

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

JULY 20, 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 July 20, 2022, at 9:01 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 by 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; Cody O’Neil, Vice President—Glenwood District Operations; Andrew Schiller, Vice President – Finance; John Rowley, Vice President - Human Resources; Sam Whelan, Vice President Power Supply and Programs; 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 June 15, 2022, and then continued to today’s meeting. [09:01]

Agenda Item 3: Public Comment. Chair Munk asked for comments of members of the public present. No persons were present, and no comments were received. [09:01]

Agenda Item 4: Employee Recognition.

July Service Recognition:

Chris Sullivan, Tree Trimmer II in Holy Cross’s Glenwood Springs Tree Trimming Department, is celebrating 5 years of service.

Jessica Kuss, Member Services Representative in Holy Cross’s Vail Member Services Center, is celebrating 10 years of service.

Curt Hanson, Engineer Tech I in Holy Cross’s Glenwood Springs Construction Engineering Department, is celebrating 15 years of service.

Raymond Williams, Warehouse / Facilities Coordinator in Holy Cross’s Gypsum Operations Center, is celebrating 15 years of service.

Recent New Hires, Promotions and Departures:

Colby Scott joined us on June 13, as a Utility Worker I. Colby is a recent graduate of Grand Valley High School and will be working with Holy Cross through the summer.

Bob Farmer, VP Information Technology, departed from Holy Cross on June 30 after 5 years of dedicated service. He accepted a leadership position with another organization.

Chris Jerome, Member Services Rep – Member Equity, retired from Holy Cross on July 5, after 16 years of dedicated service.

Sharon Williams, Plant Accountant, retired from Holy Cross on July 7, after 21 years of dedicated service. [09:11]

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 June 15, 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. Community Energy Systems Report
- h. Member Participation Report
- i. Legislative and Regulatory Report
- j. Attorney’s Report
- k. 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. [09:47]

Agenda Item 6: Staff Reports. Mr. Hannegan discussed the KPI indicators, and the remainder of the staff reports will be done with the Mid-Year Work Plan Review later in the Agenda. [09:50]

Agenda Item 7: Old Business.

- a. Quarterly Safety and Loss Report. Vice President Rowley made a verbal and visual presentation on the Second Quarter Risk Management plan. Highlights:
 - Holy Cross’s 2022 Second Quarter Safety and Loss Report presentation was provided to the Board.
 - Holy Cross’s Total Recordable Cases Incident Rate (TRCIR) was 0 reflecting no recordable incidents in the second quarter of 2022 and YTD.
 - The Days Away, Restricted, or Transferred (DART) rate was 0 for the second quarter of 2022 and YTD.
 - There were no General Liability / Property Damage claims in the second quarter of 2022 and YTD.

Mr. Rowley provided to the Board the 2022 Safety Improvement Plan which included an update on Holy Cross's three-year plan, annual plan, and current initiatives. Questions posed by Board members were answered by Mr. Rowley. [09:55]

