

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

FEBRUARY 21, 2018

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 Cooley Mesa office at 0132 Buckhorn Valley Blvd, Gypsum, CO 81637 in Eagle County at 9:07 a.m. on February 21, 2018.

Agenda Item 1: Roll Call. Chair Megan M. Gilman reported that five of the seven Directors were present being Megan M. Gilman, Robert H. Gardner, Adam L. Palmer, Michael A. Glass, Kristen N. Bertuglia; David C. Munk, and Clemons M. Kopf were absent. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; Mindy Tagler, Vice President - Finance; Diana Golis, Vice President - Power Supply and Contracts; David Bleakley - Vice President - Engineering; Bob Farmer, Vice President, Information Technology; John Rowley, Vice President - Human Resources; Jenna Weathered, Manager of Marketing and Member Services; Sam Whelan- Business & Rate Analyst; Cody O'Neil, Vice President, Glenwood District Operations; and Chris Hildred, Power Supply/Special Projects Supervisor; 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 January 17, 2018, 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 by the public present.

Agenda Item 4: Employee Recognition for February 2018. Ken Lyons, Mechanic in our Glenwood Springs Operations Center is celebrating 30 years of service. Ken started working at Holy Cross on February 8, 1988. He was unable to attend the meeting.

Agenda Item 5: Consent Calendar. The following informational items were presented to the Board in the form of written reports and memoranda [Mr. Munk entered the board room at the beginning of this item]:

- a. Minutes of Regular Meeting of January 17, 2018
- b. Treasurer's Report for February 2018
- c. Safety Operating Committee Minutes for January 2018
- d. Attorney's Report
- e. Staff Reports
- f. Board Committee Reports
 - i. Communication Committee
 - ii. Finance
 - iii. Governance
 - iv. Strategic Issues
- g. Directors' Reports
 - i. Western United Electric Supply Corporation
 - ii. Colorado Rural Electric Association

Questions posed by Board members were answered by staff members. 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 be approved as presented.

Agenda Item 6: Old Business.

a. Election Supervision Committee selection for Director Election. Ms. Weatherred made a presentation about the requirement of the Voting and Elections Policy to name a CPA firm to oversee the election of directors and to appoint an Election Supervisory Committee. After discussion by the Board, upon motion made by Director Munk, seconded and unanimously carried, the following resolution was adopted:

RESOLVED that the Board appoints the Certified Public Accounting firm of Tapp & Associates, Inc. to receive, prepare and secure return envelopes containing ballots, and tabulate ballots and report voting results to the Board of any contested Board of Directors election in 2018.

FURTHER RESOLVED that the Board appoints and Election Supervisory Committee consisting of Randolph W. Starr, Holy Cross Energy's general legal counsel; Donald Tapp, CPA from Tapp & Associates, Inc., CPA firm; and Jenna Weatherred, Manager of Marketing and Member Services, to oversee the election and voting process of any contested Board of Directors election in 2018.

b. Rate Design RFP Update and Primer. A visual and verbal presentation was made by Ms. Tagler about the status of the request for proposals issued by Holy Cross regarding rate design matters. Staff has selected The Brattle Group to conduct Holy Cross's Cost of Service and Rate Design Study. Mr. Hannegan also presented an educational seminar on rate design matters. Questions from Board members were addressed by Mr. Hannegan.

c. Review of Vision Statement / Strategy Map. Mr. Hannegan made a verbal and visual presentation about the current and proposed mission statement of Holy Cross. Mr. Hannegan discussed the current version of the statement and the senior staff regarding the drafting of the updated vision statement. Mr. Hannegan suggested that the Board refer this agenda item to the Strategic Issues Committee for further consideration [meeting at the conclusion of the Board meeting today].

A short break was taken.

Agenda Item 7: New Business:

a. Amendment to Power Supply Agreement with Public Service Company of Colorado. A presentation was made by Ms. Golis about the revised PSA with PSCo. Upon motion duly made by Director Gardner, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED that the proposed amendment as presented by staff is approved and the officers of Holy Cross are authorized to sign the First Amendment to the Amended and Restated Power Supply Agreement with PSCo as presented at the Board meeting and to file with FERC.

b. Extension of Firm Electric Service Contract with Western Area Power Administration. A presentation was made by Ms. Golis about the revised contract with WAPA. Upon motion duly made by Director Munk, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED that the proposed contract with WAPA as presented by staff is approved and the officers of Holy Cross are authorized to sign the revised contract [Contract No. 17-SLC-0851].

