

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

OCTOBER 15, 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 Avon office 41284 US-6, Avon, CO, on October 15, 2025, at 9:00 a.m. The meeting was held in person and on WebEx with Board members and staff appearing both in person and electronically. Notice of the meeting was given in accordance with Colorado law and the bylaws of Holy Cross.

Agenda Item 1: Roll Call. Chair Adam Quinton called the meeting to order and reported that six Directors were present, Robert H. Gardner, Adam Quinton, Linn Brooks, David Munk, and Kim Schlaepfer. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; David Bleakley, Vice President – Engineering; Cody O’Neil, Vice President—Operations; 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, Phil Armstrong, Christina Conley, Caitlin Liotris with Energy Strategies, and Betsey Seymour.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Quinton adjourned the meeting of the Board of Directors originally convened on September 18, 2025, and then continued to today’s meeting.

Agenda Item 3: Public Comment. Chair Quinton asked for comments from members of the public present. Mr. Hannegan noted that there were no members of the public present.

Agenda Item 4: Employee Recognition.
September Service Recognition:

BJ Lewis joined HCE on September 15, 2025, as a Network Administrator in Glenwood Springs.

Jim Neil retired from HCE after 45 years of service; his last day was October 9, 2025.

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 Regular Meeting of September 17, 2025
- b. Treasurer’s Report
- c. Safety Committee Minutes
- d. Cyber and Physical Security Committee Minutes
- e. Diversity, Equity, and Inclusion Committee Minutes
- f. Power Supply and Programs Report
- g. System Reliability Report
- h. Member and Community Relations Report
- i. Legislative and Regulatory Report
- j. Attorney’s Report

k. 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.

Alex DeGolia entered the meeting during the Consent Calendar agenda item.

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.

A brief break was taken. David Manning, Mark Detsky, and Eric Arnette joined the meeting.

Agenda Item 8: New Business.

a. Wholesale Power Market Strategy. Phil Armstrong, Manager Power Supply, advised the Board on the progress of wholesale power market development in the western US, with a particular focus on the Markets+ day ahead market that PSCo and therefore HCE will be entering in October 2027.

CRS 40-5-108 was passed by the Colorado legislature in 2021, requiring utilities in Colorado to join an organized wholesale market by 2030. Two wholesale markets are emerging in Colorado to most likely fulfill this requirement, both of which are run by the Southwest Power Pool (SPP), the Regional Transmission Organization (RTO) that currently operates through many of the high plains states and midwestern US.

The first market, RTO-West, is a full day ahead and real time power market and transmission operations and planning entity being developed by SPP. The key utilities participating in Colorado are Tri-State, CSU, PRPA, and WAPA, all part of the WACM Balancing Area.

The second market, Markets+, is a day ahead and real time power market being developed by SPP. The key utility participating in Colorado is Public Service of Colorado (PSCo), and the PSCo Balancing Area. Since HCE's service territory is wholly within the PSCo Balancing Area, HCE will therefore be in the Markets+ footprint. Markets+ is currently expected to go live in October of 2027 for PSCo, and thus HCE as well.

Markets+ has the potential to bring both benefits and risks to HCE. Benefits may include increased flexibility in purchasing Economy Energy under HCE's Power Supply Agreement with PSCo. Risks may include additional exposure to energy imbalance and resource related costs, and additional administrative overhead and costs. Interestingly, because HCE already has strong rights under the TIE Agreement with PSCo not to pay for direct transmission wheeling costs for resources like Bronco wind and Hunter solar, transmission cost savings may not be as high for HCE as some other utilities may see.

Caitlin Liotiris from Energy Strategies, a highly respected industry leader in this space, will share her perspective on the evolution of these markets and their implications for HCE.

Based on consultation with Energy Strategies, SPP staff, PSCo staff, and internal due diligence, HCE staff have developed the following strategy for approaching Markets+. One principle of the strategy is "maximize market rights, while minimizing market risks".

