered, Manager of Marketing and Member Services; and General Legal Counsel Randolph W. Starr in Avon. Also attending were Debbie Goad and Mary Wiener.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Gilman adjourned the meeting of the Board of Directors originally convened on July 19, 2017, and then continued to today's meeting after the planning meeting held on August 11.

Agenda Item 3: Public Comment. Chair Gilman asked for comments of members of the public present. No comments were made as there were no members of the public present.

Agenda Item 4: Minutes of Regular Meeting of July 19, 2017. Upon motion duly made by Director Munk, 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 on July 19, 2017, be approved.

Agenda Item 5: Treasurer's Report for July and August 2017. The Board reviewed the Treasurer's Report for July 31 and August 31, presented by Director Gardner and Ms. Tagler. Kristen N. Bertuglia entered the room in Avon during the presentation. Questions were asked by Board members and answered by Director Gardner and Ms. Tagler.

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

RESOLVED that the Treasurer's Report for July 31 and August 31, 2017, be approved.

Agenda Item 6: Safety Operating Committee Minutes for July and August 2017. The reports had been distributed prior to the Board Meeting. After discussion, and upon motion duly made by Director Gardner, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED that the minutes of the Safety Operating Committee meeting dated August 2, 2017 (for July 2017), and September 6, 2017 (for August 2017) be approved.

Agenda Item 7: Employee Recognition for August / September 2017. Chair Gilman introduced employees Debbie Goad, Member Services Representative in Glenwood with twenty years of service, and Mary Wiener, Energy Efficiency Program Administrator in Glenwood

Springs, with five years of service. The Board recognized the employees for their service to Holy Cross. The employees left the Board Room after this item.

Agenda Item 8: Attorney's Report. Attorney Starr had reported on a jury verdict from a case involving cooperative easement use in Missouri.

Agenda Item 9: Staff Reports. Mr. Hannegan, Ms. Tagler and Mr. Bleakley gave updates to the written reports of September 15, 2017, on the matters under their supervision. During the discussion John Rowley, Vice President - Human Resources, entered the Board room. Questions from Board members were answered.

Agenda Item 17 Health and Welfare Trust Update and Agenda Item 21: Executive Session. Upon motion duly made by Director Munk, 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 employee 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 Gardner, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED that the Board exit executive session. Mr. Rowley left the Board room.

A short break was taken. Sam Whelan, Business and Rate Analyst entered the Board room.

Agenda Item 10: Delegation of HCE Representative for BLM and Forest Service. After a verbal presentation by Ms. Golis, upon motion duly made by Director Bertuglia, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED That Bryan Hannegan, President and Chief Executive Officer, David Bleakley, Vice President-Engineering, and Diana Golis, Vice President-Power Supply and Contracts are hereby authorized without qualification to execute, deliver and file, upon behalf of Holy Cross Energy, any and all applications for rights-of-way or permits to the Bureau of Land Management, Department of Transportation, and United States Forest Service, together with any and all documents which may be necessary in connection with such applications; and further, that said authorization shall remain in force and effect until and unless written notice of the revocation is delivered.

Agenda Item 11: Approval of Audit for Fiscal Year Ending April, 2017: The audit of Holy Cross's financial records for the fiscal year ended April 30, 2017, was presented to a Board committee [Glass and Gardner] that met with Mr. Kelso. Ms. Tagler reported on the committee meeting. The audit was delivered to the Board prior to the meeting. Upon motion duly made by Director Gardner, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED that the audit of the financial statements of Holy Cross for the fiscal year ended April 30, 2017, be accepted.

Agenda Item 12: Audit Contractor Review: Ms. Tagler gave a presentation about the selection of an auditor for Holy Cross for fiscal years 2018 and 2019, and current activities. After discussion by the Board, upon motion duly made by Director Gardner, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED that a proposal from the accounting firm of Kevin S. Kelso, C.P.A., dated July 28, 2017, to provide audit services to Holy Cross for the fiscal years ending April 30, 2018, and April 30, 2019, is hereby approved.

Agenda Item 13: 2016 KRTA highlights: Ms. Tagler gave a presentation about the NRUCFC Key Ratio Trend Analysis that had been sent to the Board prior to the meeting. Questions from Board members were answered by Ms. Tagler.

