

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

**MAY 16, 2018**

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 at 9:08 a.m. on May 16, 2018.

Agenda Item 1: Roll Call. Chair Megan M. Gilman reported that all of the seven Directors were present being Megan M. Gilman, Robert H. Gardner, Adam L. Palmer, Kristen N. Bertuglia, David C. Munk, Clemons M. Kopf, and Michael A. Glass. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; Mindy Tagler, Senior Vice President and Chief Financial Officer; Diana Golis, Vice President - Power Supply and Contracts; David Bleakley, Vice President - Engineering; Bob Farmer, Vice President - Information Technology; John Rowley, Vice President - Human Resources; Jenna Weatherred, Vice President - Member and Community Relations; Cody O'Neil, Vice President - Glenwood District Operations; Rick Arnhold, Vice President - Eagle/Vail District Operations; and General Legal Counsel Randolph W. Starr. Also present was Stefanie Lopez, Avon Member Services.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Gilman adjourned the meeting of the Board of Directors originally convened on April 18, 2018, and then continued to today's meeting.

Agenda Item 3: Public Comment. Chair Gilman asked for comments of members of the public present. No comments were made as there were no members of the public present.

Agenda Item 4: Employee Recognition for April 2018. Aaron Anderson, Journey Lineworker in the Aspen District Office, and Stefanie Lopez, Member Services Representative in the Avon District Office were both recognized for their 10 years of service to Holy Cross.

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 April 2018 Regular Meeting
- b. Treasurer's Report
- c. Safety Committee Minutes
- d. Attorney's Report
- e. Staff Reports
- f. Board Committee Reports
  - i. Communications
  - ii. Finance
  - iii. Governance
  - iv. Strategic Issues
- g. Directors' Reports
  - i. Western United Electric Supply Corporation
  - ii. Colorado Rural Electric Association

Questions posed by Board members were answered by staff members. Upon motion duly made by Director Gardner, seconded, put to a vote and unanimously carried, it was **RESOLVED** that the items on the Consent Agenda be approved as presented.

Agenda Item 6: Old Business.

a. Annual Meeting Proof of Service Notice. After a short presentation by Ms. Weatherred, Secretary Glass signed the Proof of Service of Notice of the Annual Meeting of Members to be held on May 31, 2018 at Crown Mountain Park, 501 Eagle Count Drive, El Jebel 81623.

Agenda Item 7: New Business.

a. Vision and Mission Statement. A presentation was made by Chair Gilman with additional comments by Mr. Hannegan. During the presentation Sam Whelan, Business and Rate Analyst and Chris Bilby, System Operations Engineer entered the Board room. Upon motion duly made by Director Munk, seconded, put to a vote and carried by a majority vote with director Palmer dissenting, the following resolution was adopted:

**RESOLVED**, that the Vision Statement for Holy Cross Energy be modified to read: "Holy Cross Energy is leading the responsible transition to a clean energy future."

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

**RESOLVED**, that the Mission Statement for Holy Cross Energy be modified to read: "Holy Cross Energy provides safe, reliable, affordable, and sustainable energy and services that improve the quality of life for our members and their communities."

Ms. Lopez left the Board room.

b. Distribution Grid Modernization Project. Mr. Hannegan made a presentation regarding the Cooperative Research and Development Agreement ("CRADA") HCE has entered into with the National Renewable Energy Laboratory (NREL), Survalent (our SCADA vendor), and NRECA Business and Technology Strategies (BTS, formerly the Cooperative Research Network), to develop new tools and techniques that small-to mid-size utilities like Holy Cross can use to incorporate Distributed Energy Resources (DERs) into their operations and strategies for higher reliability, affordability, safety, and sustainability. This 18-month, \$1.5 million project includes visualization and dynamic modeling of the HCE system, realistic testing of DER control strategies at NREL, and field deployment of DERs with advanced controls on the HCE system in cooperation with our members. HCE is providing \$250,000 in cash funding to support the work of NREL researchers and \$300,000 in-kind support (our staff time), to be matched by nearly \$1 million in support from DOE and our other partners Survalent and NRECA. Questions from Board members were addressed by Mr. Hannegan.

