

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

MARCH 18, 2020

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 March 18, 2020 at 9:00 a.m. The meeting was held in webcast format with all board members and staff appearing by electronic medium hosted at the Holy Cross’s main office. The meeting was held during a time that the President of the United States and the Governor of the State of Colorado have declared a State of Emergency and ordered that no groups of people meet in person due to the spread of COVID-19 virus. Notice of the meeting was given in accordance with Colorado law and the by-laws of Holy Cross. Each board member and each staff member participated in the meeting in accordance with Section 5.6 of the bylaws.

Agenda Item 1: Roll Call. Vice Chair David C. Munk reported that six the seven Directors were present in person being Robert H. Gardner, Kristen N. Bertuglia, David C. Munk and Clemons M. Kopf, Adam Quinton and Adam L. Palmer. Chair Megan M. Gilman submitted her resignation from the Board of Directors on March 4, 2020. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; Steve Beuning, Vice President – Power Supply and Programs; David Bleakley, Vice President – Engineering; Bob Farmer, Vice President - Information Technology; Cody O’Neil, Vice President—Glenwood District Operations; Rick Arnhold, Vice President – Eagle / Vail District Operations; Andrew Schiller, Vice President – Finance; John Rowley, Vice President - Human Resources; and Jenna Weatherred, Vice President—Member and Community Relations. Also on the webcast were Manuel Gomez and Betsey Seymour. General Legal Counsel Randolph W. Starr attended. Also present on the webcast was member Patrick Tvarkunas.

Agenda Item 2: Adjourn Previous Board Meeting. Vice Chair Munk adjourned the meeting of the Board of Directors originally convened on February 19, 2020, and then continued to today’s meeting. Each of the board members and staff introduced themselves to new board member Adam Quinton. [09:19]

Agenda Item 3: COVID-19 Update and Impact Assessment. President and CEO Hannegan gave an update about the effects of the declaration of a state of emergency and the other government orders regarding COVID-19 have affected Holy Cross’s operations. Each of the senior staff members reported on effects on their section. Questions from board members were answered by Mr. Hannegan and other staff members. [10:20]

A short break was taken. [10:20-10:33]

Agenda Item 4: Public Comment. Vice Chair Munk asked for comments of members of the public present. Short comments were made by Mr. Tvarkunas. [10:34]

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, 2020 Special Meeting
- b. Treasurer's Report
- c. Safety Committee Minutes
- d. Power Supply Report
- e. Legislative and Regulatory Report
- f. Attorney's Report
- g. Staff Reports
- h. Board Committee Reports
 - i. Communications
 - ii. Finance
 - iii. Governance
 - iv. Strategic Issues
- i. 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. [10:52]

Agenda Item 6: Organizational Matters.

- a. Section 2 of Article VI regarding Officers states, in part: "A vacancy in any office shall be filled by the Board for the unexpired portion of the term." The Board discussed replacement of the Chair position. Upon motion duly made, seconded, put to a vote and unanimously carried, it was **RESOLVED** that David C. Munk be appointed as Chair, that Robert H. Gardner be appointed as Vice Chair and that Kristen N. Bertuglia be appointed as Secretary of Holy Cross.

The newly elected Chair took control of the meeting. Kristen N. Bertuglia was appointed as Chair of the Strategic Issues Committee. Robert H. Gardner was appointed as CREA and WUE Board member and David C. Munk was appointed as alternate. David C. Munk was appointed as delegate to the NRECA, NRUCFC, CoBank, NRTC and Federated meetings and Robert H. Gardner was appointed as the alternate delegate.
- b. As a result of the resignation of Board Member Gilman, a vacancy has been created in the Board. The Board position is scheduled for election at the 2020 Annual Member Meeting to be held on June 3, 2020. Section 11 of Article IV of the Bylaws states:

"SECTION 11. Vacancies. Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of Directors by the members, a vacancy occurring in the Board for reasons other than expiration of term shall be filled either by the affirmative vote of a majority of the remaining Directors for the unexpired portion of the term."

The Board discussed the process for filling of the vacancy in the Board. A motion was made and seconded, to enter executive session to consider documents or testimony given in confidence generally relating to appointment of a replacement to the vacancy in the board. Discussion about the motion ensued, after which the motion was withdrawn. The Chair allowed a short comment by Mr. Tvarkunas.

A motion was made and seconded to not appoint a replacement to the vacancy before the Annual Member Meeting and instead to allow candidates for the Board to run for election of the vacant seat so that the Members would determine the replacement. Discussion about the motion ensued. A vote was taken on the motion and it passed by a unanimous vote. Further discussion about the impact of the declaration of an emergency on the Annual Meeting ensued. Discussion about the agenda ensued. [11:43]

Agenda Item 7. Old Business.

