

MINUTES OF REGULAR BOARD MEETING OF HOLY CROSS ENERGY

DECEMBER 16, 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 December 16, 2020 at 9:04 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 large 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 called the meeting to order and reported that all the seven Directors were present being Robert H. Gardner, Kristen N. Bertuglia, David C. Munk, Adam Quinton, Adam L. Palmer, David S. Campbell, and Alexander DeGolia. 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. On the webcast were Betsey Seymour, Manuel J. Gomez, IT Infrastructure Manager, and General Legal Counsel Randolph W. Starr with Sharon Williams.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on November 19, 2020, and then continued to today’s meeting. [09:04]

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 and staff members. [09:23]

Agenda Item 4: Public Comment. Chair Munk asked for comments of members of the public present. No comments were received, and no members of the public were on the call. [09:23]

Agenda Item 5: Employee Recognition. Allen Goad, Engineering Technician II in our Glenwood Springs office, is celebrating 35 years of service. Sharon Williams, Plant Accountant in our Glenwood Springs office, is celebrating 20 years of service. MaryAnn Lucero, Member Services Representative in our Glenwood Springs office, is celebrating 20 years of service. Blaine Sinks, Journey Lineworker in our Glenwood Springs Operations Center, is celebrating 5 years of service. [09:34]

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 November 19, 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
 - a. Communications
 - b. Finance
 - c. Governance
 - d. Strategic Issues
- i. Directors' Reports
 - i. Western United Electric Supply Corporation
 - ii. Colorado Rural Electric Association
 - iii. National Rural Electric Cooperative 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. [10:14]

Agenda Item 7: Fiscal Year 2021 Planning.

a. 2021 Work Plan Initiatives. Members of the senior staff made a verbal presentation on the 2021 Work Plan Initiatives. The written segments of the sixteen separate 2021 Work Plan Initiatives had been distributed prior to the Board Meeting. Staff sought Board review and comment on the proposed 2021 work plan initiatives and their alignment with the HCE Strategic Plan. Questions from Board members were asked, and senior staff answered the questions. Upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED, that the draft 2021 Work Plans be approved as presented. [10:30]

b. Key Performance Indicators. Vice President Schiller made a verbal and visual presentation. As described in the HCE Strategic Plan, the Board will use specific and measurable KPIs to regularly evaluate progress towards meeting HCE's strategic goals and objectives, as follows:

- On a monthly basis, the Board reviews progress against the current year's KPIs using the table provided in each month's Staff Reports (available in Call to Order).
- At the end of each calendar year, the Board reviews the list of KPIs and sets new targets for each for the coming year with the input of HCE staff.

In general, HCE uses KPIs that are in broad use across the industry, allowing for benchmarking against other utilities. A table of proposed KPIs, along with 2019 and 2020 goals set for each, is included in the materials presented to the Board. During the discussion, a break for lunch was taken. [11:03 to 12:04]

After the presentation was concluded and questions posed by board members were answered, upon motion duly made, seconded, put to a vote and unanimously carried, it was

RESOLVED, that the table of Key Performance Indicators (KPIs) for 2021 be adopted as presented. [12:51]

c. Operating Capital Budget. Vice President Schiller gave a presentation about the 2021 Financial Work Plan that includes an Operating Budget with total operating revenue of \$142.1 million (including ECA, and deferred revenue) and total cost of service of \$133.4 million. Mr. Schiller presented the Work Plan that also proposes a Capital Budget of \$27.9 million for 2021, including \$2.7 million in carried over budget allocated in 2020, and \$2.6 million in capital spending associated with the “TIE Agreement” with Xcel – Colorado. The Finance Committee met on December 09, 2020 to review the draft 2021 operating and capital budgets. Although no formal vote was taken, the Committee generally approved of the draft budget and did not object to its being presented to the full Board. After discussion by the Board, upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED, that the HCE Board of Directors authorize the deferral of \$5 million in 2020 revenue into 2021, in accordance with Corporate Policy 5.2; and

FURTHER RESOLVED, that the draft 2021 Operating and Capital Budgets be approved as presented. [13:22]

Agenda Item 8: Old Business. None.

Agenda Item 9: New Business.

a. Amendment to HCE Bylaws – Director Terms of Office.


Director Gardner made a presentation about the proposed changes to the bylaws to effectuate a change in the term of office for directors from three years to four years. At its November 4 meeting, the Board Governance Committee discussed the concept of lengthening the terms of office for Board Directors to four years to provide more stability to the organization’s governance and reduce the need for continuous on-boarding and training of new Directors. Staff and HCE Counsel were invited to draft proposed amendments to Article IV of the HCE Bylaws to provide for the extended term of office, and to propose a means for coordinating the election of Directors starting in 2021. At its December 2 meeting, the Board Governance Committee reviewed the proposed text prepared by the President and CEO with the advice of HCE Counsel and voted to recommend the proposed changes to the Board of Directors for action at its December meeting. After the Governance Committee’s meeting, HCE Counsel identified duplicate text in different locations of the HCE Bylaws and recommended that one of the duplicate sections be deleted. Staff have incorporated this into the proposed amendment available in Call to Order. In accordance with Article XII of the HCE Bylaws, a notice of the proposed Bylaw amendment along with the text of the amendment was posted on December 4 along with the agenda for the Board’s December meeting. Upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED, that the amendments to the bylaws as presented by staff be adopted. 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. [13:43]

Director Palmer gave an update on Snowmass regarding a FEMA Grant. Director Gardner gave an update on a CREA Education Committee grant program. [13:46]


Agenda Item 9: Executive Session. None.

Agenda Item 10: Adjourn Board Meeting. Chair Munk continued the meeting at 13:46 p.m. until **January 20, 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 COVID-19 pandemic, the meeting will again be conducted electronically.



Secretary – Kristen N. Bertuglia

APPROVED:



Chair – David C. Munk

The Holy Cross Energy Board Meeting schedule for 2021:

Tentative upcoming Holy Cross Energy Board Meeting Schedule for 2021:

January 20, 2021

February 17, 2021

March 17, 2021—[Note: Spring Break for Randy]

April 21, 2021—Conflicts with NRECA Legislative Conference-4/18-21 to be virtual

May 19, 2021

The Annual Meeting of the Members will be held on June 10, 2021 at 4:00 p.m. at Spring Creeks Ranch in Carbondale.

June 16, 2021

July 21, 2021

August 18, 2021 (strategic planning)

September 15, 2021

October 20, 2021

November 17, 2021

December 15, 2021