- b. Bank Account Authorizations. Vice President Schiller made a verbal and visual presentation. 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 officers and employees of Holy Cross Energy designated in the July 20, 2022, Board Memorandum entitled "Bank Account Signatory Authorization" be authorized, within the limitations set out in that Memorandum, to draw, sign and deliver, in the name of Holy Cross Energy, checks or drafts against the funds of Holy Cross Energy on deposit in its bank accounts as so described in that Memorandum. [09:57]
- c. 2021 Financial Audit Report. The audit of Holy Cross's financial records for the fiscal year ended April 30, 2022, was presented to the Finance Committee that met with the auditor. As outlined in Article V, Section 5.8 of the Holy Cross Electric Association Bylaws, the Board of Directors shall have an audit committee that is directly responsible for overseeing the work of any registered public account firm employed by the Cooperative. Further outlined in Section 2.4.10 of Holy Cross Corporate Policy 4.1, "Functions of the Board of Directors", one of the functions the Board of Directors is "reviewing the annual financial audit and management letter with the auditor present and directing such remedial action as may be necessary." The work of Holy Cross's independent auditor has been completed and a final report was presented by the auditor via conference call to the Holy Cross Finance Committee (acting as the Board Audit Committee) at its meeting on July 18, 2022. The auditor's report and supporting materials was provided to the Board. Upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED that the independent audit of the financial statements of Holy Cross for the fiscal year ended April 30, 2022, be accepted, and staff will publish the statement on the Holy Cross website. [09:59]
- d. IRS Form 990 Approval. Vice President Schiller made a verbal and visual presentation about the IRS Form 990. To maintain nonprofit status with the IRS, Holy Cross is required to file an informational return called the Form 990. The draft Form 990 for 2021 has been completed by Holy Cross's audit firm BKD. The Board was given a copy of the draft. This Form 990 is public information and can be requested from the IRS. To facilitate access by members and the public, Holy Cross will continue to post this information on its website. Mr. Schiller responded to questions from Board members. Upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED, that Holy Cross staff be directed to file the 2021 IRS Form 990 and staff will publish the filed Form on the Holy Cross website. [10:05]
- e. Equal Opportunity Annual Report. Vice President Rowley advised the Board on steps Holy Cross Energy is taking to develop and maintain a more diverse workplace, and to comply with Federal laws regarding Equal Employment Opportunity. As Holy Cross has over 100 employees, Holy Cross is required to complete and submit an EEO-1 report annually to the Equal Employment Opportunity Commission and U.S. Department of Labor. This report contains information about employee's job categories, ethnicity, race, and gender. As Holy Cross previously borrowed from RUS and was considered a Federal contractor, Holy Cross was also required to complete a written Affirmative Action (AA) Plan each year. This year Holy Cross voluntarily completed this as part of Holy Cross's DEI initiatives. This plan is intended to help us take action to recruit and advance minorities, women, persons with

disabilities, and covered veterans. The information required is compiled by Holy Cross's HR Department and then a plan is formalized with the assistance of the Employers Council. The Employers Council issues a summary letter each year with Holy Cross's updated plan which includes their recommendations and best practices based on how they have seen the Office of Federal Contract Compliance Programs (OFCCP) interpret regulations in the most recent audits. The EEO-1 Report Data and the Employers Council AA Plan Summary Letter was provided to the Board and Vice President Rowley reviewed it at the Board meeting. Questions posed by Board members were answered by Mr. Rowley. [10:13] A break was taken. [10:13-10:31]

Agenda Item 8: New Business.

a. Power Purchase Agreements.

President and CEO Hannegan sought authorization to sign the revised Guzman Economy Energy and Comanche 3 Agreements, and a related new WSPP Wind Energy Sale Agreement. Staff have been in negotiations with various power supply counterparties over the last few months for the main purposes of:

- Resolving the mutual termination risk associated with Holy Cross's existing Guzman power supply agreements resulting from the failure of the planned Arriba wind project to come online in July 2021, and due to Comanche 3's poor performance since 2020; and
- Contracting with a new bulk-system wind resource due to the Arriba seller's failure to post the required security fund, the seller's inability to find a second counterparty to purchase the rest of the project's output, and the failure of the project to achieve the targeted Commercial Operation Date.

During the June 2022 Board Meeting, Holy Cross staff presented the economic and risk analysis of a deal structure that resolves the two issues above. The Board subsequently authorized the President and CEO to sign a Wind Energy Purchase Agreement with NextEra Energy Resources (NEER), and authorized staff to proceed with the negotiation of revised power supply agreements with Guzman Energy according to the Term Sheet provided to the Board on June 15, 2022. [10:32]

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 purchase agreements and real estate matters.

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 room.

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

RESOLVED that the Board exit executive session. [11:13]

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

RESOLVED, that the President and Chief Executive Officer be authorized to sign the proposed Amended and Restated Economy Energy Services Agreement with Guzman Energy, if it is in a form materially like the copy provided to the Board on July 20, 2022; and

FURTHER RESOLVED, that the President and Chief Executive Officer be authorized to sign the proposed Amended and Restated Unit Contingent Energy Purchase Agreement with Guzman Energy, if it is in a form materially like the copy provided to the Board on July 20, 2022; and

FURTHER RESOLVED, that the President and Chief Executive Officer be authorized to sign the proposed Renewable Product Confirmation with Guzman Energy, if it is in a form materially like the copy provided to the Board on July 20, 2022. [11:14]

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. This item is combined with the Mid-Year Work Plan Review.

