**MINUTES OF REGULAR BOARD MEETING**

**OF**

**HOLY CROSS ENERGY**

**APRIL 19, 2025**

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 April 22, 2025, 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, 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. Also attending was General Legal Counsel Karl K. Kumli, III, Jonathan Rosales Perez, Maisa Metcalf, Lindsey Williams, and Betsey Seymour. A member of the public was present, Kim Schlaepfer.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on March 19, 2025, and then continued to today’s meeting.

Agenda Item 3: Public Comment. Chair Munk asked for comments from members of the public present. Mr. Hannegan noted that a member of the public was present.

Agenda Item 4: Employee Recognition.

April Service Recognition:

Mike Tornes, Crew Forman, is celebrating 20 years of service.

Doug Laho, Journey Lineworker, is celebrating 10 years of service.

Recent New Hires, Promotions and Departures:

Darius Anglin joined us March 24, 2025, as an Infrastructure Field Tech I in Glenwood Springs.

Mayte Milan joined us on April 1, 2025, as a Member Servies Representatives I in Glenwood Springs.

Kelly Kiesnowski joined us April 1, 2025, as a Member Services Representative I in Glenwood Springs.

Jon Caughlin has accepted a new position as Wildfire Mitigation Specialist, effective April 1, 2025.

Todd Foral has been promoted to Engineering Supervisor, effective April 1, 2025.

Caleb Ealey has been promoted to Engineering Supervisor, effective April 1, 2025.

Luke Pagni has been promoted to Engineering Supervisor, effective April 1, 2025.

Brady Litts, Apprentice Lineworker I, departed Holy Cross, his last day was March 27, 2025.

Diane Muscianisi, Enterprise Software Administrator, her last day was April 1, 2025.

Rich Clubine entered the meeting.

Agenda Item 3: Public Comment. Rich Clubine joined the meeting and spoke about his business and some of the struggles he was facing.

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 Regular Meeting of January 15, 2025
  2. Minutes of Regular Meeting of February 19, 2025
  3. Minutes of Special Meeting of March 6, 2025
  4. Minutes of Regular Meeting of March 19, 2025
  5. Treasurer’s Report
  6. Safety Committee Minutes
  7. Cyber and Physical Security Committee Minutes
  8. Diversity, Equity, and Inclusion Committee Minutes
  9. Power Supply and Programs Report
  10. System Reliability Report
  11. Community Energy Systems Report
  12. Member Participation Report
  13. Legislative and Regulatory Report
  14. Attorney’s Report
  15. Board Committee Reports
  16. Directors’ Reports

Questions posed by Directors were answered by staff. 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.

Agenda Item 6: Staff Reports. Staff reports were delivered to Directors prior to the meeting. Questions from Directors were answered by staff.

Agenda Item 7: Old Business. None.

Agenda Item 8: New Business.

1. Amendment to Tariffs, Rules, and Regulations – Line Extensions.

Mr. Whelan requested final approval from the Board of Directors to change the Line Extension Policy to remove the separate treatment of underground and overhead line extensions and eliminate the distinction between Deposit and Contribution amounts in construction estimates in final accounting.

A line extension is the extension of electric facilities to a member's or developer’s property, subdivision, or commercial building within our service territory. Section 3030 of the Holy Cross Energy (HCE) Tariffs, Rules and Regulations comprises our Line Extension Policy and is 10 pages long. This policy has not been significantly updated in 40+ years.

Deposit and Contribution

New construction costs are divided into two categories: Construction Deposit (refundable) and Contribution in Aid of Construction (non-refundable). The Deposit includes all power facilities that are needed for overhead construction, such as transformers, conductors, poles, and wire. Contribution, in this case, pertains to underground line extensions and includes materials (vaults and conduit) and related costs only needed for underground construction.

Originally, building underground was considered an exception to the norm, and Contribution in Aid was applied with this in mind.

For the refundable Deposit, HCE currently pays the applicant 20% of the electric revenues generated from the line extension in the form of a refund check, annually over a 10-year period. This amount is capped at 1/10th of the Deposit amount (Deposit divided by 10 = Max Annual Refund). The design of these refunds is intended to fairly compensate members who generate sufficient revenue to cover the costs of their line extension.

**Proposed Changes**

Remove the requirement that all new underground construction costs include Contribution (non-refundable) so that all construction fees paid are eligible for refund during the 10-year agreement period.