1. Transfer as many rights as possible from HCE's PSA and TIE agreements with PSCo to Markets+

a. Explore transferring potential transmission rights from the TIE that may convert to transmission use and congestion compensation rights in Markets+

b. Continue to effectuate the rights in the PSCo Comanche 3 Settlement Agreement to gain as much accredited capacity as possible for HCE with resources like Bronco Plains II, Hunter, Grand Valley Hydro, and other future projects.

2. Minimize HCE's risk exposure by designating PSCo to be the Market Participant for HCE in Markets+

a. One exception may be for Guzman to register Bronco Plains II wind into the market, as was done for the Western Energy Imbalance Service (WEIS) market that PSCo is currently operating in.

3. Keep HCE's PSA and TIE agreements with PSCo intact to the extent possible

a. These contracts are generally quite favorable to HCE, conveying strong rights to HCE to purchase power from different providers and hedge HCE's power supply costs.

b. The PSA is currently set to expire in 2042, and the TIE agreement does not have an explicit expiration.

HCE staff will continue their due diligence over the next year to prove out this strategy and answer key questions about how Markets+ will be implemented and the ramifications for HCE.

A lunch break was taken. Caitlin Liotris, David Manning, Will Kenworthy, and Mark Desky left the meeting. Travis Sarbin joined the meeting.

b. Construction Engineering Capital Work Plan. Vice President David Bleakley informed the Board of the proposed 2026-2035 Construction Engineering Capital Plan and seek the Board's feedback prior to its incorporation into future year capital budgets.

The proposed 2026-2035 Construction Engineering Work Plan projects a ten-year need for \$268.1 million capital investment in the following general areas:

- Transmission (\$100.6 million) – expansions and upgrades to our assets at voltages >115kV
- Smart Grid (\$18.2 million) – distribution automation and smart devices
- Replacement (\$76.4 million) – replacement of aging infrastructure
- Reliability (\$65.2 million) – increased capacity to support load growth in certain areas, reduced risk of contingencies and outages
- Fire Mitigation (\$6.7 million) – efforts to harden our system and reduce ignition sources
- Resiliency (\$1.0 million) – microgrid and battery storage systems to support local needs

Note that some expenditures in Transmission assets are covered by our Transmission Integration and Equalization "TIE" Agreement with Public Service Company of Colorado / Xcel Energy. In that agreement, HCE and Xcel are each responsible for their respective shares of total combined system investment between the two parties. In general, this results in HCE being paid back a large portion of its transmission expenditure in future years.

A detailed breakdown of planned projects, by type and by year, is available in Call to Order for your review. Staff will provide a briefing at the Board meeting and be available to answer any questions you may have.

Directors posed questions and provided feedback. No action was taken.

Russ Winder left the meeting.

c. Network Infrastructure Capital Work Plan. Vice President Trina Zagar Brown along with Travis Sarbin, Eric Arnette, and Charlotte Crawford informed the Board of the proposed 2026-2035 Network Infrastructure Capital Plan and get feedback from the Board prior to incorporating into future year capital budgets.

The proposed 2026-2035 Network Infrastructure Work Plan projects a ten-year need for \$41.1 million in capital investment. The increase from \$35.7 million in 2024 accounts for refined fiber lateral (Phase V) build estimates, backbone fiber Phase VI estimates, software licensing cost increases, and ongoing maintenance of existing high-site technology.

In 2026, expenditures will focus on maintaining and future-proofing network systems through scheduled equipment replacements, software and firewall updates, and expanded campus security capabilities. Previously allocated funding for laterals off the fiber backbone is maintained and reinforced through a recurring \$2 million annual estimate. Major expenditures have not yet been scheduled for Phase VI. We are continuing to project an inflation trend of 3–4% annually through the planning period.

The ten-year request includes the following programs:

- *Cybersecurity* (\$2.3 million), investments in access control, standard firewall updates, and software to maintain and expand existing cyber security standards and systems.
- *Fiber Investments* (\$24.3 million), for construction of fiber backbone and laterals between HCE facilities, substations and key field devices to support swifter communication and more reliable connectivity.
- *Network & Systems* (\$9.7 million), to maintain and expand high-site facilities, networks, voice, wireless, and two-way radio systems.
- *IT Services* (\$4.8 million), to maintain existing compute and storage systems and to improve disaster recovery capabilities.

