

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

MAY 18, 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 main office at 3799 Highway 82 in Garfield County, Glenwood Springs, CO, on May 18, 2022, at 9:00 a.m. The meeting was held on WebEx with Board members and staff appearing 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 seven Directors were present on WebEx being Robert H. Gardner, Kristen N. Bertuglia, David C. Munk, Adam Quinton, Keith E. Klesner, 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; 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 April 20, 2022, and then continued to today’s meeting. [09:00]

Agenda Item 3: Public Comment. Chair Munk asked for comments of members of the public present. Ernest Saeger, Vail Valley Trails, Bill Hoblitzell, and employee Anthony Cordova joined the meeting. Comments were received from Mr. Saeger and Mr. Hoblitzell regarding a public trail and electric line location. Messrs. Saeger and Hoblitzell left the meeting. [09:12]

Agenda Item 4: Employee Recognition. Steve Wetzel, Senior Equipment Operator in our Vail Operations Center, is celebrating 5 years of service. Anthony Cordova, Apprentice Lineworker in our Glenwood Springs Operations Center, is celebrating 5 years of service. Todd Foral, Engineering Tech III in our Glenwood Springs Operations Center, is celebrating 15 years of service. Matt Sherman, Journey Lineworker in our Glenwood Springs Operations Center, is celebrating 15 years of service. Brian Collett, Manager Eagle/Vail Line Operations, is celebrating 25 years of service. Chet Stickler, Crew Foreman in our Glenwood Springs Operations Center, is celebrating 25 years of service. Dave Scott, Crew Foreman in our Glenwood Springs Operation Center, is celebrating 30 years of service. Chris Bilby, Research & Program Engineer, is a recipient of RMEL’s 2022 Emerging Leader Award. [09:22]

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 April 20, 2022, 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
 - i. Communications
 - ii. Finance
 - iii. Governance
 - iv. 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
 - v. National Information Services Cooperative

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. [10:23]

Agenda Item 6: Staff Reports. The Staff Reports had been delivered to the Board members prior to the meeting. Questions from Board members were answered by staff members. During the report, a break was taken. [10:35-10:50] Discussion continued among the Board members and staff on the reports. [10:56]

Agenda Item 7: Old Business.

a. Proof of Service Notice of Annual Member Meeting. Each year, the Proof of Service of Notice is signed by the Secretary. This document certifies that proper notice was given to the membership on several important items including the following:

- The date and location of the Annual Meeting of Members
- The right to nominate Board Candidates by petition
- That nominating petitions were received and that they were available for examination

Questions posed by Board members were answered by Vice President Weatherred. Upon motion duly made, seconded, put to a vote and unanimously carried, it was

RESOLVED, that Secretary Gardner be directed to sign this year's Proof of Service of Notice certification. [11:03]

b. Cyber/Physical Security Plan. Ladd Epp, IT Operations Supervisor, provided the Board with a periodic cyber and physical security update. It is important that the Board is aware of the initiatives staff is working on to keep our Members and Employees safe from cyber and physical threats. The Cybersecurity Office is focusing on several priorities this year. Some highlights include:

- A cyber and physical security workplan was developed to further Strategic Objective 2.2: Providing Resilient Electric Service.
- Implement continuous monitoring.
- Review, update, and test Incident Response Plan.
- Perform 25% of the Identify Function of the NIST CSF.

- Participate in the DOE/UCCS research project.
 - A 3rd party consultant provided a cyber and physical security assessment in fall 2021. There were no real surprises, the assessment assisted us focusing in on areas of improvement.
 - NERC CIP Compliance is an annual process that involves a full review of all standards to protect our critical infrastructure. This has been completed for 2022.
 - PCI Compliance SAQ-D, also an annual process, is required to accept credit cards. This has been completed for 2022.
 - Iterative improvements and tightening of physical and cyber employee policies.
 - The Cybersecurity Office continues to work with other CREA Cooperatives to share resources in programs such as tabletop facilitation and NRECA RC3 Self-Assessments.
 - Physical security consultation and reviews with stakeholders are taking place as needed. A more structured approach is being developed in the physical security strategy.
 - Training continues, including phishing tests, videos, and educational presentations.
 - The Network Security Project is led by our IT Infrastructure Team. Work is ongoing, and we have begun implementing various technical controls to vastly improve the resiliency and security of our network, including better protection for our SCADA environment.
 - Over time, the Cybersecurity Office will continue to mature the security strategy following guidance from NIST and the Cybersecurity Framework.
- No action is needed at this time by the Board. Questions from Board members were addressed by Mr. Epp. [11:34]