Benefits

This simple but impactful amendment to our tariffs is largely a philosophical change. This change will result in minor increases to refunds (average of $60,000 per year), but refunds will still be limited to the revenue received from the member, ensuring there are no cost shifts to other members. Overhead and underground line extensions are now regarded similarly; undergrounding is no longer a vilified, unconventional method. This change will also allow the use of iVue (current software) for estimating and will save Accounting and Engineering a lot of time in administrative work and project support work.

Other minor administrative tariff updates are included in the drafted redlines as follows:

1. Change Line Extension refund due date to accommodate a rolling 12-month process

2. Wording clarifications on DER Service Agreement and Peak Time Payback

3. Adjust generator nameplate capacity from 12 - 100 kW to 0 - 100 kW for $100 interconnection application charge to be applicable

4. Allow payment arrangements on Prepaid Metering

5. If Auto-Pay is chosen to waive a deposit, ACH will be the required form of payment

At its February 2025 regular meeting, the Board approved the posting of these proposed redlines for public comment, consistent with the procedures outlined in HCE’s Tariffs, Rules and Regulations. The proposed redline changes were posted on HCE’s website in late February, and members were notified via HCE’s member newsletter of the opportunity for public comment. No public comments were received.

Following discussion by Directors and questions asked of staff, upon motion duly made, seconded, put to a vote and carried, the following resolutions were adopted:

**RESOLVED**, that the proposed changes to the Tariffs, Rules and Regulations of Holy Cross be approved as presented.

1. CFC Loan Authorization.

Mr. Whelan informed Directors on the decision whether to execute agreements providing for a new CFC Power Vision loan facility in the amount of $50,000,000.

In December of 2024, the HCE Board approved a 2025 capital budget of $22.5MM, plus $15.0MM in carryover capital projects from prior years that are still expected to be funded. Although HCE manages cash and short-term lines of credit for short-term cash needs, these long-term capital projects (generation, distribution, transmission, IT/fiber, general plant) are funded ultimately through two ways:

1. Cash – cash margins after debt service, i.e. our cash available for funding capital projects includes our operating margins (member equity) plus depreciation/amortization and interest, less our total debt service (principal and interest payments); and

2. Long-Term Debt – borrowing money through CFC as a 100% borrower

Our most recent loan agreement with CFC provided for a $30MM Power Vision loan facility and was put in place in February of 2018. Having funded capital projects in part through this loan facility over time, we have a current balance available to draw on of $9MM.

Our long-term capital plans and financial forecast show a need of $70MM through the next four years as we have the need to fund large projects such as the Avon/Gilman transmission line, substation upgrades, and our fiber network buildout, on top of regular upgrades/replacements.

As such, HCE staff have been working with CFC to obtain approval of a new $50MM loan facility that will help support the funding of our capital projects over the next 3-5 years. The CFC underwriters approved a new $50MM loan facility and the loan agreements were provided in Call To Order. HCE legal counsel has reviewed and approved the CFC loan

agreement and promissory note. Additionally, a counsel opinion letter has been included in Call To Order that will be signed and dated concurrently with the execution of the loan agreement and promissory note.

Following discussion by Directors and questions asked of staff, upon motion duly made, seconded, put to a vote and unanimously carried, the following resolutions were adopted:

**RESOLVED,** that the Cooperative borrow from National Rural Utilities Cooperative Finance Corporation (CFC, from time to time as determined by the person designated by the Board of Directors of the Cooperative, an aggregate amount not to exceed $50,000,000.00, as set forth in the loan agreement with CRC governing such loan, substantially in the form of the loan agreement presented to this meeting (the “Loan Agreement”); and

**RESOLVED**, that the proceeds of this loan be used for the purpose set forth in the Loan Agreement; and

**RESOLVED**, that the individual listed below are hereby authorized to execute and to deliver to CFC the following documents (including as many counterparts as may be required):

1. The Loan Agreement;
2. One or more secured promissory notes payable to the order of CFC, which in the aggregate shall not exceed the principal amount of $50,000,000.00, substantially in the form of the note(s) presented to this meeting; and
3. If required by CFC, a mortgage and security agreement with CFC as mortgagee, for purposes of securing the loan provided for herein, substantially in the form of the mortgage presented to this meeting.