A short break was taken. Ms. Golis, and Messrs. Whelan and Bilby left the Board room.

Agenda Item 9: Executive Session. Upon motion duly made by Director Munk, 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 employee compensation matters. All staff members remained in the Board room with the exception of Ms. Golis and Mr. Whelan who left the Board room at this time.

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.

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

**RESOLVED** that the Board exit executive session. Ms. Golis and Mr. Whelan entered the Board room.

Agenda Item 7: New Business.

c. Update for Cost of Service Study, Brattle Group. Brattle representatives Dr. Ahmad Faruqui, Philip Hanser, and Lucas Bressan joined the meeting by webcast to share preliminary Cost of Service results as well as some educational materials to inform upcoming rate design

discussions. The Cost of Service study is expected to be completed by May 31, with additional work on rate design expected to begin in June.

Agenda Item 8: Lunch with the IT Department. A break for lunch was taken.

Agenda Item 9: Executive Session. Upon motion duly made by Director Kopf, 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 transmission matters and employee matters. During the discussion Messrs. O'Neil, Arnhold and Farmer left the Board room. During the discussion about employee matters Ms. Golis left 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.

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

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

After discussion among the Board members, upon motion duly made by Director Gardner, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**WHEREAS**, Holy Cross Energy is a participating employer in the NRECA sponsored defined benefit plan, the Retirement Security Plan; and

**WHEREAS**, Holy Cross Energy now desires to offer unreduced early retirement benefits on a one-time basis to certain eligible employees by executing the appropriate Addendum to the Adoption Agreement;

**NOW, THEREFORE BE IT RESOLVED**, that Effective July 1, 2018, the Board of Directors hereby authorizes and directs the adoption of the Special Early Retirement Plan (SERP) pursuant to Paragraph 7.07(a) of the Specifications to provide Eligible Participants benefits under the Plan without the actuarial reduction provided in Paragraph 21.01 of the Specifications and / or provide the optional additional year(s) of benefit service. The Eligible Participants are employees of Holy Cross Energy who satisfy the Eligibility Requirements during the Window Period.

**BE IT FURTHER RESOLVED**, that the President and Chief Executive Officer be directed to prepare and execute all documents and communications required for proper implementation of the SERP to include the Addendum to the Adoption Agreement now in effect to reflect:

Eligibility Requirements	Minimum Age 60
Window Period	July 1, 2018 through September 30, 2018
SERP Retirement Date	October 1, 2018
Additional Years of Benefit Service	None

**AND, BE IT RESOLVED**, that the President and Chief Executive Officer be directed to notify the Plan Trustee by duly executed appropriate agreement form that the Employer will assume the past service adjustment cost of those Eligible Participants who elect to retire under the SERP as offered, in the maximum aggregate amount of \$233,216.47.

Agenda Item 10: Continuation of Board Meeting. Chair Gilman recessed the meeting at 3:08 p.m. until the regular Board Meeting on **June 20, 2018**. The next meeting will be held at Holy Cross's office at 3799 Highway 82 in Glenwood Springs, Colorado.

Secretary – Michael A. Glass

APPROVED:

Chair – Megan M. Gilman

NOTE: The 2018 regular Board Meeting dates are tentatively scheduled for:

- June 20, 2018;
- July 18, 2018;
- August 15, 2018;
- September 19, 2018;
- October 17, 2018;
- November 14, 2018 *[note date change]*; and
- December 19, 2018.

The Annual Meeting of the Members will be held on May 31, 2018 at Crown Mountain Park, 501 Eagle Count Drive, El Jebel 81623.

Upcoming Meetings of Associated Organizations:

- CFC Forum on June 10-13 in Indianapolis, IN.
- CFC Directors Conference on July 10-12 in Colorado Springs, CO.
- NRECA Region VII & IX Conference on September 25-27 in Anchorage, AK.
- CREA Fall Meeting and Energy Innovations on October 27-30 in Denver, CO.
- Mid-West Electric Consumers Association Annual Meeting on December 10-13 in Denver, CO.