

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

**MAY 13, 2020**

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 May 13, 2020 at 9:03 a.m. The meeting was held in webcast format with all board members and staff appearing by electronic medium hosted through Holy Cross’s main office. The meeting was held during a time that the President of the United States and the Governor of the State of Colorado have declared a State of Emergency and ordered that no groups of people meet in person due to the spread of COVID-19 virus. Notice of the meeting was given in accordance with Colorado law and the bylaws of Holy Cross. Each board member and each staff member participated in the meeting in accordance with Section 5.6 of the bylaws.

Agenda Item 1: Roll Call. Chair David C. Munk reported that all of the six Directors were present in person [a vacancy in one director position exists due to resignation] being Robert H. Gardner, Kristen N. Bertuglia, David C. Munk and Clemons M. Kopf, Adam Quinton and Adam L. Palmer. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; Steve Beuning, Vice President – Power Supply and Programs; David Bleakley, Vice President – Engineering; Bob Farmer, Vice President - Information Technology; Cody O’Neil, Vice President—Glenwood District Operations; Rick Arnhold, Vice President – Eagle / Vail District Operations; Andrew Schiller, Vice President – Finance; John Rowley, Vice President - Human Resources; and Jenna Weatherred, Vice President—Member and Community Relations. Also on the webcast were employees Craig Tate, Scott Smith, Robert Rittner, Manuel Gomez, Ladd Epp and Betsey Seymour. General Legal Counsel Randolph W. Starr attended. Also present on the webcast was member Michael Cacioppo and Michael Kaddatz.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on April 14, 2020, and then continued to today’s meeting. [09:03]

Agenda Item 3: COVID-19 Update and Impact Assessment. President and CEO Hannegan gave an update about the effects of the declaration of a state of emergency and the other government orders regarding COVID-19 have affected Holy Cross’s operations. Questions from board members were answered by Mr. Hannegan. [09:33]

Agenda Item 4: Public Comment. Chair Munk asked for comments of members of the public present. Mr. Michael Cacioppo asked a question about why he had not received his “dividend” check for the last few years. Ms. Weatherred will follow up on the question. Mr. Kaddatz made comments about election matters and board conflicts of interest. [09:47]

Agenda Item 5: Employee Recognition. Craig Tate, Member Relations Representative, in our Glenwood Springs Headquarters is celebrating 30 years of service, and Keith Hernandez, Senior

Utility Technician, in our Glenwood Springs Headquarters is celebrating 25 years of service, and Scott Smith, Field Quality Assurance Coordinator, in our Glenwood Springs Operations Center is celebrating 20 years of service, and Robert Rittner, Network and Systems Specialist II, in our Glenwood Springs Headquarters is celebrating 5 years of service. Comments were made by Mr. Tate, Mr. Smith and Mr. Rittner. [10:06]

Agenda Item 6: Consent Calendar. The following informational items were presented to the Board in the form of written reports and memoranda:

- a. Minutes of April 14, 2020 Regular Meeting
- b. Treasurer's Report
- c. Safety Committee Minutes
- d. Power Supply Report
- e. Legislative and Regulatory Report
- f. Attorney's Report
- g. Staff Reports
- h. Board Committee Reports
  - i. Communications
  - ii. Finance
  - iii. Governance
  - iv. Strategic Issues
    - i. 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, seconded, put to a vote and unanimously carried, it was

**RESOLVED**, that the items on the Consent Calendar be approved as presented. [10:45]

A break was taken. [10:45 to 10:53]

Agenda Item 7: Old Business.