- a. 2020 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 2020. Discussion among the board members ensued and questions posed to Mr. Schiller and Mr. Hannegan were answered.

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

RESOLVED that Holy Cross shall allocate for 2019 only, operating margins of \$7,504,771 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 2019 member equity allocations on a discounted net present value basis, in the approximate amount of \$1,491,174, be refunded to members in May 2020.

No action was taken on the following resolution proposed by staff:

that 1/25th of the allocated margins balance from 2005 to 2019, of approximately \$2,530,617, shall be refunded to members on a first-in first-out basis in December 2020. This resolution will be placed on the agenda for a later board meeting. [12:11]

- b. Power Supply RFP Update. Vice President Beuning gave a verbal update to the written report provided to the board prior to the meeting. The report informed the board on the following items:
 - 1) current status of signed power supply agreements in development.
 - 2) status of HCE activity on the resource plan solicitation offers received on 3/2/2020.
 - 3) status of Comanche 3 failure and repairs.Mr. Beuning answered questions from board members. [12:22]

Agenda Item 8: New Business.

- a. Eagle Vail Valley Resilience Project. Vice President Weatherred and Vice President Bleakley gave a verbal update to the written report provided to the board prior to the meeting. The report was about the planned new 115kV transmission line between the Gilman Substation and the Avon Substation. Official Scoping for the Forest Service began March 2. Scoping is expected to run through April 1. The Forest Service has elected to use an Environmental Assessment (EA) for the project. EAs do not require a public meeting to be held, but due to the sensitivity of this project they elected do public scoping. ERO expects to have its report drafted (Draft EA) for the Forest Service mid-May to early June. The Forest Service will then review and post a Draft EA in early July.

Further public comment will be collected associated with this Draft EA. NFS may hold a public meeting to address issues associated with the Draft EA in July or August. All comments received thus far are available at: <https://cara.ecosystem-management.org/Public/ReadingRoom?Project=57224> Ms. Weatherred and Mr. Bleakley answered questions from board members. [12:36].

A break for lunch was taken. [12:36-12:47] Director Gardner left the webcast and re-joined the meeting on audio only.

- b. Member Broadband Strategy. President and CEO Hannegan gave a verbal update to the written report provided to the board prior to the meeting. The report described the background of the broadband project. The Conexon report that was presented to the board at the January board meeting was attached to the written report. Discussion among the board members ensued. Questions were posed by board members and Messrs Hannegan and Farmer answered the questions. Each board member offered a position on the future of what Holy Cross would do with the proposed fiber optic system installation. [14:15]


Agenda Item 9: Executive Session. None.

Additional discussion occurred about the timing and topics for future Board meetings. [14:18]

Agenda Item 10: Continuation of Board Meeting. Chair Munk recessed the meeting at 14:18 p.m. until **April 14, 2020 at 9:00 a.m.** The next meeting will be held at Holy Cross' main office at 3799 Highway 82 in Garfield County, Glenwood Springs, CO in Eagle County. Depending on the status of the national emergency the meeting may be conducted electronically again.


Secretary – Kristen N. Bertuglia

APPROVED:


Chair – David C. Munk

The Holy Cross Energy Board Meeting schedule for 2020:

- April 14, 2020—Glenwood Springs Office [*Note this meeting date is changed from normal schedule*]
- May 13, 2020—Cooley Mesa Office [*Note this meeting date is changed from normal schedule*]
- June 3, 2020—Holy Cross Annual Member meeting at Spring Creeks Ranch, 854 North 8th Street, Carbondale, CO
- June 17, 2020—Glenwood Springs Office

- July 15, 2020—Glenwood Springs Office
- August 19, 2020 (strategic planning)—TBD
- September 16, 2020—Glenwood Springs Office
- October 21, 2020—Glenwood Springs Office
- November 18, 2020—Cooley Mesa Office
- December 16, 2020—Glenwood Springs Office

Upcoming Meetings of Associated Organizations:

- NRECA Director Conference April 3-7, 2020, in Kansas City—CANCELED
- NRECA Legislative Conference April 26-28, 2020, in Washington, D.C.—CANCELED
- NRUCFC Forum June 15-17, 2020, in Salt Lake City
- CoBank Energy Directors Conference July 13-15, 2020, in Colorado Springs
- NRECA Region VII/IX September 29-October 1, 2020, in Omaha
- CREA Fall Member Meeting October 10-13, 2020, in Denver