**MINUTES OF REGULAR BOARD MEETING**

**OF**

 **HOLY CROSS ENERGY**

**SEPTEMBER 18, 2024**

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 September 18, 2024, 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, Robert H. Gardner, Kristen N. Bertuglia, David C. Munk, Adam Quinton, Keith E. Klesner, Alexander DeGolia, and Linn Brooks. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; David Bleakley, Vice President – Engineering; Cody O’Neil, Vice President—Operations; Sam Whelan, Vice President—Finance; Jenna Weatherred, Vice President—Member and Community Relations; Trina Zagar-Brown, Vice President—Business Services; and Director of Human Resources John Rowley. Also attending was General Legal Counsel Randolph W. Starr, Jonathan Rosales Perez, Christian Rosas, and Betsey Seymour. No others were on the web meeting.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on August 14, 2024, and then continued to today’s meeting. [09:00]

Agenda Item 3: Public Comment. Chair Munk asked for comments from members of the public present. No members of the public were present in person or on the web. [09:00]

Agenda Item 4: Employee Recognition.

August Service Recognition:

Russ Winder, Manager Construction Engineer is celebrating 10 years of service.

Leah Feeley, Accountant II is celebrating 10 years of service.

Recent New Hires, Promotions and Departures:

Hunter McCormick, Journey Lineworker in Glenwood Springs, departed Holy Cross Energy.

John Villegas, IT Tech Analyst II in Glenwood Springs, departed Holy Cross.

Danny Feria joined us on August 26, 2024, as a Bilingual Community Outreach Coordinator in Glenwood Springs.

Jesse Keller joined us on September 3, as our Cyber & Physical Security Coordinator.

[09:08]

Agenda Item 5: Consent Calendar. The following informational items were presented to the Board in the form of written reports and memoranda:

* 1. Minutes of August 14, 2024, Regular Meeting
	2. Treasurer’s Report
	3. Safety Committee Minutes
	4. Cyber and Physical Security Committee Minutes
	5. Diversity, Equity, and Inclusion Committee Minutes
	6. Power Supply and Programs Report
	7. System Reliability Report
	8. Community Energy Systems Report
	9. Member Participation Report
	10. Legislative and Regulatory Report
	11. Attorney’s Report
	12. Board Committee Reports
	13. Directors’ Reports

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. [09:54]

Agenda Item 6: Staff Reports. The Staff Reports were delivered to the Board members prior to the meeting. Questions from Board members were answered by staff members. Staff requested a modification to the 2024 Distributed Energy Resources Work Plan to defer implementation of the on-bill program to the fourth quarter and to change the hot water heater to a Mysa thermostat and to defer the implementation to the fourth quarter. Upon motion duly made, seconded and unanimously carried, it was

**RESOLVED**, that the proposed changes were approved. [10:09]

Agenda Item 7: Old Business.

1. None. [10:09]

Agenda Item 8: New Business.

1. IRS Form 990 Revisions.

Vice President Whelan advised the Board on the requirement for filing of the 2023 IRS Form 990 and sought approval to change the prior draft of the form that had received prior Board approval. Following that approval, staff and Holy Cross’s auditor identified a suggested change to Form 990 by adding Form 3800 to the filing. Form 3800 provides Holy Cross with the opportunity to receive tax credits totaling $15,000 based on a 2023 purchase of two Ford Lightning electric trucks. Questions posed by Board members were answered by Mr. Whelan. Upon motion duly made, seconded, put to a vote and unanimously carried, it was

**RESOLVED**, that Holy Cross staff be directed to file the revised 2023 IRS Form 990 and publish the revised Form on the Holy Cross website. [10:10]

