

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

MARCH 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 main office at 3799 Highway 82 in Garfield County, Glenwood Springs, CO at 9:04 a.m. on March 21, 2018.

Agenda Item 1: Roll Call. Chair Megan M. Gilman reported that six of the seven Directors were present being Megan M. Gilman, Robert H. Gardner, Adam L. Palmer, Kristen N. Bertuglia, David C. Munk, and Clemons M. Kopf, with Michael A. Glass present on the telephone. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; Mindy Tagler, Senior Vice President and Chief Financial Officer; Diana Golis, Vice President - Power Supply and Contracts; David Bleakley - Vice President - Engineering; John Rowley, Vice President - Human Resources; Jenna Weatherred, Vice President - Member & Community Relations; Sam Whelan - Business & Rate Analyst; Cody O'Neil, Vice President - Glenwood District Operations; and Rick Arnhold, Vice President - Eagle/Vail District Operations; 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 February 21, 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 as there were no members of the public present.

Agenda Item 4: Employee Recognition for March 2018. Lori Welch, Software & Systems Specialist II in Glenwood Springs is celebrating 5 years of service. Lori started working at Holy Cross on March 4, 2013.

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 February 21, 2018
- b. Treasurer's Report for March 2018
- c. Safety Operating Committee Minutes for February 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. During the discussion Bob Farmer, Vice President - Information Technology entered the Board room. Upon motion duly made by Director Gardner, 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. Year End Financial Review. Ms. Tagler presented a visual and verbal review of the year-end financial status of Holy Cross. During the presentation director Palmer left the Board room.

b. Member Equity Distribution.

Ms. Tagler presented a recommendation for distribution of accrued and unpaid capital credits to the members of Holy Cross. The recommendation is in accordance with the Articles of Incorporation, Bylaws and Policies of Holy Cross. Ms. Tagler reviewed the member equity allocations and refund options for 2018. Staff recommended that a lengthening of the capital credit rotation cycle be made to 20 or 25 years in order to lower HCE's borrowing needs, provide a greater level of funding for operations and special projects, and to help reach HCE's equity to assets goal of 40% by 2023.

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

RESOLVED that Holy Cross shall allocate for 2017 only, operating margins of \$5,911,759 to member equity accounts.

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

RESOLVED that 50% of the 2017 member equity allocations on a discounted net present value basis, in the approximate amount of \$1,111,400, be refunded to members in May 2018.

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

RESOLVED that 1/25th of the allocated margins balance from 2003 to 2017, of approximately \$2,450,000, shall be refunded to members on a first-in first-out basis in December 2018.

c. Wage and Compensation Trends Review. Tammeron Trujillo, Director of Human Resource Services at the Employer's Council entered the Board room. Ms. Trujillo gave a visual and verbal presentation relating to employee compensation matters. Ms. Trujillo left the Board room at the conclusion of her presentation.

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 employee 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.

A short break was taken.

Agenda Item 7: New Business:

a. Member Needs Assessment Survey Results. Ms. Weatherred reviewed the results of the Member Needs Assessment Survey conducted by NRECA. Questions by Board members were responded to by Ms. Weatherred.

A break for lunch was taken.

Agenda Item 8: Recognition of Recipient of the 4th Quarter Larry Shaffer Award of Excellence and Ed Grange Award of Excellence. Mr. Hannegan, Ms. Tagler, Ms. Golis and Mr. Rowley returned to the Board room after lunch.

c. Renewal of Franchise Agreement for the Town of Basalt. Ms. Golis reviewed the materials provided to the Board prior to the meeting regarding the extension of the franchise and agreement for an additional ten years. No action is needed to be taken by Holy Cross for approval of the extension. At the conclusion of this item Ms. Golis left the Board room.

b. Board Compensation Policy. 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 and President and CEO performance review. All staff members left the Board room for the discussion on the performance review. Mr. Hannegan reentered the Board room later in the session at the request of the Board members. Chair Gilman left the Board room at 3:31 p.m.

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.

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

RESOLVED that the CEO be given a bonus based on his performance from July 2017 as shown on the sheet signed by the Chair.

Agenda Item 9: Executive Session. [See above]

Agenda Item 10: Continuation of Board Meeting. Chair Gilman recessed the meeting at 4:21 p.m. until the regular Board Meeting on **April 18, 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:

- 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:

- NRECA Legislative Conference on April 8-10 in Washington, D.C.
- CFC Forum on June 10-13 in Indianapolis, IN.
- CFC Directors Conference on July 10-12 in Colorado Springs, CO.
- NRECA Region VII & IX Conference on September 25-27 in Anchorage, AK.
- CREA Fall Meeting and Energy Innovations on October 27-30 in Denver, CO.
- Mid-West Electric Consumers Association Annual Meeting on December 10-13 in Denver, CO.