c. New CFC Mortgage. A visual and verbal presentation was made by Ms. Tagler. Upon motion duly made by Director Gardner, seconded, put to a vote and unanimously carried, the following resolution was adopted:

WHEREAS, the Cooperative wishes to borrow an aggregate amount not to exceed \$30,000,000.00 from National Rural Utilities Cooperative Finance Corporation (CFC);
WHEREAS, the Cooperative has previously borrowed funds from CFC pursuant to (a) the Loan Agreement, dated as of December 1, 2017, by and between the Cooperative and

CFC (the "9028 Loan Agreement") and the unsecured promissory note dated as of December 1, 2017, executed pursuant thereto (the "9028 Note");

WHEREAS, as a condition of the 9028 Loan Agreement to the Cooperative, CFC has required the Cooperative to secure its obligations under the 9028 Loan Agreement, and the 9028 Note, and to execute a substitute secured promissory notes for the 9028 Note (the "Substitute Note");

RESOLVED, that the Cooperative borrow from National Rural Utilities Cooperative Finance Corporation (CFC), from time to time as determined by the officers or proper persons designated by the board of directors of the Cooperative, an aggregate amount not to exceed \$30,000,000.00, 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 "9029 Loan Agreement"); and

RESOLVED, that the proceeds of this loan be used for the purpose set forth in the 9029 Loan Agreement; and

RESOLVED, that in order to fulfill the conditions of the 9028 Loan Agreement, the Cooperative secure its obligations under the 9028 Loan Agreement, and the 9028 Note, and execute the Substitute Note; and

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the following documents (including as many counterparts as may be required):

- a) 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 \$30,000,000.00, substantially in the form of the note presented to this meeting;
- c) the Substitute Note payable to the order of CFC, which shall not exceed the principal amount of \$2,985,320.19, substantially in the form of the Substitute Note presented to this meeting; and
- d) a mortgage and security agreement with CFC as mortgagee, for purposes of securing the loan provided for herein, the Cooperative's obligations under the 9028 Loan Agreement and the Substitute Note, substantially in the form of the mortgage and security agreement 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 or said 9028 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:

Office or Title Name (typed or printed)

President and Chief Executive Officer Bryan J. Hannegan

Vice President—Finance Mindy Tagler

d. 2017 Employee Culture Survey Results. A visual and verbal presentation was made by Mr. Hannegan with input from Mr. Rowley. Questions from Board members were addressed by Mr. Hannegan.

A break for lunch was taken.

Agenda Item 8: Recognition of Recipient of the 3rd Quarter Larry Shaffer Award of Excellence and Ed Grange Award of Excellence. At the luncheon, the Eagle/Vail Operations Crew 32, Crew 67, and Crew 84 were recognized as the recipients of the Larry Shaffer Award of Excellence, and Jennifer Broderick was recognized as the recipient of the Ed Grange Award of Excellence.

Agenda Item 9: Executive Session.

Upon motion duly made by Director Palmer, 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 Power Supply Agreements and Contracts, employee matters and legal 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. All staff members left the room for the portion of the meeting concerning employee matters

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

RESOLVED that the Board exit executive session.

Agenda Item 10: Continuation of Board Meeting. Chair Gilman recessed the meeting at 2:25 p.m. until the regular Board Meeting on **March 21, 2018**. The next meeting will be held at Holy Cross's office at 3799 Highway 82 in Glenwood Springs, Colorado.

Secretary – Michael A. Glass

APPROVED:

Chair – Megan M. Gilman

NOTE: The 2018 regular Board Meeting dates are tentatively scheduled for:

- March 21, 2018;
- April 18, 2018;
- May 16, 2018;
- June 20, 2018;
- July 18, 2018;
- August 15, 2018;
- September 19, 2018;
- October 17, 2018;
- November 14, 2018 [*note date change*]; 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.

Upcoming Meetings of Associated Organizations:

- A. NRECA Annual Meeting on February 25-28 in Nashville, TN.
- B. NRECA Directors Conference on March 25-28 in Las Vegas, NV.
- C. NRECA Legislative Conference on April 8-10 in Washington, D.C.
- D. CFC Forum on June 10-13 in Indianapolis, IN.
- E. CFC Directors Conference on July 10-12 in Colorado Springs, CO.
- F. NRECA Region VII & IX Conference on September 25-27 in Anchorage, AK.
- G. CREA Fall Meeting and Energy Innovations on October 27-30 in Denver, CO.
- H. Mid-West Electric Consumers Association Annual Meeting on December 10-13 in Denver, CO.