

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

March 18, 2026

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 Glenwood office at 3799 Highway 82 in Garfield County, Glenwood Springs, CO on March 18, 2026, at 9:00 a.m. The meeting was held in person and on WebEx with Board members and staff appearing both in person 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 all Directors were present, Alex DeGolia, Robert H. Gardner, Linn Brooks, David Munk, Keith Klesner, 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; Sam Whelan, Vice President—Finance; Trina Zagar-Brown, Vice President—Business Services. Also attending was General Legal Counsel Karl K. Kumli, III, Jonathan Rosales Perez, IT Tech Analyst II, Charlotte Crawford, Project Administrator, Skyler Yeldell, Tree Trimmer II, Eli Snead, Tree Trimmer II, and Betsey Seymour, Executive Coordinator.

Agenda Item 3: Employee Recognition.

March Service Recognition:

Eli Snead, Tree Trimmer II, is celebrating 10 years of service.

Christina Conley, Manager, Financial Planning and Analysis, is celebrating 5 years of service.

Skyler Yeldell, Tree Trimmer II, is celebrating 10 years of service.

Rusty Bossow, Equipment Operator, is celebrating 5 years of service.

Jenny Langhort, Benefits Administrator, was presented with the 2025 Ed Grange Award of Excellence.

Paul Belden, Crew Foreman, was presented with the Larry Shaffer 2025 Award of Excellence.

Hannah Nieslanik has been promoted to Business & Rate Analyst from her previous role as Accounts Payable Specialist.

David Manning has been promoted to Strategic Projects Analyst position from his previous role as Market Operations Specialist.

Allison Kudlicki has been promoted to Enterprise Applications Analyst II from her previous role as Enterprise Applications Analyst I.

Casey Worthington has been promoted to System Operator II from his previous role of Operations Specialist.

Nancy Larson retired from HCE after 19 years of service.

Eli Snead and Skyler Yeldell left the meeting. Sarah Smith Hymes, member, joined the meeting.

Agenda Item 2: Public Comment. Chair Adam Quinton asked for comments from members of the public present. Mr. Hannegan noted that there was one member of the public present, Sayah Smith Hymes.

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 February 18, 2026
- 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. General Counsel Report
- k. Directors' Reports

It was requested that the February meeting minutes be removed from the Consent Calendar. Those were removed to amend.

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.

February 18, 2026, minutes were removed from the consent calendar and amended per suggestions from Directors. A motion was made, seconded, and put to a vote and unanimously carried, it was

RESOLVED, that the February Board of Directors meeting minutes be approved as amended.

Agenda Item 5: Staff Reports. Staff reports were delivered to Directors prior to the meeting. Questions from Directors were answered by staff.

Jon Caughlin, Wildfire Mitigation Specialist, joined the meeting.

Agenda Item 6: Old Business.

Agenda Item 7: New Business.

a. Member Equity Distribution. Vice President Sam Whelan presented a recommendation for distribution of accrued and unpaid capital credits to Holy Cross Energy members. Historically, at the March Board of Directors meeting Directors review the capital credit cycle, allocate prior year margins, and approve the amount to be paid out in the coming year. This is done in accordance with the Articles of Incorporation, Bylaws and Corporate Policies of Holy Cross, e.g.

1. Article VII, Section 2 of the Bylaws states that all Operating Margins must be allocated to members as capital credits (member equity). Other Margins may be allocated to the member or used by Holy Cross as permanent, non-allocated capital.

2. Corporate Policy 5.1 allows up to 50% of the previous year’s allocated margins to be refunded on a Net Present Value (NPV) basis, considering the financial health of the cooperative.

Holy Cross currently operates on a 25-year capital credit rotation cycle, meaning that 1/25th of the historic allocated capital credit balances are usually passed back to members each year.

The Board previously approved using Holy Cross Energy’s weighted average cost of capital (WACC) as the discount rate when calculating Net Present Value (NPV) for prior-year margin retirements, estate retirements, and bad debt write-offs. The year-end 2025 WACC, to be used for 2026 retirement’s is 4.86%, compared to 4.65% at year-end 2024.

2026 Member Equity Distribution

2025 Operating Margin		\$10,551,351
50% of 2025 Operating Margin		\$5,275,675
Discounted @ 4.86% WACC	(a)	\$1,689,046
1/25th of Outstanding Balance to be Refunded	(b)	\$2,890,916
Total Member Equity to be Paid in 2026	(a) + (b)	\$4,579,962

For comparison, total member equity paid out in 2025 was \$4,625,915.

