

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

FEBRUARY 16, 2022

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 Boulevard in Eagle County, Gypsum, CO, on February 16, 2022, at 9:04 a.m. The meeting was held in person and on WebEx with Board members and staff appearing in person and electronically. 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 in person being Robert H. Gardner, Kristen N. Bertuglia, David C. Munk, Adam Quinton, Keith E. Klesner, David S. Campbell, and Alexander DeGolia [WebEx]. 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; 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, Betsey Seymour and Manuel Gomez.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on January 19, 2022, and then continued to today’s meeting. [09:04]

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. [09:04]

Agenda Item 4: Consent Calendar. The following informational items were presented to the Board in the form of written reports and memoranda:

- a. Minutes of January 19, 2021, Regular Meeting
- b. Treasurer’s Report
- c. Safety Committee Minutes
- d. Diversity, Equity, and Inclusion Committee Minutes
- e. Power Supply Report
- f. System Reliability Report
- g. Member Participation Report
- h. Legislative and Regulatory Report
- i. Attorney’s Report
- j. Board Committee Reports
 - a. Communications
 - b. Finance
 - c. Governance
 - d. Strategic Issues

- k. 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. A motion was made, seconded, and unanimously carried that it was

RESOLVED, that the items on the Consent Calendar be approved as presented. [09:18]

Agenda Item 5: Staff Reports. The Staff Reports had been delivered to the Board members prior to the meeting. Questions posed by Board members were answered by staff members. [10:21]

Agenda Item 9: New Business.

c. Year-End Financial Review. Vice President Schiller informed the Board of the 2021 year-end financial results. For the year Holy Cross's financial performance exceeded its operating margin budget. For 2021 Holy Cross exceeded its budgeted revenue target. Adopted a conservative revenue budget as there was still much uncertainty in the world regarding the pandemic. Holy Cross's management was concerned that Holy Cross would see a spike in winter cases and a return to statewide lock downs and mandates. Holy Cross's management was accurate in its prediction about the increased levels of COVID but was inaccurate on how the government would respond to the elevated levels. This lack of economic shutdown and travel bans allowed Holy Cross to exceed its unit and revenue budget before the 2021 to 2022 revenue deferral of \$4.1 million. Power supply costs came in better than budget for the year, even with the additional sales. Holy Cross did end the year by missing management's December PSCo Demand budget, which affected the final year end deferral number that was adjusted in the January Board meeting. Payroll was better than budget by 1% throughout the year. Non-Labor expenses (including depreciation and interest) were on budget for the year. There were some overages like the unanticipated costs from our Transmission (TIE) agreement. Those were offset by saving in interest expense and an unallocated expense. Holy Cross did defer \$4.1 million in revenue from 2021 into future years with one half (\$2.05 million) to be recognized in 2022 and 2023. This entry is reflected in the income statement. After Mr. Schiller and Mr. Hannegan responded to questions from Board members and after discussion, upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED, that the revised financial statement for calendar year end 2021 be approved as presented. [10:32]

b. 2022 NRECA Member Resolutions. Director Quinton summarized proposed revisions to the NRECA Member Resolutions to be presented at the NRECA PowerXchange meeting on March 6-9, 2022, at the Music City Center in Nashville. Mr. Hannegan had additional comments. This year's compendium of Resolutions includes proposed amendments to Resolution 3 ("Support for Low Income Home Energy Assistance") which were developed at the urging and support of Holy Cross at the 2021 Regional Meetings. The version 3A proposed to be adopted reflects Holy Cross's original proposal as modified by the NRECA Resolutions Committee with Holy Cross's support. In addition, the compendium also includes an updated Resolution with respect to the Keystone XL Pipeline (Resolution 1.54) that urges the Federal reinstatement of the permit for that project. Given that the Resolution is moot given that the project sponsor has withdrawn their permit application, and given the climate impact of the project, it is recommended that Holy Cross oppose the inclusion of 1.54 in the Compendium. The compendium of proposed 2022 Member Resolutions were provided to the Board prior to the meeting. Questions posed by Board members were answered by Mr. Quinton. Upon motion duly made, seconded, put to a vote and unanimously carried, it was

RESOLVED, that the Board reaffirms its positions taken in 2021 on the proposed NRECA Resolutions related to Nuclear Power, PURPA Reform, and Environmental Externalities; and

FURTHER RESOLVED, that the Board opposes the proposed NRECA Resolution entitled “Support of the Keystone XL Pipeline”; and

FURTHER RESOLVED, that the Board supports the proposed NRECA Resolution entitled “Support for Efforts to Address Poverty in Cooperative Communities” and urges its adoption at the 2022 NRECA Annual Meeting. [10:39] A break was taken. [10:39-11:04]

