

MINUTES OF REGULAR BOARD MEETING OF HOLY CROSS ENERGY

MARCH 17, 2021

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 17, 2021, at 9:00 a.m. The meeting was held in webcast format with all Board members and staff appearing by electronic medium hosted through 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 large 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 bylaws 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. Chair David C. Munk called the meeting to order and reported that all the six Directors were present being Robert H. Gardner, Kristen N. Bertuglia, David C. Munk, Adam Quinton, David S. Campbell, and Alexander DeGolia. 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. On the webcast were Betsey Seymour, Manuel J. Gomez, IT Infrastructure Manager, and General Legal Counsel Randolph W. Starr and Eli Snead and Skyler Yeldell.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on February 17, 2021, and then continued to today’s meeting. [09:00]

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. Questions from Board members were answered by Mr. Hannegan and staff members. [09:20]

Agenda Item 4: Public Comment. Chair Munk asked for comments of members of the public present. No comments were received, and no members of the public were on the call. [09:20]

Agenda Item 5: Employee Recognition. Eli Snead, Tree Trimmer II in our Glenwood Springs Operations Center, is celebrating 5 years of service. Skyler Yeldell, Tree Trimmer II in our Glenwood Springs Operations Center, celebrating 5 years of service. The employees left the meeting. [09:32]

Agenda Item 6: Consent Calendar. The following informational items were presented to the Board in the form of written reports and memoranda:

- a. Minutes of February 17, 2021 Regular Meeting
- b. Treasurer's Report
- c. Safety Committee Minutes
- d. Power Supply Report
- e. System Reliability Report
- f. Legislative and Regulatory Report
- g. Attorney's Report
- h. Staff Reports
- i. 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
 - iii. National Rural Electric Cooperative Association

Questions posed by Board members were answered by staff members. During the discussion Sofia Infante joined the meeting as a guest. 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. [10:20]

Agenda Item 7: Old Business.

a. 2021 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 2021. Discussion among the board members ensued and questions posed to Mr. Schiller and Mr. Han-negan 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 2020 only, operating margins of 8,131,892 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 2020-member equity allocations on a discounted net present value basis, in the approximate amount of 1,869,661, be refunded to members in May 2021.

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 2006 to 2020, of approximately \$2,589,846, shall be refunded to members on a first-in first-out basis in December 2021. [10:39] A break was taken. [10:39 to 10:50]

Agenda Item 8: New Business.

- a. February Polar Vortex Impacts. Vice President Beuning and Vice President Schiller gave verbal and visual reports to the Board. Late February PSCo indicated to HCE that due to the

impacts of this extreme cold weather event, PSCo would be passing along an outsized Fuel Cost Adjustment (FCA) for the month. This added expense was due to a portion of the PSCo generation system being exposed to market prices for natural gas. Due to usually cold weather the regional demands for natural gas outstripped supply and the spot market prices spiked from a normal \$2-3/million Btu to more than \$180/million Btu during the four coldest days of the outbreak over Presidents' Day Weekend (February 13-16). Supplemental materials were provided to the Board prior to the meeting and those, included PSCo's report to the Colorado Public Utilities Commission on the impacts of the extreme weather event, collected media reports, and a letter exchange between Colorado Governor Polis and PSCo. Mr. Beuning provided an overview of the event and its impacts on the Texas electricity system, highlight lessons learned for HCE, and provide background on the budgetary options for addressing the extra Fuel Cost Adjustment passed through by PSCo. Mr. Schiller presented the options for how to best handle this unexpected expense were presented and discuss at the Finance Committee. Staff presented four options for the committee to consider. The Budget modification was presented to the Board. After discussion by the Board and after questions to staff were posed and answered, the following resolution was, upon motion duly made, seconded, put to a vote and unanimously carried, adopted:

RESOLVED, that \$2.25 million in 2021 unallocated revenues be used for unanticipated PSCo fuel costs, and that the 2021 Operating Budget be amended accordingly. [11:23]
Further discussion ensued after the motion was passed. [11:28]

- b. Wildfire Risk Mitigation Plan. Vice President Arnhold, Vice President Bleakley, and Vice President O'Neil provided a detailed briefing at the Board meeting on efforts to mitigate the risk of wildfires to the HCE system and to the areas HCE serves and highlight how the HCE wildfire risk mitigation program has been looked to by other utilities across Colorado and the West. Questions posed by Board members were answered by staff. During the presentation Sofia Infante left the meeting. No action is required of the Board at this time. [12:30] A break for lunch was taken. [12:30 to 13:16]
- c. Amendments to Corporate Policies.
 - i. Corporate Policy 2.2 - Access to Books, Records, Business Files, Databases or Personnel Files.

On March 12, the Governance Committee met to consider changes to Corporate Policy 2.2 (Access to Books, Records, Business Files, Databases or Personnel Files) to address Director concerns regarding costs incurred by HCE to respond to requests from individuals for information related to HCE's activities. Based on prior Governance Committee discussion, staff prepared an amendment to require individuals requesting information to prepay costs that are estimated to be more than \$200 including labor and materials, with a provision for "true up" of actual costs once the request has been fulfilled. Vice President Rowley made a visual and verbal presentation about the change to the policy.
 - ii. Corporate Policy 4.5 - Director Compensation and Expenses.

The Governance Committee also considered changes to Corporate Policy 4.5 (Director Compensation and Expenses) to account for additional time spent by Directors in the role of Board or Committee Chair. The committee recommended the monthly fee be increased by \$500 for the Board Chair and \$250 for the Committee Chairs. Vice President Rowley made a visual and verbal presentation about the change to the policy.

A draft of Corporate Policies 2.2 and 4.5 showing the proposed changes in both “clean” and “redline” format was included in the material provided to the Board prior to the meeting. The Governance Committee recommended that the Board approve the proposed changes. After discussion by the Board and after questions to staff were posed and answered, the following resolution was, upon motion duly made, seconded, put to a vote and unanimously carried, adopted:

RESOLVED, that the proposed amendments to Corporate Policy 2.2 and 4.5 [effective April 1, 2021], be adopted. [13:38]

Agenda Item 9: 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 power supply contract negotiations.

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 remained in the meeting.

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

RESOLVED, that the Board exit executive session. [14:21] A precede for the next month’s board meeting was given.

Agenda Item 10: Adjourn Board Meeting. Chair Munk continued the meeting at 14:22 p.m. until **April 21, 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. Depending on the status of the COVID-19 pandemic, the meeting will again be conducted electronically.

Secretary – Kristen N. Bertuglia

APPROVED:

Chair – David C. Munk

The Holy Cross Energy Board Meeting schedule for 2021:

April 21, 2021

May 19, 2021

The Annual Meeting of the Members will be held on June 10, 2021 at 4:00 p.m. at Spring Creeks Ranch in Carbondale.

June 16, 2021

July 21, 2021

August 18, 2021 (strategic planning)

September 15, 2021

October 20, 2021

November 17, 2021

December 15, 2021