- a. Board Committee Assignments. Upon motion duly made, seconded, put to a vote and unanimously carried, it was **RESOLVED**, that the Board appoint Director Quinton to the Strategic Issues and Finance Committees, with the Board Chair serving as ex-officio on all Board Committees:
  - i. Communications: Munk (Chair), Palmer, Bertuglia
  - ii. Finance: Palmer (Chair), Gardner, Kopf and Quinton
  - iii. Governance: Gardner (Chair), Kopf and \_\_\_\_\_
  - iv. Strategic Issues: Bertuglia (Chair), Munk, and Quinton [10:57]
- b. Proof of Service Notice. After a short presentation by Vice President Weatherred, Secretary Bertuglia will sign the Proof of Service of Notice of the Annual Meeting of Members to be held on June 3, 2020, electronically, upon delivery of all Notices to the United States Postal Service. [11:01]
- c. Annual Meeting and Election Update. Vice President Weatherred gave a verbal update to the written memorandum that she had delivered to the Board prior to the meeting about the schedule of events for the upcoming electronic annual meeting of members that will be published on June 3. Questions from Board members were answered by Ms. Weatherred. [11:19]
- d. Cyber-Physical Security Review. Ladd Epp, IT Security Supervisor gave a verbal and visual presentation to provide the Board with a periodic cyber and physical security update. Vice President Farmer provided additional input. Mr. Kaddatz left the meeting, and Hillary

Dobos joined the audio of the meeting. In December 2018, and June, 2019, staff provided the Board with updates on Holy Cross's cybersecurity vulnerability assessments. The Department of Homeland Security conducted a physical assessment and a cyber resiliency review highlighting what Holy Cross is good at as well as gaps to be addressed. Holy Cross adopted the NIST Cybersecurity Framework (CSF). This will assist Holy Cross in addressing the shortcomings identified in the DHS Review, and help Holy Cross focus on a spectrum of best practices in the future. In 2019 Holy Cross budgeted for the creation of a Security Department. Ladd Epp was hired as the Security Supervisor to develop the program and run day-to-day operations. Questions posed by Board members were responded to by Mr. Gomez, Mr. Farmer and Mr. Epp. [11:58]

- e. GHG Emissions Annual Report. Hillary Dobos of Lotus Engineering and Sustainability gave a verbal and written presentation about HCE's 2019 greenhouse gas (GHG) emissions annual report and she gave an update the Board on developments related to the filing of GHG emissions inventories with the State of Colorado. Sam Whelan, Lisa Reed and Brad Davis joined the meeting. Mr. Hannegan and Mr. Schiller made additional comments. After questions posed by the Board were answered, then upon motion duly made, seconded, put to a vote and unanimously carried, it was **RESOLVED**, that the President and CEO be authorized to offer for sale HCE's inventory of greenhouse gas offsets from calendar years 2013-2017, and **RESOLVED**, that, provided that the negotiated sale price is within the range set forth in the staff memorandum, the President and CEO be authorized to effect such sale. [12:42]

A break for lunch was taken. [12:42-13:15] Messrs. O'Neil, Bleakley and Arnhold left the meeting to attend a workshop.

#### Agenda Item 8: New Business.

- a. Bylaw Amendments—Electronic Meetings. President and CEO Hannegan and Director Gardner presented proposed changes to the bylaws of the association that were, in part, necessitated by changes in the statutes applicable to the association and other changes brought forward to address the process for electronic meetings and voting. Discussion ensued about the proposed changes. Changes had been reviewed by staff and by the Board's Governance Committee and legal counsel. After discussion, upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:  
**RESOLVED**, that the proposed changes to the bylaws be adopted as presented. The bylaw changes shall be attached to the minutes of the meeting and shall become effective immediately and will be published on the association's website. [13:20]
- b. 2020-2025 Strategic Plan. President and CEO Hannegan gave a verbal and written presentation about the 2020 to 2025 Strategic Plan. The Plan has 6 major goals as outlined in the Plan and the Executive Summary presented to the Board. After discussion by the Board with questions answered by Mr. Hannegan, upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was passed;  
**RESOLVED**, that the 2020 to 2025 Strategic Plan for Holy Cross Electric Association, Inc. was approved as presented. [13:24]
- c. RESP Funds Loan Agreement. Vice President Schiller gave a verbal and written presentation about necessary action to obtain RUS funding for the Rural Energy Savings Program. Discussion ensued about the proposed action and program. After discussion, upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

1. **RESOLVED** that the Corporation borrow from the United States of America (“Government”), acting through the Administrator of the Rural Utilities Service (“RUS”) an amount not to exceed \$11,000,000.00, for financial assistance pursuant to the Rural Energy Savings Program (“RESP”); and

