

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

JUNE 19, 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 main office at 3799 Highway 82 in Garfield County, Glenwood Springs, CO, on June 19, 2019, at 9:03 a.m.

Agenda Item 1: Roll Call. Chair Megan M. Gilman reported that all of the seven Directors were present in person being Megan M. Gilman, Robert H. Gardner, David C. Munk, Adam L. Palmer, Kristen N. Bertuglia, Clemons M. Kopf, and newly elected Board member Larissa Read. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; David Bleakley, Vice President – Engineering; 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; Drew Schiller, Vice President – Finance; and Jenna Weatherred, Vice President - Member and Community Relations. Dwight Dahlin, Metering Crew Supervisor, Ellen Jacobsgaard, Meter Reading Technician, Brenda Downing, Member Services Supervisor, Paul Carlson, CAD Technician II, Jeff Hauer, Senior Meter Technician, and Joel Olerich, Journey Lineworker, also entered the Board room.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Gilman adjourned the meeting of the Board of Directors originally convened on May 15, 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. Director Read was introduced and she commented on her background. Chair Gilman made comments about the annual member meeting. [09:08]

Agenda Item 4: Employee Recognition. Dwight Dahlin, Metering Crew Supervisor in our Glenwood Springs Operations Center is celebrating 30 years of service, Ellen Jacobsgaard, Meter Reading Technician in our Glenwood Springs Operations Center is celebrating 25 years of service, Brenda Downing, Member Services Supervisor in our Glenwood Springs Headquarters is celebrating 20 years of service, Paul Belden, Crew Foreman in our Eagle/Vail District is celebrating 15 years of service, Paul Carlson, CAD Technician II in our Glenwood Springs Headquarters is celebrating 35 years of service, Jeff Hauer, Senior Meter Technician in our Glenwood Springs Operations Center is celebrating 25 years of service, and Joel Olerich, Journey Lineworker in our Eagle/Vail District is celebrating 5 years of service. The employees were recognized for their service to Holy Cross. Board members introduced themselves to the employees. The employees left the board room. [09:26]

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 May 15, 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

Questions posed by Board members were answered by staff members. Upon motion duly made, seconded, put to a vote and unanimously carried, it was **RESOLVED** that the items on the Consent Calendar be approved as presented, except for staff reports which will be acted on later in the meeting. [09:30]

Agenda Item 7: Old Business.

a. Approval of Annual Meeting Minutes Upon motion duly made, put to a vote and carried unanimously, the following resolution was adopted:

RESOLVED, that the Annual Meeting Minutes for May 31, 2018, be approved as presented. [09:31]

b. Director Self-Certification Each of the Board members signed the certification regarding qualifications for the Board as required by the Bylaws of Holy Cross.

c. Board Officers' Election Chair Gilman announced that the next order of business was the election of officers of Holy Cross. Attorney Starr took charge of the election and the following Board members were elected by majority vote to the following positions:

- Megan M. Gilman was elected as Chair;
 - David C. Munk was elected as Vice Chair;
 - Robert H. Gardner was elected as Secretary; and
 - Adam Palmer was elected as Treasurer and as Assistant Secretary.
- At this time the newly elected officers took their positions. [09:41]

d. Board Committee Assignments

Appointments to the Communications, Finance, Governance, and Strategic Issues Committees were made by acclamation as follows:

- i. Communications: [defer action until July]
- ii. Finance: [defer action until July]
- iii. Governance: Gardner, Kopf and Read
- iv. Strategic Issues: [defer action until July] [09:50]

e. Designation of External Representatives

Election of representatives to Colorado Rural Electric Association Board member and for Western United Electric Supply Corporation was completed by acclamation:

Robert H. Gardner was elected as Board representative to WUESC and David C. Munk was elected as Alternate Board representative.

Megan M. Gilman was elected as Board representative to CREA and David C. Munk was elected as Alternate Board representative.

Director Gardner was appointed as Holy Cross's board member on the Holy Cross Energy Round-Up Foundation.

Director Munk was appointed as Holy Cross's board member on CORE.

Governance and Finance committee chairs were assigned to the Officers of the Board [Secretary and Treasurer, respectively]. [10:04]

f. Cybersecurity Update

Ladd Epp, IT Operations Supervisor, entered the board room, and he gave a verbal and visual presentation to the Board. Vice President Farmer provided additional input. In December 2018, staff provided the Board with an update on Holy Cross's cybersecurity vulnerability assessments. One area of concern identified related to employee cybersecurity training. This update included an overview of Holy Cross's cybersecurity initiatives for the first 6 months of 2019 including a focus on employee and internal IT team training. Questions posed by Board members were responded to by Mr. Farmer and Mr. Epp. Mr. Epp left the board room at the end of the presentation. [10:30]

A short break was taken. [10:30-10:48]

Agenda Item 7: New Business.

a. External Auditor RFP

Vice President Schiller gave a verbal and visual presentation to the Board. An RFP has been drafted for bidding out a new three-year contract. The Finance Committee recommends that the Board approve the draft RFP as presented.