**RESOLVED**, the each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary for appropriate, to execute any future amendments to said Load Agreement as such individual may deem appropriate within the amount of the promissory notes so authorized herein and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

Office or Title Name (typed or printed)

President and CEO Bryan Hannegan

Vice President, Finance Sam Whelan

1. Member Bill Payment Assistance.

Mrs. Weatherred provided proposed changes to HCE’s energy assistance programs that would allow Member Service Representatives or offer in-house member bill payment assistance once members have exhausted all other traditional Colorado assistance programs.

In general, low-income households spend a disproportionately larger portion of their income on home energy costs (e.g., electricity, natural gas, and other home heating fuels) than other households. This “energy burden” can force tough choices between paying energy bills and buying food, medicine, or paying for education, retirement, or other important needs.

Well-designed and inclusive programs focusing on low- and moderate-income (LMI) members and communities can help reduce this energy burden and assist HCE members with the high cost of living in the areas HCE serves.

Since 2021, Holy Cross Energy has been engaged in an Energy Assistance Work Plan to explore options for improving the delivery of bill payment assistance to members in need. Working within the existing framework of our energy assistance landscape, staff identified gaps in current services that are not serving the needs of our communities' most vulnerable members.

With the help of L’Ancla, a group specializing in raising the voice of underserved community members, we held focus groups with those members during which it was recommended that HCE consider bringing bill payment assistance in-house, in addition to offering bill payment assistance through our partners.

As a result, a pilot program to support HCE member bill payment assistance through the Holy Cross Energy Round-Up Foundation was introduced in 2024. After several months, it was determined that Round-Up was not equipped to handle bill payment assistance. At that time, HCE staff were asked to review options for transferring this responsibility to Holy Cross Energy’s Member Services Representatives.

During this review period (Oct 2024 – April 2025), the following energy assistance payments were made to HCE members:

* LEAP: 35 HCE members received $14,483.73
* EOC Bill Payment Assistance: 36 members received $15,729.84
* HCE Donation Fund: 4 members received $1100.75
* Round Up Foundation: 5 members received $2148.21

The staff review resulted in the following is a list of recommendations to improve HCE’s delivery of bill payment assistance to members in need:

* Create a new process for offering bill payment assistance through the Holy Cross Energy Member Services team and allow Round-Up to return to providing aid for non-HCE bill payment assistance needs
* Provide bill payment assistance through HCE’s Assistance Donation Funds. These funds are currently comprised of donations made by the HCE Board members and employees, and unclaimed deposits.
* Implement the following guidelines for bill payment assistance beginning May 1:
  + An MSR will confirm that a member has applied for LEAP &/ or EOC assistance
    - Using the numbers provided above, HCE would have 71 members who could be assisted if asked, because they have exhausted other sources of help
    - At an MSR’s discretion, members who LEAP &/or EOC have denied can receive assistance
    - At an MSR’s discretion, members who have not applied for other sources can also receive assistance if they have consistently been in good standing by are now experiencing a crisis
  + Each member can receive HCE bill credits applied to past due HCE electric bills once per year as follows:
    - $500 assistance for members with gas heat
    - $1000 assistance for all-electric heat
  + MSR’s will track and provide a monthly list of recipients for internal action and review
    - The Community Outreach team will contact the member to recommend additional resources (Energy Audit, IQ weatherization, Sustainable Solar, etc.) that would reduce their energy burden in the future
    - An internal Energy Assistance group will meet quarterly to review the list of those helped and verify that the criteria are being met and that the process is consistent and timely for all members

Following further discussion among Directors, upon motion duly made, seconded, put to a vote and unanimously carried, it was

**RESOLVED**, the proposed recommendations as amended to the Board be approved, allowing Member Services Representatives to offer member bill payment assistance in-house.

Lindsey Williams, Maisa Metcalf and Kim Schlaepfer left the meeting.

A brief break was taken.

Darcie Perkins has joined the meeting

1. Membership in National Associations

Chair Munk set up the discussion for the Board of Directors to keep in mind what is best for the membership and the association.

Mr. Hannegan reviewed HCE’s existing memberships in National Associations, and to inform the Board’s discussion regarding the value of such memberships.