1. Electric Rate Comparison. Vice President Whelan provided a comparison of Holy Cross’s electric rates compared to the respondents to the Colorado Association of Municipal Utilities (CAMU) rate survey. Every six months (January and July) CAMU requests each electric utility in the state of Colorado to provide their electric bill for a fictitious customer with specific consumption for four types of electric consumer. Holy Cross has provided the implied bill for three of those customers as Holy Cross does not have an applicable rate for CAMU’s Industrial customer class. Although this isn’t a perfect comparison of rates amongst utilities, the survey provides a useful way to compare bills of an “average” Colorado customers. Staff has provided the related graphs for those responses. Holy Cross’s current rates and tariffs (plus the ECA) are shown by the green bar, ranked against those that have responded to the survey regardless of the corporation’s status (IOU, Cooperative or Municipal). Holy Cross continues to have lower rates than most of the utilities in Colorado, in line with our strategic priorities. Holy Cross’s rates include the addition of a franchise fee as well as the WeCARE rate rider, which many other utilities do not have. [10:18]
2. Authorization of Secretary’s Certificate. Vice President Bleakley updated the list of Holy Cross employees authorized to execute applications for Federal agency rights-of-way, permits or other associated documents. Questions posed by Board members were answered by Mr. Bleakley. Upon motion duly made, seconded, put to a vote and unanimously carried, it was

**RESOLVED**, that Bryan J. Hannegan, President and Chief Executive Officer; David Bleakley, Vice President – Engineering; and Sam Whelan, Vice President – Finance are hereby authorized without qualification to execute, deliver and file, upon behalf of Holy Cross Energy, any and all applications for rights-of-way or permits to the Bureau of Land Management, Department of Transportation, and United States Forest Service, together with any and all documents which may be necessary in connection with such applications; and

**FURTHER RESOLVED**, that said authorization shall remain in force and effect until and unless written notice of the revocation is delivered. [10:20] A break was taken. [10:20 to 10:35]

1. 2024 NRECA Member Resolutions. Board members discussed the proposed 2024 NRECA Member Resolutions to offer guidance to the Holy Cross voting delegates prior to this year’s Regional Meeting. NRECA’s Member Resolutions are created and refined during an annual cycle that gives members an opportunity to participate at every step. Any member cooperative can pass a resolution or amend an existing resolution and submit it to NRECA for consideration during the Spring of each calendar year. An NRECA Resolutions Committee reviews proposed resolutions and compiles them for consideration at Regional Meetings in the Fall of each year. Resolutions that are approved by one or more NRECA Regions are forwarded to the Annual Meeting for consideration by the entire membership.

This year’s NRECA Region VII / IX Meeting will be held in Sacramento, CA on September 25 and 26. At present, no Director has offered to attend the meeting and to serve as HCE’s voting delegate. For a voting delegate to speak for or against a Resolution or to offer an Amendment, the delegate’s Board must have taken a position on the Resolution through a formal Board action of its own. At its February 2024 meeting, the Board reaffirmed its previously adopted positions on certain Resolutions as follows:

* Support for Efforts to Address Poverty in Cooperative Communities (3.19) – SUPPORT
* Support of Demand Response Programs (3.28) – SUPPORT
* Support of the Keystone XL Pipeline (3.60) – OPPOSE
* Support for a Reasonable Transition of the Electric Utility Industry (3.62) – AMEND (remove the first sentence of the second paragraph)
* Support of Renewable and Environmentally Favorable Energy – OPPOSE
* Support for Nuclear Power (3.65) – ABSTAIN
* Support for Public Utility Regulatory Policies Act Reform (3.66) – AMEND (change “repeal” to “reform” in the body of the resolution)
* Environmental Externalities (3.90) – OPPOSE
* Clean Water Act Regulatory Implementation (3.92) – ABSTAIN
* Endangered Species (3.96) – ABSTAIN

At the 2024 Annual Meeting, the HCE voting delegate attempted to offer several amendments from the floor to advance HCE’s positions in opposition to or amending the above Resolutions. All failed by a significant vote of those present.