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

RESOLVED, that Holy Cross issue an RFP for audit services for the three-year period April 30, 2020 thru April 30, 2022, as provided in the background materials. [10:53]

b. Corporate Credit Card Limit

Vice President Schiller gave a verbal and visual presentation to the Board about the need to increase the HCE corporate credit card limit from \$100,000 to \$150,000. The issue was discussed with the Board Finance Committee on June 3rd, and following that discussion the Committee recommended this item be brought to the Board for approval.

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

RESOLVED, that the following Resolutions adopted by the Board of Holy Cross at its August 19, 2015, Board meeting be reaffirmed:

RESOLVED, that Holy Cross Energy [the "Cooperative"] establish or continue its participation in a corporate credit card program under the terms, conditions and provisions of the One Card Program Reimbursement Agreement (the "Agreement"), and to reimburse CFC, together with interest, for any amounts that CFC is required to pay U.S. BANK on behalf of the Cooperative pursuant to the terms of the Agreement; and,

RESOLVED, that the Chief Executive Officer of the Cooperative be and is hereby authorized to execute the Agreement on behalf of the Cooperative, to execute any future amendments to said Agreement as such individual may deem appropriate, and to execute such further documents as may be necessary or appropriate in order to comply with CFC's or U.S. Bank's requirements; and,

RESOLVED, that it is the intent of the Board that upon execution and delivery of the Agreement to CFC, and when executed by CFC, the Agreement shall constitute a valid and binding agreement between CFC and the Cooperative, enforceable in accordance with its terms; and

RESOLVED, that the appropriate officers are authorized to take all other actions they deem advisable to carry out the purpose of these resolutions.

RESOLVED, that Holy Cross Energy [the “Cooperative”] amend the One Card Program Reimbursement Agreement (the “Agreement”) as provided in the “First Amendment To One Card Program Reimbursement” (the “First Amendment”), and to reimburse CFC, together with interest, for any amounts that CFC is required to pay U.S. BANK on behalf of the Cooperative pursuant to the terms of the First Amendment; and,

RESOLVED, that the President and Chief Executive Officer of the Cooperative be and is hereby authorized to execute the First Amendment on behalf of the Cooperative, to execute any future amendments to the Agreement as President and Chief Executive Officer may deem appropriate, and to execute such further documents as may be necessary or appropriate in order to comply with CFC’s or U.S. Bank’s requirements; and

RESOLVED, that the President and Chief Executive Officer of the Cooperative be and is hereby authorized to execute the Participant Entity Amendment (the “Amendment”) among the Cooperative as the “Participant,” CFC as the “Customer,” and U.S. Bank as the counterparty to CFC in the Commercial Account Agreement dated November 1, 2016 (the “Commercial Account Agreement”); and on behalf of the Cooperative, to execute any future amendments to the Commercial Account Agreement the President and Chief Executive Officer may deem appropriate, and to execute such further documents as may be necessary or appropriate in order to comply with CFC’s or U.S. Bank’s requirements.

[10:58]

Agenda Item 10: Executive Session. Upon motion duly made, 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 contract negotiations. All staff members remained in 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. [12:20]

Agenda Item 8: Lunch. The IT Department joined the board for lunch. [12:20-13:35]

Agenda Item 5: Consent Calendar. [cont.]

f. Staff Reports. Questions posed by Board members were answered by staff members. Upon motion duly made, seconded, put to a vote and unanimously carried, it was

RESOLVED that the Staff Reports item f. on the Consent Calendar be approved as presented. [13:43]

Agenda Item 9: Strategic Planning Prep – Technology and Market Options. Chair Gilman led a discussion among the Board members about the upcoming Board strategic planning session.

President and Chief Executive Officer Hannegan made a verbal and visual presentation about the materials and subjects for the upcoming Board strategic planning session. Lengthy discussion among the Board members ensued. A short break in the meeting was taken during the discussion. [15:03-15:20] Staff received direction from the comments by each Board member. [16:09]

Agenda Item 11: Continuation of Board Meeting. Chair Gilman recessed the meeting at 16:31 p.m. until a **special Board Meeting on June 25, 2019, at 10:30 a.m.**, and then recess to the regular Board Meeting on **July 17, 2019**, at 9:00 a.m. The next meeting will be held at Holy Cross's main office at 3799 Highway 82 in Garfield County, Glenwood Springs, CO.

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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:

- July 17, 2019;
- August 21-22, 2019 [strategic planning];
- September 18, 2019;
- October 16, 2019;
- November 20, 2019; and
- December 18, 2019.

Upcoming Meetings of Associated Organizations:

- CoBank Energy Conference July 10 to July 12, 2018 in Colorado Springs.
- 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.