Agenda Item 6: 2022 Legislative Update. Jeff Weist and Laura Long of Weist Capitol Group joined the meeting in the Board room. Ms. Long and Mr. Weist gave an update about the status of various Bills before the 2022 Session of the Colorado Legislature. A list of Bills from CREA and from Holy Cross’s lobbyists had been provided prior to the meeting. Questions from Board members were answered by Mr. Hannegan, Ms. Long and Mr. Weist. Positions for Holy Cross on some of the Bills were determined during the meeting. Ms. Long and Mr. Weist left the Board room. [12:17] A break for lunch was taken. [12:17-13:05]

Agenda Item 7: Director Elections.

a. Election Procedures. Background: Vice President Weatherred and Matt Fiala of SBS [WebEx] gave a presentation about the upcoming board election procedures. In September 2021, the Colorado General Assembly enacted House Bill 21-1131, which made several changes to the state statute concerning electric cooperative elections. Holy Cross supported this legislation, which enabled electric cooperatives to conduct Director elections using electronic voting for the first time. At its November 2021 meeting, the Board of Directors considered and approved changes to its By-laws and Corporate Policies to conform with the new requirements of House Bill 21-1131, and to enable the use of electronic/online voting in future Director elections. The Board also instructed Holy Cross’s staff to investigate the availability of service providers to assist Holy Cross in this carrying out a “hybrid” election utilizing in-person as well as online voting capabilities. Staff have since worked with Survey and Ballot Systems (“SBS”), an experienced partner in electric cooperative elections, to develop policies and procedures for use by Holy Cross in its future elections. The SBS presentation was given to the Board prior to the meeting. Questions from Board members were answered by Vice President Weatherred and President and CEO Hannegan. [13:53]

b. Appointment of Elections Committee. Section 2.3 of Holy Cross Corporate Policy 4.6, Voting and Elections, provides that the Board of Directors shall take two specific actions related to the election of Directors not less than 90 days prior to any Annual Meeting where an election may occur:

1. Appoint an election management firm to establish a secure and verifiable electronic transmission system through which a member may apply for, receive, and return a ballot in an election and to receive, prepare and secure any paper return envelopes containing ballots, and at the appropriate time, tabulate ballots and report voting results to the Board; and
2. Appoint an Election Supervisory Committee consisting of three members to oversee the election and voting process (typically Holy Cross’s Legal Counsel, a representative of the election management firm, and a member of Holy Cross’s management staff).

Vice President Weatherred gave a verbal and written presentation to the Board. A motion was made, seconded, and unanimously carried that it was

RESOLVED, that the Board of Directors authorizes Holy Cross’s staff to contract with Survey and Ballot Systems to manage the 2022 Election of Holy Cross Directors; and

FURTHER RESOLVED, that an Election Supervisory Committee be appointed to oversee the 2022 Election of Holy Cross Directors consisting of the following members:

- Holy Cross’s General Legal Counsel, Randolph W. Starr;
- A representative from Survey and Ballot Systems [to be determined]; and
- A member of Holy Cross’s management staff, Vice President Jenna Weatherred. [13:56]

Agenda Item 8: Old Business. None.

Agenda Item 9: New Business [continued].

c. GHG Reduction Plan Report. Seth Perry and Theresa Comerer entered the Board room. Mr. Schiller introduced the 2019 Finance Work Plan included an element for a first-ever comprehensive GHG inventory across all Holy Cross activities for the year 2018, including power supply, building energy use, fuel, and materials. This element also included an audit of past Holy Cross GHG reports for 2005 and 2014 to prepare us for expected future Colorado GHG reporting requirements. SB19-096, signed into law during 2019, established a requirement for collection of greenhouse gas emissions data from electric utilities and other emitters in the State of Colorado. Following an open Request for Proposals (RFP) process, Lotus Sustainability (“Lotus”) was selected to audit Holy Cross’s previous GHG reports and develop a template Holy Cross can use to calculate and report our GHG emissions in future years. Lotus illustrated several potential methods for GHG accounting, the most stringent of which is that used by The Climate Registry (TCR). The audited results from this work were presented at the February 2020 board meeting, and subsequently updated at the May 2021 board meeting. Holy Cross as part of its strategic plan set out an emissions goal for the power supply and operations. To achieve the operations reductions the Finance team set out build a plan to reduce those emissions to achieve the 2035 goal. The formal written plan as the written presentation was given by Vice President Schiller. The work was lead and orchestrated by Seth Perry and Theresa Comerer. [14:26] A break was taken. [14:27-14:36]

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 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. [15:36] All staff members left the Board room. The Board considered the performance of President and CEO Hannegan.

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

RESOLVED that the Board exit executive session. [17:02]

Agenda Item 11: Adjourn Board Meeting. Chair Munk continued the meeting at 17:03 p.m. until **March 16, 2022, at 9:00 a.m.** The next meeting will be held by WebEx at Holy Cross’ main office at 3799 Highway 82 in Garfield County, Glenwood Springs, CO.

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Secretary – Robert H. Gardner

APPROVED:



Chair – David C. Munk

Holy Cross REA Board Meeting Schedule [Third Wednesday of each month]
March 16, 2022—WebEx
April 20, 2022—WebEx
May 18, 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