

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

**NOVEMBER 15, 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 Gypsum district office at 0132 Buckhorn Valley Blvd, Gypsum, CO 81637 in Eagle County at 9:05 a.m. on November 15, 2017.

Agenda Item 1: Roll Call. Chair Megan M. Gilman reported that all of the seven Directors were present being Megan M. Gilman, Robert H. Gardner, Adam L. Palmer (in Glenwood Springs), Michael A. Glass, Kristen N. Bertuglia, David C. Munk, and Clemons M. Kopf. Staff attending included President and Chief Executive Officer Bryan J. Hannegan; Mindy Tagler, Vice President - Finance;; David Bleakley - Vice President - Engineering (in Glenwood Springs); Rick Arnhold - Vice President Eagle/Vail District; Robert Farmer, Vice President, Information Technology; John Rowley, Vice President - Human Resources; Jenna Weatherred, Manager of Marketing and Member Services; Sam Whelan - Business & Rate Analyst (in Glenwood Springs); and General Legal Counsel Randolph W. Starr.

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

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 5: Consent Calendar. The following informational items were presented to the Board in the form of written reports and memoranda:

- a. Minutes of Regular Meeting of October 20, 2017.
- b. Treasurer's Report for October 2017.
- c. Safety Operating Committee Minutes for October 2017.
- d. Attorney's Report.
- e. Staff Reports.
- f. Board Committee Reports.
  - i. Strategic Planning
  - ii. Communication
- g. Directors' Reports
  - i. Western United Electric Supply Corporation.
  - ii. Colorado Rural Electric Association.

Questions by Board members about the Gilman transmission line were answered by Mr. Bleakley. Mallorie Meier entered the Board room in Glenwood Springs.

Upon motion duly made by Director Munk, seconded, put to a vote and unanimously carried, it was

**RESOLVED** that the items on the Consent Agenda were approved.

Mr. Farmer left the room.

Agenda Item 4: Employee Recognition for November 2017. Chair Gilman introduced employee Mallorie Meier, Administrative Assistant in our Glenwood Springs Headquarters with 5

years of service. The Board recognized the employee for her service to Holy Cross. Ms. Meier then left the room.

Agenda Item 6: Old Business.

a. CFC Borrowing Agreement. A presentation was made by Ms. Tagler about the refinancing of the RUS debt. After the presentation and discussion among the Board members, Upon motion duly made by Director Munk, seconded and unanimously carried, the following resolutions were adopted:

**RESOLVED**, that the Cooperative borrow from National Rural Utilities Cooperative Finance Corporation ("CFC"), from time to time as determined by the persons designated by the board of directors of the Cooperative, an aggregate amount not to exceed \$36,000,000.00, as set forth in the loan agreement with CFC governing such loan, substantially in the form of the loan agreement presented to this meeting (the "Loan Agreement");

**RESOLVED**, that the proceeds of this loan be used to refinance certain of the Cooperative's existing indebtedness with its other lenders;

**RESOLVED**, that the individuals listed below are hereby authorized to execute and deliver to CFC the following documents:

- (a) as many counterparts as shall be deemed advisable of the Loan Agreement;
- (b) one or more secured promissory notes payable to the order of CFC, which in the aggregate shall not exceed the principal amount of \$36,000,000.00, substantially in the form of the note presented to this meeting; and
- (c) if required by CFC, an amended, restated or supplemental mortgage, security agreement and financing statement with CFC and the United States of America as mortgagees for purposes of securing the loan provided for herein, substantially in the form of the mortgage presented to this meeting.

**RESOLVED**, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to execute any future amendments to said Loan Agreement as such individual may deem appropriate within the amount of the promissory notes so authorized herein and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Title or Office</u>	<u>Name (typed or printed)</u>
<u>President and CEO</u>	<u>Bryan J. Hannegan</u>
<u>Vice President-Finance</u>	<u>Mindy Tagler</u>

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Upon motion duly made by Director Gardner, seconded and unanimously carried, the following resolutions were adopted:

WHEREAS, the Cooperative has previously established a line of credit with National Rural Utilities Cooperative Finance Corporation ("CFC") under the terms

of an Perpetual Line of Credit Agreement (the "5103 Agreement") in an aggregate amount which shall not at any one time exceed Thirty Million and 00/100 Dollars (\$30,000,000.00) (the "5103 Facility");

WHEREAS, the Cooperative wishes to replace a portion of the 5103 Facility with a new \$15,000,000.00 line of credit from CFC;

WHEREAS, as a condition of extending the new line of credit, CFC has required that the Cooperative decrease the amount of the 5103 Facility; and

NOW THEREFORE BE IT RESOLVED, that the Cooperative establish a line of credit and authorize borrowing from CFC in an amount which shall not at any one time exceed \$15,000,000.00 (the "5106 Line of Credit Amount"), subject to the provisions of the Line of Credit Agreement substantially in the form submitted to this meeting (the "5106 Line of Credit Agreement"); and,

**BE IT RESOLVED**, that the Cooperative execute an amendment to the 5103 Agreement to reduce the amount thereof to an amount which shall not at any one time exceed \$15,000,000.00 (the "5103 Line of Credit Amount"), subject to the provisions of the Amended and Restated Perpetual Line of Credit Agreement substantially in the form submitted to this meeting (the "Restatement");

**RESOLVED**, that the individuals listed below are hereby authorized to execute and to deliver to CFC the following documents:

- a) the 5106 Line of Credit Agreement; and
- b) the Restatement.