Directors posed questions and provided feedback. No action was taken.

A short break was taken. Charlotte Crawford, Travis Sarbin, and Cody O’Neil left the meeting

d. Amendments to Strategic Plan. President and CEO Bryan Hannegan summarized the proposed revision to the HCE Strategic Plan.

The current HCE Strategic Plan (the “Plan”) was adopted by the Board of Directors (the “Board”) at its January 2022 Regular Meeting and further amended in September 2022 and again in January 2025.

As required by Section VI of the Plan, the Board met in August 2025 to conduct its annual enterprise risk assessment and to review the Plan and its goals and objectives. Due to the limited time available for discussion at the August 2025 Board meeting itself, Bryan subsequently solicited via email proposals for changes to the enterprise risk assessment and Strategic Plan from Directors, Senior Staff and Counsel.

Replies were received from Directors and proposed amendments were incorporated into the accompanying “redline” draft revision to the Strategic Plan available in Call to Order prior to the

meeting. While most of the proposed changes were clarifying and simple edits, there remain three open issues requiring further Board discussion:

1. Should the narrative text to accompany Goal 1 – Provide Clean Electricity to Our Members be revised to reflect HCE’s 100% clean energy goals, and if so, how?
2. Should the date by which Objective 1.2 – Achieve Net-Zero GHG Emissions Across All HCE Operations by 2035 be revised to 2040 or later, reflecting the exclusion of GHG offsets as options?
3. Should Objective 4.3 (Transition the HCE Business Model Away from [A] Commodity-Based Electric Sales Model To A More Financially Sustainable Service-Based Electric Delivery Model) be rewritten with to explicitly call out our intent to equitably align revenue generation with cost of service?

Directors posed questions and provided information for additional updates to the Strategic Plan. Staff will take the additional feedback provided and create a final version for review at an upcoming meeting.

e. Amendments to Corporate Policies. President and CEO Bryan Hannegan provided the Board with proposed changes to Corporate Policies as recommended by the Governance Committee following review by himself 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. The last such review of the Corporate Policies was conducted during March and April of 2022, with resulting suggested changes being approved by the Board of Directors at its May 2022 regular meeting.

On July 23, 2025, the CEO circulated copies of all Corporate Policies to Directors, Senior Staff and Counsel, asking for suggestions for revisions to be provided by August 29. Bryan compiled all proposed revisions and comments into a single set of “redlines” which was provided for review prior to the meeting in Call to Order.

While most proposed redlines are administrative in nature, several of the comments pose questions for the Board to consider regarding the scope and applicability of nearly all the Corporate Policies. Bryan walked attendees through each redline and comment and seek disposition of each. Directors reviewed the draft revisions to the Corporate Policies prior to the Board meeting and provided feedback and additional edits on the proposed changes and the numerous questions raised in the comments.

Agenda Item 9: 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 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 litigation and personnel matters. 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.

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 11: Adjourn. Chair Quinton adjourned the meeting at 4:22 p.m. until **Wednesday, November 19, 2025, at 9:00 a.m.** The next meeting will be held in person at the Holy Cross office in Avon, Colorado.

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Secretary – David C. Munk

APPROVED:

✍ _____
Chair – Adam Quinton

2025 Holy Cross Energy Board Meeting Schedule [Third Wednesday of each month]
November 19, 2025—WebEx
December 17, 2025—in person at Glenwood Springs

EARLY TENTATIVE 2026 Holy Cross REA Board Meeting Schedule [Third Wednesday of each month]
January 21, 2026—WebEx
February 18, 2026—in person at Cooley Mesa
March 18, 2026—WebEx
April 15, 2026—WebEx
May 20, 2026—WebEx
The Annual Meeting of Members will be held on June [?], 2025, at _____
June 17, 2026—in person at Glenwood
July 15, 2026—WebEx
August 19, 2026 (strategic planning)—in person TBD
September 16, 2026—WebEx
October 21, 2026—in person at Cooley Mesa
November 18, 2026—WebEx
December 16, 2026—in person at Glenwood