- b. Mid-Year Work Plan Review. President and CEO Hannegan made a visual and verbal presentation to the Board regarding progress on the various tasks and deliverables contained in the 2022 Work Plans. President and CEO Hannegan reviewed progress on the goals and deliverables contained in the 2022 Work Plans and asked the Board to consider modifications to those Work Plans as appropriate. At its December 2021 meeting, the Board reviewed and approved eleven proposed 2022 Work Plans developed by the Holy Cross's staff to guide their activities on key initiatives intended to further Holy Cross's Strategic Plan goals and objectives. The Board has been able to track progress on those Work Plans through the Staff Reports provided in the Board's meeting packet each month.
Using this month's Staff Reports, Holy Cross's staff walked through each of the Work Plans, provided an update on accomplishments to date, and sought Board feedback on priorities for the rest of calendar year 2022. Discussions regarding 2023 Work Plans will begin at the Board's Strategic Planning Retreat in August. During this Agenda item, a break was taken. [11:56-13:32] [14:33]
- c. Mid-Year Budget Review. Vice President Schiller advised the Board on the status of the 2022 annual financials, provide a forecast for the remainder of 2022 year, and preview the 2023 budget. With the current state of the economy and the possibility of an oncoming recession Staff felt it was important to update the Board of Directors on the current financial performance of Holy Cross. Vice President Schiller reviewed the current budget performance through mid-year 2022 and provided an outlook on expected Operating and Capital expenditures for the remainder of 2022. For 2023, Vice President Schiller presented a first estimated base case budget along with a low-sales and high-sales scenario around the base case. Potential issues of concern will be identified as an input to future Board strategic discussions. Vice President Schiller will provide a draft 2023 budget in November, take Board member feedback, and provide a final 2023 budget for Board approval in December. [15:34]
- d. August Strategic Retreat Agenda. Each August, the Holy Cross Board of Directors meets in a day-long retreat to review the Holy Cross Strategic Plan, conduct an annual enterprise risk assessment, and begin discussions on strategic priorities for the upcoming year. This year's retreat will be held at the Colorado Mountain College Morgridge Commons in Glenwood Springs on Wednesday August 20, 2022, beginning at 9:00 am. [15:35]

Agenda Item 9: Executive Session. None. [14:33]

Agenda Item 8: New Business [Additional Items]. Additional business items were discussed. [15:43]

Agenda Item 10: Adjourn Board Meeting. Chair Munk continued the meeting at 15:43 p.m. until **August 17, 2022, at 9:00 a.m.** The next meeting will be held in person in executive session at the Colorado Mountain College Morgridge Commons in Glenwood Springs for a strategic planning meeting. Comments of members of the public will be permitted at the commencement of the meeting prior to entering executive session.

Secretary – Alexander DeGolia

APPROVED:

Chair – David C. Munk

Holy Cross REA Board Meeting Schedule [Third Wednesday of each month]
August 17, 2022 (strategic planning)—in person- Morgridge Commons, 815 Cooper Avenue, Glen- wood Springs
September 21, 2022—WebEx
October 19, 2022—WebEx
November 16, 2022—WebEx
December 21, 2022—in person-Glenwood Office

WAY TOO EARLY 2023 BOARD MEETING SCHEDULE
TENTATIVE

2023 Holy Cross REA Board Meeting Schedule [Third Wednesday of each month]
January 18, 2023—WebEx
February 15, 2023—in person
March 15, 2023—WebEx
April 19, 2023—WebEx
May 17, 2023—WebEx The Annual Meeting of Members will be held on June ??, 2023, at ???

June 21, 2023—in person
July 19, 2023—WebEx
August 16, 2023 (strategic planning)—in person
September 20, 2023—WebEx
October 18, 2023—WebEx
November 15, 2023—WebEx
December 20, 2023—in person