In June 2024 the NRECA Resolutions Committee met to review proposed changes to the Compendium of Proposed Resolutions submitted by members after the 2024 Annual Meeting. As described in the National Resolutions Committee report, the Committee recommended two proposed new resolutions and nine proposed amendments to existing resolutions. These proposals will be considered at the NRECA Regional Meetings, including Holy Cross’s in Sacramento. Additionally, Colorado Rural Electric Association (CREA) has proposed several amendments to existing NRECA Resolutions regarding land management and wildfire. President and CEO Hannegan recommended a resolution regarding the positions suggested by the Board on the Resolutions. Questions posed by Board members were addressed by Mr. Hannegan. After discussion, the Directors adopted the following resolutions:

**RESOLVED**, that the Board reaffirms its previous positions taken on the proposed NRECA Resolutions as described in the Board Memorandum; and

**FURTHER RESOLVED**, that the Board supports the proposed amendments put forth by CREA with respect to existing NRECA Resolutions regarding land management and wildfire.

**FURTHER RESOLVED**, that the Board opposes the proposed new Resolution regarding “Support for Natural Gas-fired Generation”. [11:10]

1. Request for Proposals—Legal Services. President and CEO Hannegan presented the process for employment of General Legal Counsel for Holy Cross. In June 2024, the Board approved Corporate Policy 4.9 on “Legal Representation and the Use of Attorneys” which sets forth guidelines for the relationship between Holy Cross and law firm that represents it, specifically a General Counsel employed by the Board that provides general legal services to the Board and to the Association. Randolph Starr of Starr & Westbrook, P.C. serves as General Counsel. In the June 2024 meeting he notified the Board of his intent to step down from that role at the end of 2024.

President and CEO Hannegan and Counselor Starr developed a draft Request for Proposals (RFP) for General Counsel and Corporate Legal Services that can be used by the Board to select Holy Cross’s next General Counsel. If approved by the Board, this RFP would be distributed (along with Corporate Policy 4.9) to a list of firms and individuals that President and CEO Hannegan compiled from various sources, including Colorado PUC regulatory filings, the contacts of the CREA Attorneys’ Group, references from other cooperative managers and staff, and others met by President and CEO Hannegan. Efforts will also be made to disseminate the opportunity widely through the Colorado Bar Association.

The draft RFP, Corporate Policy 4.9, and the proposed distribution list were provided to the Board prior to the meeting. Responses will be requested by October 18, to allow for the Board to be able to review any responses at its October 23 meeting with the goal of securing new General Counsel effective January 1, 2025. President and CEO Hannegan responded to questions by the Board. After discussion, a motion was duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED**, that the President and CEO be authorized to move forward with the RFP for General Counsel and Corporate Legal Services. [11:23]

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 litigation and contract negotiations. 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 to negotiators. During the session Director Munk left the meeting.

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

**RESOLVED** that the Board exit executive session. [12:35]

A break was taken. [12:35 to 13:15] Director DeGolia left the meeting.

Agenda Item 8 Continued. Director Munk returned to the meeting.

1. Health and Welfare Trust Renewal. Director of Human Resources Rowley and Jenny Langhorst joined the meeting, and Mr. Rowley provided the Board with an overview of the year-to-date 2024 performance of the HCE Health and Welfare Trust and recommended plan changes and premiums for the 2025 calendar year.

Holy Cross’s current Health Plan performance through July 2024 is 118% compared to budget and 5.4% increase compared to 2023, which equates to a $507,137 current deficit with a projected year-end deficit of $904,472. The total projected 2024 annual cost is $5,710,462 compared to our budget of $4,805,990. Our reserve fund is currently at approximately $4,465,000, which is still very healthy and well above the recommended minimum reserve level of $2,500,000. As part of our due diligence, we regularly go out to bid for our health plan and benefit vendors/providers. This year we again included NRECA who came back with a very competitive bid for our health plan coverage through their Fixed Cost Insurance (FAP) program.

Staff provided a visual presentation on the current state of our Health and Welfare Trust and recommendations and suggested changes for 2025, including:

* + Moving to NRECA’s Fixed Annual Premium (FAP) program for Medical, Dental and Prescription Coverage. HCE’s program would no longer be self-funded as in previous years; instead, we would pay a fixed premium regardless of actual claims.
	+ Increasing health plan funding by 9.7% with no change to employee contributions.
	+ Maintaining our Vision Insurance through VSP Insurance.
	+ Maintaining our Colorado FAMLI/PFML, Life Insurance, AD&D, Short-Term and Long-Term Disability Insurance through Mutual of Omaha.

