

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

MARCH 20, 2019

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 9:01 a.m. on March 20, 2019.

Agenda Item 1: Roll Call. Chair Megan M. Gilman reported that six of the seven Directors were present in person being Megan M. Gilman, Robert H. Gardner, David C. Munk, Clemons M. Kopf, Adam L. Palmer and Kristen N. Bertuglia. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; Bob Farmer, Vice President - Information Technology; John Rowley, Vice President - Human Resources; Cody O’Neil, Vice President - Glenwood District Operations; Rick Arnhold, Vice President – Eagle / Vail District Operations; Steve Beuning, Power Supply and Programs by phone; Drew Schiller, Vice President – Finance; and Betsey Seymour, Executive Assistant.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Gilman adjourned the meeting of the Board of Directors originally convened on February 19, 2019, and then continued to today’s meeting.

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

Agenda Item 4: Employee Recognition. Deferred to a later date.

Jenna Weatherred, Vice President – Member and Community Relations and Director Clemons M. Kopf entered the meeting room.

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 February 19, 2019 Regular Meeting
- b. Treasurer’s Report
- c. Safety Operating Committee Minutes
- d. Power Supply Report
- e. Attorney’s Report
- f. Staff Reports
- g. Board Committee Reports
 - i. Communications
 - ii. Finance
 - iii. Governance
 - iv. Strategic Issues
- h. Directors’ Reports

- i. Western United Electric Supply Corporation
- ii. Colorado Rural Electric Association

Director Michael Glass entered the meeting

Questions posed by Board members were answered by staff members. Upon motion duly made by Director Gardner, seconded, put to a vote and unanimously carried, it was **RESOLVED** that the items on the Consent Calendar be approved as presented.

Agenda Item 6: Old Business.

a. Year End Financial Review. Vice President Schiller presented a visual and verbal review of the year-end financial status of Holy Cross.

b. 2019 Member Equity Distribution. Vice President Schiller 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. Vice President Schiller reviewed the member equity allocations and refund options for 2019.

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

RESOLVED that Holy Cross shall allocate for 2018 only, operating margins of \$ 6,555,618 to member equity accounts.

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

RESOLVED that 50% of the 2018 member equity allocations on a discounted net present value basis, in the approximate amount of \$ 1,198,834, be refunded to members in May 2019.

Upon motion duly made, 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 2018, of approximately \$ 2,482,298, shall be refunded to members on a first-in first-out basis in December 2019.

A short break was taken.

c. Cost of Service and Rate Design

i. Comments from Independent Reviewers. Mr. Hannegan provided a summary of the comments made by the Rocky Mountain Institute, the Regulatory Assistance Project, and the National Rural Utilities Cooperative Finance Corporation.

ii. Financial Impact Analysis. Mr. Schiller provided a briefing on an analysis tool created by staff to review the impacts of specific rate design changes on HCE members.

Discussion followed, but no specific action was taken.

Agenda Item 7: New Business.

a. 2019 Strategic Planning Process. Mr. Hannegan presented a slide presentation of the strategic planning process and laid out a time line of the planning process for the remainder of the year

b. Community Enhancement Fund Guidelines. Mr. Hannegan and Ms. Weatherred presented the current Community Enhancement Fund guidelines and the updates

proposed. Questions by the Board members were answered, and members proposed to include an additional guideline regarding electric vehicle charging infrastructure.

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

RESOLVED, that the Board approves the revisions proposed by staff to the Community Enhancement Fund Guidelines, enabling the use of those funds for distributed energy resources projects, for participation in the Renewable Energy Purchase Program and electric vehicle charging infrastructure.

Director Palmer inquired as to whether Holy Cross Energy intended to provide comments to the stakeholder process presently under way regarding the proposed Colorado Zero Emissions Vehicle mandate. After discussion, it was decided that HCE would not respond.

Agenda Item 8: A break for lunch was taken. Libby Cowling and Guy Ryan entered the room. The recipients of the Larry Shaffer and Ed Grange Awards were in attendance and were recognized for their achievement. Ms. Cowling and Mr. Ryan left the room.

Agenda Item 9: Executive Session. 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 a review of the performance of the President and CEO. All staff members except Mr. Hannegan left the Board room.

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, 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 2:53 p.m. until the regular Board Meeting on **April 24, 2019**. The next meeting will be held at Holy Cross's office at the main office at 3799 Highway 82 in Garfield County, Glenwood Springs, CO at 9:00 a.m.

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Secretary – Robert H. Gardner

APPROVED:

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Chair – Megan M. Gilman

NOTE: The 2019 regular Board Meeting dates are scheduled for:

- April 24**, 2019 [note change from regular schedule] - Glenwood Springs;
- May 15, 2019 – Glenwood Springs; [Annual Member Meeting is June 6, 2019]
- June 19, 2019 – Gypsum;
- July 17, 2019 – Glenwood Springs;
- August 21, 2019 - Gypsum;
- September 18, 2019 – Glenwood Springs;
- October 16, 2019 – Glenwood Springs;
- November 20, 2019 – Glenwood Springs; and
- December 18, 2019 - Gypsum.

Upcoming Meetings of Associated Organizations:

- NRECA Legislative Conference April 28-30, 2019, in Washington, D.C.
- NRECA Summer School for Directors August 2-7, 2019, in Branson.
- NRECA Region 7 & 9 Meeting September 24-26, 2019, in Spokane.
- CREA Semi-annual Meeting and Energy Innovations October 26-30, 2019, Denver.
- NRECA Winter School for Directors December 12-18, 2019, in Nashville.