Staff propose to move the spring general retirement forward by approximately one month, with a targeted check date during the first full week of April. This adjustment reduced duplicate audit work caused by checks being issued in a different fiscal year, resulting in cleaner fiscal-year processing.

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

RESOLVED, that Holy Cross shall allocate, for 2025 only, Operating Margins of \$10,551,351 to member equity accounts; and that

RESOLVED, that 50% of the 2025- member equity allocations on a discounted net present value basis, in the approximate amount of \$1,689,046, be refunded to members in March 2026; and that

RESOLVED, that 1/25th of the allocated margins balance from 2028 to 2025, of approximately \$2,890,916, shall be refunded to members on a first-in first-out basis in November 2026.

Charlotte Crawford left the meeting.

b. Key Performance Indicators. Mr. Sam Whelan requested authorization from the Board to modify the Distribution Equity Key Performance Indicator (KPI) based on 2025 financials.

In December of 2025, the Board approved KPI’s for 2026 that were further revised in January 2026. At this time, the Distribution Equity KPI was revised to match the 40% Board equity goal.

Following the Board’s approval of year-end financials, provided to the Board prior to the meeting, staff recommended revising the Distribution Equity KPI for the following reasons:

1. Capital spending was higher than projected in 2025, and operating margin was lower than budgeted due to decreased sales and the desire to maintain deferred revenue for

2027 and 2028 transmission (TIE) increases. The year-end financial decisions in 2025 put downward pressure on the Distribution Equity KPI.

2. Staff believed that a focus on the Distribution Equity ratio is more appropriate for HCE rather than the standard Equity to Assets ratio that the Board’s prior 40% goal was based on. Distribution Equity better aligns with the evaluation of HCE for our lender Cooperative Finance Corporation (CFCX) but is approximately 1.5% lower than the standard Equity ratio that includes equity from other organizations that HCE is a cooperative member of (lenders & suppliers).

Staff recommended that the following Distribution Equity KPI targets for 2026 be used in place of the 40% overall Equity to Assets goal used previously.

	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Threshold	2026 Target	2026 Stretch
Distribution Equity- CFC Ratio 17	38.1%	38.5%	38.9%	39.1%	37.8%	37.8%	38.5%	39.1%

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

RESOLVED, that the revised Distribution Equity Key Performance Indicator (KPI) for 2026 be approved.

Sarah Smith Hymes left the meeting.

c. Director Compensation. President and CEO Bryan Hannegan introduced the topic by noting that Section 2.2.4 of Corporate Policy 4.5, “Director Compensation and Expenses” provides that “Director fees and expenses for the prior year shall be reviewed during the first quarter of each calendar year by the full Board at a regular meeting of The Board of Directors.”

As described in that same Corporate Policy, HCE compensates its Directors with a monthly fee of \$1,200. The Board Chair receives an additional monthly fee of \$600 and each Committee Chair receives an additional fee of \$300 in months when a Committee meets. A Director fee is also paid for each full day or portion thereof spent on Holy Cross business. Holy Cross business required more than four hours of participation per day (including preparation time) is compensated at the full day rate of \$600. Business required four hours or less of participation per day (including preparation time) is compensated at the half-day rate of \$300.

Directors also receive reimbursement for all reasonable and legitimate expenses for their personal travel, lodging, meals, and other business-related out-of-pocket expenses incurred during attendance at appropriate meetings, events, or activities. A budget of “24 times the monthly fee”, e.g. \$2,400 per Director per month is set aside for such discretionary reimbursements.

d. Wildfire Risk Mitigation Plan Review. Vice President Cody O’Neil provided Directors an update on current and planned activities including a briefing on the efforts of staff intended to reduce the risk of wildfire ignition from HCE’s distribution system, and to improve the resilience of the distribution system to impacts from potential wildfires.

Following the Lake Christine Fire in 2018, HCE initiated a systematic and additional set of wildfire risk mitigation and system resilience efforts across the HCE service territory. Reducing the risk of utility-caused wildfire is essential to HCE’s operational practices. HCE’s existing programs and procedures, as well as the incorporation of emerging technologies, are intended to directly or indirectly manage or reduce the risk of its utility infrastructure becoming an origin or contribution factor for wildfire. While an electric utility can never fully eliminate all risk, HCE is committed to taking practicable actions to prevent the devastation that wildfire could bring to the people and communities we serve.