c. GHG Emissions Annual Report. Vice President Schiller provided the results of HCE's 2021 greenhouse gas (GHG) emissions annual inventory. At its February 2020 Meeting, the Board reviewed the results from the emissions inventory conducted by Lotus Sustainability of HCE's GHG emissions for the years 2005, 2014, and 2018. For 2005 and 2014, only power supply-related emissions reports were reviewed; however, for 2018 an entire inventory across all HCE's activities was created for the first time. HCE chose to undertake this audit and inventory to better document progress in future years towards HCE's Seventy70Thirty plan's greenhouse gas emissions reduction goals. At the May 2020 Board Meeting, staff presented the completed inventory for the 2019 year. Since that presentation HCE has issued a new strategic plan to attain net zero emission across HCE by 2035. This annual report will continue to provide updates on our progress toward that goal. It will also provide a tool with which to evaluate where emissions opportunities exist. An updated table with 2021 emissions related specifically to Power Supply was provided to the Board. This data reflects a 24.9% increase from 2020 power supply GHG emissions. This significant increase is directly tied to the fact that C3 operated for most of 2021 while it did not operate for the majority of 2020. For 2021, non-power, GHG emissions were up from 2020. This increase in non-power supply emissions is directly attributable to HCE's shift from work from home to a hybrid work schedule. We anticipate these emissions will grow in 2022 as the pandemic continues to subside. No action by the Board was necessary on this report. Mr. Schiller and Mr. Hannegan responded to questions from Board members. [11:42]

Agenda Item 8: New Business.

a. Review of Corporate Policies. Staff provided the Board with proposed changes to Corporate Policies as recommended by the Governance Committee following review by the HCE President and CEO and Legal Counsel. Pursuant to Section 2.1.1 of Corporate Policy 1.1, "Development of Corporate Policies", the President and CEO ("CEO") is required to review each Corporate Policy once every three years. As the last such review took place in the Fall of 2019, the CEO

and HCE's Legal Counsel carried out a review of all Corporate Policies and provided a set of proposed changes to the Governance Committee on April 25, 2022. The Committee reviewed and discussed the proposed changes and directed the CEO to make some minor additional edits to certain Corporate Policies. The Governance Committee recommended that the Board approve the proposed changes. Following the Committee meeting, the CEO identified some additional changes to Corporate Policy 4.6, "Voting and Elections" clarifying that any Director candidate, not just those who were unsuccessful, should be able to challenge the results of an election or the balloting process. In addition, the CEO recommended removal of specific causes of action for a balloting process challenge to eliminate redundant provisions in Corporate Policy 4.6. A draft of the reviewed showing the proposed changes in "redline" format was provided to the Board for its review, with the two additional items in Corporate Policy 4.6 specifically called out with comments. Questions posed by Board members were answered by President and CEO Hannegan. Upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED that the changes to the Corporate Policies shown in the "redline" version sent to the Board prior to the meeting with the changes proposed during the consideration of this item and made by staff during the meeting were adopted. [11:48]

b. NRECA Resolution proposal. Chair Munk commenced a discussion about the 2022-2023 Resolution process. A new resolution was proposed on demand management. Discussion ensued about the draft of a resolution 3.12—Support of Demand Response Programs made by President and CEO Hannegan. Upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED that staff pursue the resolution with CREA and to make any appropriate amendments as needed. [12:04]

c. Update on Transmission Line Project. President and CEO Hannegan gave a verbal update on the status of the permitting and location of the proposed Avon-Gilman transmission line in the Minturn area. Questions posed by Board members were answered by President and CEO Hannegan. [12:37] A break was taken. [12:37-13:15]

Agenda Item 9: Financial Sustainability Work Plan. Vice President Schiller gave a presentation regarding rate design and rate levels for Holy Cross. The slide presentation was given to the Board prior to the meeting. Next step for staff is to draft formal road map, communication and implementation strategies, and to draft step one tariff changes to follow step one of the road map. No action by the Board is required at this time. Questions posed by Board members were answered by President and CEO Hannegan and Vice President Schiller. Consensus was reached on a number of factors, and staff will modify the proposal for rate level and design for further consider by the Board. [15:45] A break was taken. [15:45-15:50] All staff members left the meeting except for President and CEO Hannegan.

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 employment matters, real property, and power supply contracts.

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. Directors Quinton and DeGolia left the meeting. [16:02] Upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED that the employment agreement commencing June 1, 2022, with CEO Han-negan be approved as presented, and that the agreement is declared to be confidential and shall be held confidentially by Holy Cross. [16:04]

Agenda Item 11: Adjourn Board Meeting. Chair Munk continued the meeting at 16:04 p.m. until **June 15, 2022, at 9:00 a.m.** The next meeting will be held in person at the Glenwood Springs headquarters.

Secretary – Robert H. Gardner

APPROVED:

Chair – David C. Munk

Holy Cross REA Board Meeting Schedule [Third Wednesday of each month]
The Annual Meeting of Members will be held in person on June 2, 2022, at Lundgren Amphitheatre & Lawn, 789 Gypsum Creek Road, Gypsum, CO 81637
June 15, 2022—in person-Glenwood Office
July 20, 2022—WebEx
August 17, 2022 (strategic planning)—in person-Cooley Mesa Office
September 21, 2022—WebEx
October 19, 2022—WebEx
November 16, 2022—WebEx
December 21, 2022—in person-Glenwood Office