

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

DECEMBER 15, 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 December 15, 2021, at 9:23 a.m. The meeting was held in person with three Board members and staff appearing at Holy Cross’s main office. Notice of the meeting was given in accordance with Colorado law and the bylaws of Holy Cross.

Agenda Item 1: Roll Call. Chair David C. Munk called the meeting to order and reported that all the seven Directors were present being Robert H. Gardner, Kristen N. Bertuglia [WebEx], David C. Munk, Adam Quinton [WebEx], Keith E. Klesner [WebEx], David S. Campbell, and Alexander DeGolia. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; 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 [WebEx]; Andrew Schiller, Vice President – Finance; John Rowley, Vice President - Human Resources; and Jenna Weatherred, Vice President—Member and Community Relations. Also attending was General Legal Counsel Randolph W. Starr.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on November 17, 2021, and then continued to today’s meeting. [09:23]

Agenda Item 3: 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. [09:23]

Agenda Item 4: Employee Recognition. Ruth Sultan, Accounts Payable Specialist at the Glenwood office, is celebrating 15 years of service. [09:25]

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 November 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
 - a. Communications
 - b. Finance

- c. Governance
- d. Strategic Issues
- i. Directors' Reports
 - i. Western United Electric Supply Corporation
 - ii. Colorado Rural Electric Association
 - iii. National Rural Electric Cooperative Association
 - iv. National Rural Utilities Cooperative Finance Corporation

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. [10:47]

Agenda Item 6: COVID-19 Update. President and CEO Hannegan gave an update about the effects of the government orders regarding COVID-19 and the effect on Holy Cross's operations. Questions from Board members were answered by Mr. Hannegan. [10:54] [A break was taken. 10:54 to 11:10]

Agenda Item 7: Fiscal Year 2022 Planning.

a. 2022 Work Plan Initiatives. Members of the senior staff made a verbal presentation on the 2022 Work Plan Initiatives. The written segments of the sixteen separate 2022 Work Plan Initiatives had been distributed prior to the Board Meeting. Staff sought Board review and comment on the proposed 2022 work plan initiatives and their alignment with the HCE Strategic Plan. Questions from Board members were asked, and senior staff answered the questions. During the discussion a break for lunch was taken. [12:32 to 13:05] Upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED, that the draft 2022 Work Plans be approved as presented. [14:___]

b. Key Performance Indicators. Vice President Schiller made a verbal and visual presentation. As described in the HCE Strategic Plan, the Board will use specific and measurable KPIs to regularly evaluate progress towards meeting HCE's strategic goals and objectives, as follows:

- On a monthly basis, the Board reviews progress against the current year's KPIs using the table provided in each month's Staff Reports (available in Call to Order).
- At the end of each calendar year, the Board reviews the list of KPIs and sets new targets for each for the coming year with the input of HCE staff.

In general, HCE uses KPIs that are in broad use across the industry, allowing for benchmarking against other utilities. A table of proposed KPIs, along with 2021 and 2022 goals set for each, is included in the materials presented to the Board.

After the presentation was concluded and questions posed by board members were answered, upon motion duly made, seconded, put to a vote and unanimously carried, it was

RESOLVED, that the table of Key Performance Indicators (KPIs) for 2022 be adopted as presented. [1_:___]

c. Operating Capital Budget. Vice President Schiller gave a presentation about the 2022 Financial Work Plan that includes an Operating Budget with total operating revenue at \$148.8 million (including ECA and deferred revenue) and total cost of service at \$140.1 million. Operating margin is forecast to be \$8.7 million in 2022 (consistent with a 5.0% rate of return, the lower end of the range outlined in Corporate Policy 5.2, Financial Planning and Management, at Section 2.5). Total margin (including non-operating revenues) is forecast to be \$9.8 million. Mr. Schiller presented the Work Plan that also proposes a Capital Budget The proposed 2022 Capital Budget is \$28.1 million for 2022, including \$6.9 million in carried over capital budget allocated but unspent in 2021, and

\$1.9 million in capital spending associated with the “TIE Agreement” with Xcel – Colorado. This net capital request (ex-carry over and TIE) of \$19.3 million is elevated relative to previous years’ (2017-19) capital spending. This is due to three one-time Power Supply and Programs initiatives previously approved by the Board of Directors and consistent with HCE’s Strategic Plan goal of reaching 100% clean energy supply for its members by 2030:

- \$2.1 million for the remaining fourth CEC community solar farm acquisition
- \$3 million carried forward for Power+ energy storage program administration
- \$1.7 million for costs to HCE for upgrades to the Public Service Company of Colorado (PSCO) system due to HCE’s planned RFP projects pursuant to PSCO’s Affected System Studies.

Absent these projects the capital request would be \$12.5 million, in line with prior years. The Finance Committee met on December 9, 2021, to review the draft 2022 operating and capital budgets. Although no formal vote was taken, the Committee generally approved of the draft budget and did not object to its being presented to the full Board. After discussion by the Board, upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED, that the HCE Board of Directors authorize the deferral of \$5.0 million in 2021 revenue into 2022, in accordance with Corporate Policy 5.2; and

FURTHER RESOLVED, that the draft 2022 Operating and Capital Budgets be approved as presented. [1_:__]

Agenda Item 8: Old Business. ???

Agenda Item 9: New Business. ???

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 matters. 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. Direction was given on negotiations.

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

RESOLVED that the Board exit executive session. [1_:__]

Agenda Item 10: Adjourn Board Meeting. Chair Munk continued the meeting at 13:46 p.m. until **January 19, 2021, 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

Holy Cross REA Board Meeting Schedule [Third Wednesday of each month]
January 19, 2022—WebEx
February 16, 2022—in person
March 16, 2022—WebEx—Spring Break for Randy and Mike
April 20, 2022—WebEx
May 17, 2022—WebEx The Annual Meeting of Members will be held on June 2, 2022, at Lundgren Amphitheatre & Lawn, 789 Gypsum Creek Road, Gypsum, CO 81637
June 15, 2022—in person
July 20, 2022—WebEx
August 17, 2022 (strategic planning)—in person
September 21, 2022—WebEx
October 19, 2022—WebEx
November 16, 2022—WebEx
December 21, 2022—in person