Over the past several years, HCE has undertaken several specific activities to reduce the risk that the operation of HCE's electric system would be responsible for starting wildfire, including:

- Use of technology in vegetation management
- Regular visual and infrared system inspection
- Pole testing
- Substation testing
- Monthly/Annual substation inspections
- Smart meters
- Investigation of all temporary faults on main feeders
- Automatic Vehicle Location (AVL) to improve response time
- Fire protection system settings that reduce the likelihood of fuse expulsions
- Implementation of multiple SCADA control switching points
- Transmission expansions for resilience, such as the Avon-Gilman project
- Fire retardant wrapping of transmission structures
- Non-expulsion fuse replacements
- Installation of smart reclosers and sectionalizing
- Additional hardware maintenance
- Drone inspection of overhead line
- Right of way inspection through satellite imagery
- Installation of 3 new wildfire detection camera at communication "high sites"

These efforts have allowed HCE to create an effective and industry leading fire risk mitigation strategy as well as adopt day-to-day operational practices that carry that strategy forward.

HCE's Wildfire Mitigation Plan (WMP), addresses the unique features of HCE's service area, such as topography, weather, infrastructure, grid configuration, and potential wildfire risks. The plan describes the ongoing and anticipated actions that expand upon existing inspection, maintenance, and safety programs as well as community engagement efforts with a focus on strengthening the overall electric system.

An internal PSPS Playbook, provided to the Directors prior to the meeting, has been created that details the internal procedures to be used should it be determined that it is simply unsafe to continue operating the HCE electric system under certain circumstances. Along with the PSPS plan, HCE has developed a fire weather risk forecasting tool to drive PSPS decision with accurate and dependable data. The output from the forecasting tool will allow our system operations team to plan for the use of Enhanced Powerline Safety Settings (EPSS), setting which reduce the risk of the HCE electric system becoming the source of a wildfire start.

A Crisis Communications Plan has also been developed which would be activated prior to, during, and after any PSPS event to ensure that emergency managers, first responders, and community members can be fully informed and prepared for the loss of electric service associated with the PSPS event.

Jon Caughlin and Jonathan Rosales Perez left the meeting.

Agenda Item 8: 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 9: Executive Session. Upon motion that the Board recess the current meeting and that the Board, upon a two-thirds affirmative vote of the Board members present, enter into executive session pursuant to C.R.S. 40-9.5-108 for consideration of documents or testimony given in confidence, and in accord with the Corporate Policies of the Association made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED, that the Board enter into executive session pursuant to C.R.S. 40-9.5-108 for consideration of documents or testimony given in confidence, and in accord with the Corporate Policies of the Association. The specific topics for the executive session were conferral with Counsel, discuss personnel matters and review real property transactions.

During the executive session, the Association did not make any 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 that the Board adjourn the executive session and resume the regular meeting of the Board which is currently in recess made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED, that the Board exit executive session.

On exiting Executive Session Director Quinton noted that the Association had not made any final policy decisions or adopted or approved any resolution, rule, regulation, or formal action, any contract or any action calling for the payment of money at the preceding executive session.

After discussion among the Board members and questions from Board members were answered, a motion was made, seconded, and unanimously carried that it was


RESOLVED, that the Holy Cross Energy Board of Directors authorizes HCE staff and legal counsel to negotiate and coordinate with the City of Glenwood Springs (COGS), Black Hills Energy, and RockSol Consulting Group on all documents required for the South Bridge Project; and

FURTHER RESOLVED, that the Board authorized the President and CEO, Bryan Hanegan, to execute easement, deeds, and associated agreements with COGS and Black Hills Energy related to the South Bridge Project, on terms acceptable to management, based on reasonable market-based compensation, and with the advice and approval of legal counsel.

Agenda Item 10: Adjourn. Chair Quinton adjourned the meeting at 4:43 p.m. until **Wednesday, April 15, 2026, at 9:00 a.m.** The next meeting will be held by WebEx through Holy Cross's main office at 3799 Highway 82 in Garfield County, Glenwood Springs, CO.

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Secretary – David C. Munk

APPROVED:

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Chair – Adam Quinton

EARLY TENTATIVE
2026 Holy Cross REA Board Meeting Schedule
[Third Wednesday of each month]
April 15, 2026—Webex
May 20, 2026—Webex
June 11, 2026 —The Annual Meeting of Members held at 4 Eagle Ranch, Eagle, Colorado.
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