Impacts to Cost and Premiums

The projected total 2025 medical/dental expense overall funding would increase to approximately $5,300,679. Actual costs will be dependent on employee count, but not on actual number of claims and costs as in previous years if the NRECA FAP program is chosen.

If these plan changes and premium levels are adopted by the Board, Staff would incorporate these into the proposed 2025 budget that will be considered by the Board in December.

Questions posed by Board members were answered by Mr. Rowley, Ms. Langhorst, and Ms. Zagar-Brown. Upon motion duly made, seconded, put to a vote and carried by majority vote with Director Gardner dissenting, it was

**RESOLVED**, that the Health and Welfare Trust proposal as presented by staff be approved, with a total budgeted 2025 plan expense of $5,300,679. [14:15]

1. Insurance Policy Review. Director of Human Resources Rowley provided the Board with an overview of Holy Cross’s Property and Casualty and Workers’ Compensation Policies and coverage. Holy Cross is insured by Federated Rural Insurance Exchange for Property and Casualty Insurance including Property, General Liability, Auto Liability and Physical Damage, Cyber, Crime, Director, Officers and Manager’s Liability, and Umbrella Liability. In 2023 Holy Cross transitioned its Workers’ Compensation from Pinnacol Assurance to Federated, and now Federated has all coverages. Federated is a member-owned insurance exchange with a goal to operate “at cost” for its members. Mr. Rowley gave a verbal and visual presentation of existing coverage levels. Questions posed by Board members were answered by Mr. Rowley. No action was required of the Board at the present time. [14:41]

Agenda Item 8f. Continued. Discussion ensued about a new proposed CREA resolution on geothermal energy exploration. A motion was made, seconded, and carried that the prior resolution passed on positions of resolutions would be reconsidered to state that Resolution 6.21 Support for Geothermal Energy Exploration is supported. After discussion, the Directors adopted the following resolutions:

**RESOLVED**, that the Board reaffirms its previous positions taken on the proposed NRECA Resolutions as described in the Board Memorandum; and

**FURTHER RESOLVED**, that the Board supports the proposed amendments put forth by CREA with respect to existing NRECA Resolutions regarding land management and wildfire; and

**FURTHER RESOLVED**, that the Board opposes the proposed new Resolution regarding “Support for Natural Gas-fired Generation”; and

**FURTHER RESOLVED**, that the Board support the proposed new Resolution regarding Support for Geothermal Exploration. [14:49]

Agenda Item 10: Items for Future Agendas. Discussion about the items on the list ensued. The October Board meeting will be at the Cooley Mesa facility. [14:58]

Agenda Item 11: Continuation of Board Meeting. Chair Munk continued the meeting until **Wednesday, October 23, 2024, at 9:00 a.m**. The next meeting will be held at the Cooley Mesa office at 0132 Buckhorn Valley Boulevard in Eagle County, Gypsum, CO. [14:58]

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Secretary – Alexander DeGolia

APPROVED:

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Chair – David C. Munk

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| **2024 Holy Cross REA Board Meeting Schedule**[Third Wednesday of each month] |
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| October 23, 2024—in person—Cooley Mesa  |
| November **21**, 2024—WebEx – **UPDATED** |
| December 18, 2024—in person—Glenwood  |

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| **EARLY TENTATIVE****2025 Holy Cross REA Board Meeting Schedule**[Third Wednesday of each month] |
| January 15, 2025—WebEx  |
| February 19, 2025—in person at Cooley Mesa |
| March 19, 2025—WebEx |
| April 16, 2025—WebEx  |
| May 21, 2025—WebEx  |
| The Annual Meeting of Members will be held on June [?], 2025, at \_\_\_\_\_\_ |
| June 18, 2025—in person  |
| July 16, 2025—WebEx  |
| August 20, 2025 (strategic planning)—in person |
| September 17, 2025—WebEx  |
| October 15, 2025—in person at Cooley Mesa  |
| November 19, 2025—WebEx  |
| December 17, 2025—in person at Glenwood |