Agenda Item 14: CFC borrower discussion: Ms. Tagler gave a verbal and written presentation about the advantages and disadvantages for refinancing of RUS debt of Holy Cross. Staff concluded that there are many advantages to refinancing the RUS debt through CFC, even considering the large prepayment penalty. The refinance will save over \$800,000 over the next 40 years, NPV of \$322,100 using WACC. In addition, the interest discounts received on new debt are significant and provide value to all members. Finally, CFC has proven itself nimble, administratively efficient and able to offer new products based on members' needs. Staff recommends proceeding with prepaying the existing RUS and FFB debt and become a 100% CFC borrower. Action on staff's recommendation will occur at a later meeting.

A break was taken for lunch. Mr. Whelan left the Board room. Chris Hildred, Power Supply/Special Projects Supervisor entered the Board Room.

Agenda Item 15: Power Supply / MWTG / PSCo ERP Update: Ms. Golis made a verbal and written informational presentation about the Mountain West Transmission Group (MWTG) and the PSCo Electric Resource Plan (ERP). No decisions are being asked of the Board at the present time, however the issues in play will have significant implications for Holy Cross, particularly in light of emerging new strategic directions identified recently by the Board.

A short break was taken.

Agenda Item 16: Solar PV RFP Decision and Agenda Item 21: Executive Session. Upon motion duly made by Director Munk, 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 solar and other power supply 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 Palmer, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED that the Board exit executive session.

Agenda Item 16: Solar PV RFP Decision: After discussion by the Board, upon motion duly made by Director Munk, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED that the CEO is authorized to execute a power purchase agreement with RES Distributed, LLC, or a subsidiary thereof which shall be created to own the project, for the entire output of a new photovoltaic solar facility with an AC nameplate capacity of 5 MW per the terms presented to the Board.

and

RESOLVED that the CEO is authorized to execute a power purchase agreement with Cypress Creek Renewables, or a subsidiary thereof which shall be created to own the project, for the entire output of a new photovoltaic solar facility with an AC nameplate capacity of 5 MW per the terms presented to the Board.

Mr. Hildred left the Board room.

Agenda Item 18: Board Committee Reports.

A. Strategic planning – by Chair Gilman.

B. Communication Committee – by Director Palmer.

Agenda Item 19: Director's Report on Western United Electric Supply Corporation. Director Gardner reported on Western United Electric Supply Corporation matters.

Agenda Item 20: Director's Report on Colorado Rural Electric Association. Chair Gilman reported on Colorado Rural Electric Association matters.

Agenda Item 22: Unfinished business: Note that Thursday, October 19 is the next regular Board meeting and it will be held at the Cooley Mesa office.

Agenda Item 23: New Business. Vail MOU proposal was presented and discussed. After discussion by the Board, upon motion duly made by Director Palmer, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED that the Chair is authorized to execute a Memorandum Of Understanding with Vail Mountain and Beaver Creek Resort for pursuit of a sustainable designation.

A proposal was presented and discussed about the use of the VW settlement fund. After discussion by the Board, upon motion duly made by Director Gardner, seconded, and the motion was withdrawn so that the Chair and staff could develop a statement of position. All staff members left the meeting.

Agenda Item 21: Executive Session. Upon motion duly made by Director Gardner, 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 strategic planning 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 Palmer, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED that the Board exit executive session.

Agenda Item 24: Continuation of Board Meeting. Chair Gilman recessed the meeting at 4:37 p.m. until the regular Board Meeting on **October 19, 2016. The next meeting will be held at Holy Cross's Gypsum district office at 0132 Buckhorn Valley Blvd, Gypsum, CO 81637.**

✍

Secretary - Michael A. Glass

APPROVED:

✍

Chair - Megan M. Gilman

NOTE: The 2017 regular Board Meeting dates are scheduled for: **October 19, 2017, NOTE NEW DATE**; November 15, 2017; and December 20, 2017.

Upcoming Meetings of Associated Organizations:

- A. NRECA Region 7 & 9 Meeting on October 16 to October 18 at Sheraton Denver Downtown Hotel, 1550 Court Place, Denver.
- B. CREA Energy Innovations Summit and Fall Meeting on October 28 to October 31 at the Denver Downtown Westin Hotel, 1672 Lawrence Street, Denver, CO, 80202.