Holy Cross Energy (HCE) participates in several national associations deemed to be of benefit to HCE and its members. These national associations include:

* The National Rural Electric Cooperative Association (NRECA)
* The American Public Power Association (APPA)
* The Association of Large Distribution Cooperatives (ALDC)
* The Smart Electric Power Alliance (SEPA)

HCE also participates in several regional groups (Western United, Alltricity/RMEL, the Colorado River Energy Distributors Association (CREDA)) and our statewide cooperative association CREA (the Colorado Rural Electric Association).

In general, the value of participating in these organizations comes from information sharing, training and education, collaboration on areas of common interest, and shared services which leverage economies of scale for lower costs to HCE.

At its November 2023 Board meeting, the HCE Board reviewed the value of HCE’s membership in two co-op specific organizations, NRECA and CREA. No changes in membership status in either organization were requested because of that discussion.

Given recent NRECA advocacy activities supporting certain policy announcements from the Trump Administration, Directors have requested to hold a discussion regarding the value of NRECA membership to HCE. To inform this discussion, a one-page “Value of Membership

Overview” from NRECA has been included in Call to Order, highlighting the main areas of value that NRECA promotes to its members.

Specific to HCE, our NRECA membership provides value to members, staff, the Board, and the organization in the following ways:

* HCE provides retirement benefits to its employees through the Retirement Security defined benefit plan and the 401(k)-retirement security plan; HCE employees benefit from all of the related benefits NRECA can provide with an economy of scale
* HCE recently migrated its health insurance program to NRECA (with a two-year commitment through the end of 2026) in order to take advantage of a broader network and lower costs as part of the larger risk pool compared to HCE’s prior self-insured plan.
* HCE benefits from nationally administered programs through NRECA, including the Rural Electric Safety Assurance Program (RESAP, which provides discounts on our umbrella liability coverage through Federated) and the Electric Cooperative Bard Association (ECBA) supporting HCE’s General Counsel and staff with resources and education as well as advisory services.
* HCE participates in numerous education and training activities, including Director training courses and credentials, national and regional conferences (both learning and sharing our experience), and subject-specific conferences (Cyber, Safety Leadership)
* HCE partnered with NRECA to secure Federal funding for wildfire risk mitigation as part of NRECS’s Infrastructure Resource Hub, as part of a larger 37-member cooperative consortium that HCE was chose to lead.
* HCE staff participate as leaders in numerous NRECA advisory groups, helping to share NRECA’s research and business technology strategies in distributed resources, microgrids, cyber and physical security and T&D operations and technologies.
* HCE utilizes NRECA’s consulting services such as the National Compensation Survey (NCS) for benchmarking employee compensation relative to other cooperative peers.

These and other services and benefits provided by NRECA to HCE are conditioned on annual renewal of HCE’s membership, which is currently paid for through early 2026 as part of HCE’s previously approved 2025 budget. If HCE decided not to renew its NRECA membership for 2026, a significant amount of staff time and disruption would be needed to find replacement services from other organizations (or from within HCE itself).

Break was taken for lunch.

1. External Communications.

Director Brooks shared information regarding the development of communication priorities for the upcoming NRECA Legislative Conference. It is important for the Board members attending the conference to have consistent communication priorities and talking points, which will enable them to speak on topics approved by the other Directors. Through discussions with the Board and additional information provided by staff, priority talking points will be established for their attendance at the NRECA Legislative Conference.

Darcie Perkins left the meeting.

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 contract negotiations. All staff members remained in the meeting. No action was taken by the Board to make a final policy decision 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.

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

**RESOLVED** that the Board exit executive session.

Agenda Item 10: Items for Future Agendas. Discussion about the items on the list ensued, resulting in changes to the allocation of subjects on future Board meeting agendas.

Agenda Item 11: Continuation of Board Meeting. Chair Munk continued the meeting at 2:40 am until **Wednesday, May 21, 2025, 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:

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Chair – David C. Munk

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| **2025 Holy Cross REA Board Meeting Schedule**  [Third Wednesday of each month] |
| May 21, 2025—WebEx |
| The Annual Meeting of Members will be held on June 5, 2025, at Buttermilk Mountain Lodge, Base of Buttermilk, 38700 CO-82, Aspen, CO 81611 |
| June 18, 2025—in person |
| July 16, 2025—WebEx |
| August 20, 2025 (strategic planning)—in person TBD |
| September 17, 2025—WebEx |
| October 15, 2025—in person at Cooley Mesa |
| November 19, 2025—WebEx |
| December 17, 2025—in person at Glenwood |