2. **RESOLVED** that the Corporation accept the terms and conditions that the Administrator of RUS has established for the RESP loan as set forth in the forms of RUS Loan Contract, Note, Security Agreement, and Deposit Account Control Agreement(s) (collectively, the “Loan Documents”) submitted to the Board of Directors at this special meeting; and

3. **RESOLVED** that the President and CEO, and such other officers of the Corporations as may be designated by him, are authorized and directed on behalf of the Corporation to execute and deliver in a many counterparts as is deemed advisable, under its corporate seal, which the secretary is directed to affix and attest:

- (a) the Loan Contract;
- (b) the Note payable to RUS in the principal amount of \$11,000,000.00, substantially in the form of the Note submitted to this meeting;
- (c) the Security Agreement(s) by and between the Borrower and the Government, which, among other things, pledges the Corporation’s Energy Efficiency Account, Loan Funds Account and the Loan Loss Reserve Account (all as further defined in the Security Agreement(s)) to secure the Note payable to the Government; and
- (d) Deposit Account Control Agreements for the Energy Efficiency Account, the Loan Funds Account, and the Loan Loss Reserve Account.

4. **RESOLVED** that the President and CEO and such other officers of the Corporations as may be designated by him, are authorized and directed on behalf of the Corporation to take such other actions, execute such other instruments, and make all such payments as may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions. [13:41]

- d. Residential Energy Storage Program. Vice President Beuning gave a written and verbal presentation to inform the Board for its consideration of a proposed pilot program offering a residential energy storage option to HCE members beginning in 2020. Mr. Whelan made additional comments. After questions of Mr. Beuning and his responses, and after discussion, upon motion duly made, seconded, put to a vote and unanimously carried, it was:  
**RESOLVED**, that the Board authorizes staff to proceed with further development of the Residential Energy Storage Program using WeCare funds in an amount not to exceed \$90,000. [14:14]
- e. Director Kopf made additional comments about his service on the Board of Directors in the view of the upcoming election. [14:22]

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 electric supply matters.

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. All the staff members except Mr. Hannigan, Mr. Beuning and Mr. Schiller left the meeting. During the discussion Director Palmer left the meeting.

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

**RESOLVED** that the Board exit executive session. [15:40]

Agenda Item 10: Continuation of Board Meeting. Chair Munk recessed the meeting at 15:40 p.m. until **June 17, 2020 at 9:00 a.m.** The next meeting will be held at Holy Cross' main office at 3799 Highway 82 in Garfield County, Glenwood Springs, CO. Depending on the status of the national emergency the meeting may be conducted electronically again.

\_\_\_\_\_  
Secretary – Kristen N. Bertuglia

APPROVED:

\_\_\_\_\_  
Chair – David C. Munk

The Holy Cross Energy Board Meeting schedule for 2020:

- June 3, 2020—Holy Cross Annual Member meeting conducted online only. Balloting will be by mail.
- June 17, 2020—Glenwood Springs Office
- July 15, 2020—Glenwood Springs Office
- August 19, 2020 (strategic planning)—TBD
- September 16, 2020—Glenwood Springs Office
- October 21, 2020—Glenwood Springs Office
- November 18, 2020—Cooley Mesa Office
- December 16, 2020—Glenwood Springs Office

Upcoming Meetings of Associated Organizations:

- NRUCFC Forum June 15-17, 2020, in Salt Lake City—CANCELED
- CoBank Energy Directors Conference July 13-15, 2020, in Colorado Springs
- NRECA Region VII/IX September 29-October 1, 2020, in Omaha
- CREA Fall Member Meeting October 10-13, 2020, in Denver

The following NRECA events have been canceled due to COVID-19 concerns:

- Interact, July 13-16, Phoenix, Ariz.
- Legal Seminar, July 19-23, Stowe, Vt.
- Summer School, Salt Lake City, Utah
- Tax, Finance & Accounting Conference for Cooperatives, Aug. 2-5, Portland, Ore.
- Legal Seminar, Aug. 10-12, Park City, Utah
- Interact, Aug. 17-20, Tampa, Fla.