

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

AUGUST 17, 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 Morgridge Commons, 815 Cooper Avenue, in Garfield County, Glenwood Springs, CO, on August 17, 2022, at 9:03 a.m. The meeting was held in person and by WebEx with Board members and staff. 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 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. Tiffany Cote, Lead Member Services Representative, joined by WebEx. Also attending was General Legal Counsel Randolph W. Starr by WebEx.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on July 20, 2022, and then continued to today’s meeting. [09:03]

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. [09:03]

Agenda Item 4: Employee Recognition. Mr. Hannegan noted that Holy Cross is beginning to consider hiring of employees based outside in the service territory when a suitable candidate cannot be found locally. Discussion followed regarding workforce trends and implications for Holy Cross.

August Service Recognition:

Tiffany Cote, Lead Member Services Representative in our Glenwood Springs Member Services Department, is celebrating 20 years of service. She left the meeting at this time.

Recent New Hires, Promotions and Departures:

Travis Sarbin joined us on July 18, as a Senior Systems Administrator.

Carmen Morrie joined us on July 18, as the Front Office Members Services Representative in our Glenwood Springs Member Services Department.

Kimbrell Larouche joined us on July 25, as a Distributed Energy Resources Specialist in our Glenwood Springs Power Supply and Programs Department.

Nicole Moore has been promoted to Plant Accountant. She has been with Holy Cross for 9 months as a Member Services Representative. Her promotion was effective July 1, 2022.

Christian Rosas has been promoted to an IT Tech Analyst II. He has been with Holy Cross for 3 years, most recently as an IT Tech Analyst I. His promotion was effective July 1, 2022.

Ben Luck has been promoted to a System Operations Engineer. He has been with Holy Cross for 2 years, most recently as a System Operations Technician. His promotion was effective August 1, 2022.

Rusty Webb has been promoted to GIS Administrator. He has been with Holy Cross for 3 years, most recently as a GIS Analyst. His promotion was effective August 1, 2022.

Chris Bilby, Research and Program Engineer, departed from Holy Cross on July 28 after 7 years of dedicated service.

Ruth Sultan, Accounts Payable Specialist, retired from Holy Cross on August 3, after 15 years of dedicated service.

Dane Shaffer, Senior Equipment Operator, departed from Holy Cross on August 4 after 7 years dedicated service. [09:30]

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 July 20, 2022, Regular Meeting
- b. Treasurer's Report
- c. Safety Committee Minutes
- d. Diversity, Equity, and Inclusion Committee Minutes
- e. Power Supply Report
- f. Community Energy Systems 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. [09:47]

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. [09:47]

Agenda Item 7: Old Business.

None. [09:47]

Agenda Item 8: New Business.

a. Amendment to 2022 Operating Budget.

Vice President Schiller presented amendments to the 2022 Operating Budget intended to achieve a smooth Energy Cost Adjustment (ECA) transition from year to year. A

memorandum had been given to the Board prior to the meeting. The ECA is an element of HCE's Tariffs, Rates and Regulations that ensures Holy Cross's ability to recover sufficient electric revenue each year to meet the costs of delivering electric service, regardless of factors beyond Holy Cross's control such as weather variability or changes in the overall economic environment. The ECA allows for additional rate recovery when electric sales are lower than expected and provides rate relief to members when electric sales are higher than expected. Higher than forecast electric sales during the first half of 2022 has resulted in a positive operating margin variance for Holy Cross, some of which has been passed back to members in the form of a reduced ECA. The budgeted ECA for 2022 was 0.403 ¢/kWh, however the actual ECA has been closer to 0.15 – 0.2 ¢/kWh and trending lower each month due to the positive variance in Operating Margin. Holy Cross's staff has completed a review, and staff recommends the following amendments to the 2022 Operating Budget:

- (1) Cease the recognition of deferred revenue from previous years for the remainder of 2022. [Recall that the Board-approved 2022 Operating Budget included \$2.05 million in deferred revenue from previous years. While some of that revenue as already been recognized in 2022, the remainder can be further deferred into next year.]
- (2) Increase the year-end 2022 Target Operating Margin to \$11.275 million, an increase of \$1.26 current forecasted level.

The net effect of these two actions would be to increase the ECA back towards the original approved 2022 level (0.4 ¢/kWh) for the remaining months of 2022, based on the ECA formula described in HCE's Tariffs, Rules, and Regulations (at p. 28).

Questions from Board members were answered by Mr. Schiller and Mr. Hannegan. After discussion by the Board, upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED, that HCE amend its 2022 Operating Budget as follows:

- (1) cease the recognition of prior year deferred revenue for the remainder of 2022; and
- (2) set the Target Operating Margin for 2022 to be \$11.275 million. [09:48]

Additional discussion about other matters ensued among board members. President and Chief Executive Officer Hannegan responded to questions from board members. [09:54]

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 strategic planning, including without limitation, electric rates and rate structure, 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. A break was taken during the session. [12:15 to 13:02]

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

RESOLVED that the Board exit executive session. [16:29]

Agenda Item 10: Adjourn Board Meeting. Chair Munk continued the meeting at 4:30 p.m. until **September 21, 2022, at 9:00 a.m.** The next meeting will be held by WebEx.

Secretary – Alexander DeGolia

APPROVED:

Chair – David C. Munk

Holy Cross REA Board Meeting Schedule [Third Wednesday of each month]
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