**RESOLVED**, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to make all payments, to execute any future amendments to said 5103 Line of Credit Agreement, or the 5106 Line of Credit Agreement, as such individual may deem appropriate within the respective 5103 Line of Credit Amount, and the 5106 Line of Credit Amount, so authorized and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office or Title</u>	<u>Name (typed or printed)</u>
President and CEO	Bryan J. Hannegan
Vice President-Finance	Mindy Tagler

b. Greenhouse Gas Reduction Plan.

A presentation was made by Mr. Hannegan about the results of the Board committee meeting that was previously held to review options for future greenhouse gas reductions on the Holy Cross system. Questions posed by Board members were answered by staff or Chair Gilman. No action was taken by the Board on this item.

A break was taken. Mr. Arnhold left the room.

Agenda Item 7: New business:

a. Date and Location of Annual Meeting. Ms. Weatherred made a presentation about the date of and location of the 2018 Annual Meeting of Members of Holy Cross. Upon motion duly made by Director Gardner, seconded and unanimously carried, the following resolution was adopted:

**RESOLVED** that the 2018 Annual Meeting of Members of Holy Cross be set for May 31, 2018, with the location to be at Crown Mountain Park, 501 Eagle Count Drive, El Jebel. 81623

b. Biannual Write Off Report. Wayne Alderson, Billing Support Services Supervisor, entered the Board room in Glenwood Springs. Mr. Alderson presented the list of accounts that are uncollected and that should be declared as uncollectable, totaling \$33,232.45. (January 1 through June 30, 2017). The list had been presented to the Board prior to the meeting. Upon motion duly made by Director Munk, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that the attached list of accounts receivable presented by Mr. Alderson, totaling \$33,232.45, was declared uncollectable and that the list of accounts be written-off the financial records of Holy Cross.

Mr. Alderson left the Board Room in Glenwood Springs.

c. Board Committees Charter and Function.

Chair Gilman presented her written memorandum and the Board discussed the proposal to create standing committees of the Board as outlined in the memorandum. After discussion among the Board members, upon motion duly made by Director Kopf, seconded, put to a vote and unanimously carried, the following resolutions were adopted:

**RESOLVED** that the Board authorizes the creation of the following four Board Committees pursuant to Article V, Section 7 of the Holy Cross Electric Association, Inc. Bylaws: Communications, Finance, Governance and Policies, and Strategic Programs and Initiatives, with charge and scope as outlined in the November 14, 2017 Board Memorandum.

**RESOLVED** that the Board appoint Directors to Board Committees as follows, with the Board Chair serving as ex-officio on all Board Committees:

- o Communications: Directors Munk (Chair), Palmer and Bertuglia
- o Finance: Directors Gardner (Chair), Glass and Kopf
- o Governance and Policies: Directors Glass (Chair), Gardner and Kopf
- o Strategic Programs and Initiatives: Directors Gilman (Chair), Bertuglia, Palmer and Munk

d. Employee Mortgage Assistance Program.

Mr. Rowley gave a presentation about potential updates to the Employee Mortgage Assistance Program. Upon motion duly made by Director Munk, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED** that the staff proposal for an Employee Mortgage Assistance Program be referred to the Board Governance and Policy Committee for review.

A break for lunch was taken. Director Palmer left the Board Room in Glenwood Springs. Staff remaining in the room after the break were Mr. Hannegan, Ms. Tagler and Ms. Weatherred.

Mr. Hannegan made a presentation regarding the Renewable Energy Purchase Program. The Board posed questions and discussed the options for promoting the program to members. During the presentation Director Palmer entered the Board meeting in Gypsum. No action was taken, and staff will take into account the comments of Board members regarding the program.

Ms. Tagler and Ms. Weatherred and Mr. Hannegan left the Board room.

Agenda Item 8: 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 compensation 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.

Agenda Item 9: Continuation of Board Meeting. Chair Gilman recessed the meeting at 1:46 p.m. until the regular Board Meeting on **December 20, 2017**. The next meeting will be held at the Holy Cross office at 3799 Highway 82 in Glenwood Springs, Colorado.

  
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Secretary - Michael A. Glass

APPROVED:

  
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Chair - Megan M. Gilman

NOTE: The remaining 2017 regular Board Meeting dates are scheduled for: December 20, 2017. The 2018 regular Board Meeting dates are tentatively scheduled for: January 17, 2018; February 21, 2018; March 21, 2018; April 18, 2018; May 16, 2018; June 20, 2018; July 18, 2018; August 15, 2018; September 19, 2018 (strategic planning); October 17, 2018; November 21, 2018 [note this is the day before Thanksgiving and the date may be changed]; and December 19, 2018. The Annual Meeting of the Members will be held on May 31, 2018 at Crown Mountain Park, 501 Eagle Count Drive, El Jebel. 81623.