

MINUTES OF REGULAR BOARD MEETING OF HOLY CROSS ENERGY

JANUARY 20, 2021

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 January 20, 2021, at 9:06 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 and Caroline Fischer.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on December 16, 2020, and then continued to today’s meeting. [09:06]

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. [09:15]

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. [09:15]

Agenda Item 5: Employee Recognition. Joshua Snoddy, Manager of Operations Technology in our Glenwood Springs Headquarters, is celebrating 15 years of service. Ezra Velez, Engineering Technician I in our Eagle/Vail District, is celebrating 5 years of service. [09:21]

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 December 19, 2020 Regular Meeting
- b. Treasurer's Report
- c. Safety Committee Minutes
- d. Power Supply Report
- e. System Reliability Report
- f. Legislative and Regulatory Report
- g. Attorney's Report
- h. Staff Reports
- i. 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
 - iii. National Rural Electric Cooperative Association

Questions posed by Board members were answered by staff members. A short break was taken. [9:41-10:30] Further discussion and action on the Consent Calendar was deferred until later in the meeting.

Agenda Item 7: Employee Culture Survey.

President and CEO Hannegan made introductory remarks. Caroline Fischer joined the meeting, and she provided the Board of Directors with a report on the results of the 2020 Employee Culture Survey. She described the next steps regarding the outcomes of the survey. The survey used substantially similar questions to those used in 2012 and 2017 to enable comparability. 85% of HCE employees completed the survey across all levels and departments at HCE. The 2020 survey results show considerable improvement in nearly all areas of organizational culture compared to our last survey in 2017. Significant progress was seen in "Vision", "Goals and Objectives", "Strategic Direction and Intent", "Empowerment" "Organizational Learning", "Customer Focus" and "Creating Change". Ms. Fischer responded to questions from Board members throughout her presentation. [12:24] A break for lunch was taken. [12:24 to 13:00]

Agenda Item 8: Old Business.

a. Annual Safety and Loss Report. Mr. Rowley advised the Board on the progress implementing our ongoing Safety Improvement Plan, and to provide data on illnesses and injuries suffered by HCE employees in 2020. Our 2020 Fourth Quarter Safety and Loss.

In 2020 Q4:

- Our Total Recordable Cases Incident Rate (TRCIR) was 0.6 reflecting one recordable incident in the second quarter of 2020 with none occurring in the first, third, and fourth quarters.
- The Days Away, Restricted, or Transferred (DART) rate was 0 for fourth quarter and for all of 2020.
- Our General Liability/Property Damage claims total \$43,709 for 2020 which is below our five-year average.

Mr. Rowley responded to questions from Board members. [13:10]

b. RFP Power Purchase Agreements. Mr. Beuning made a verbal and written presentation to the Board and he sought review and approval of a subset of Power Purchase Agreements (PPAs) negotiated from the 2020 Resource Plan Request for Proposals. In December 2019 HCE issued an all-source solicitation for clean and renewable resources pursuant to its resource planning process. Over 51 proposals were submitted. HCE staff reviewed all proposals and presented a short-list of recommended projects to the Strategic Issues Committee on May 5, 2020. Staff subsequently engaged in negotiations to develop PPAs with short-listed projects. A subset of those PPAs were authorized for signature by the Board in the September, 2020 meeting. The PPAs for discussion today are additional resources. Staff anticipates a final set of PPAs from the 2020 solicitation being brought to the Board for consideration in Q1 of 2021. A summary of project information, timelines and status is provided in the associated presentation materials. Questions posed by Board members were answered by Mr. Beuning and Mr. Hannegan.

Upon motion duly made, seconded, put to a vote and unanimously carried, it was

RESOLVED, that the Board of Directors authorizes the President and CEO to sign the PPAs identified in the staff memorandum, subject to conclusion of negotiations on terms and conditions substantially similar to those presented in the staff presentation. [13:29] A question was posed by Chair Munk to Mr. Beuning.

Agenda Item 9: New Business.

a. Compensation Project Review. Mr. Rowley informed the Board of the methodology and results of our Compensation Review Project that was recently completed with the assistance of the Employer's Council. Cyndie Meisner, Compensation Consultant at the Employer's Council, joined the meeting and presented the methodology and results of our compensation review project. This base pay compensation project was completed in 2020 with the assistance of the Employer's Council. The project included a salary survey market analysis, development of a new salary structure and job alignment including new salary ranges, grades, district differentials and a new performance-based merit matrix system. The new compensation plan and guidelines will be effective on March 1, 2021. Mr. Rowley and Ms. Meisner responded to questions from Board members. [13:57]

b. Wage and Compensation Adjustment. Mr. Rowley sought Board approval of the proposed salary and wage ranges for Holy Cross employees in 2021, based on the recently completed compensation review project. Tammeron Trujillo, Director of Human Resource Services at the Employer's Council has compiled data on Consumer Price Index (CPI; inflation), Employment Cost Index, and salary information and projections based on national, state and industry data. Based on this data, the Employers' Council is projecting average increases in wages paid in Resort Areas and the Western Slope from 2.7% - 3.1%; with Statewide projections 3.1% - 3.2%. As described in an earlier Board agenda item in this meeting, HCE has recently completed a Compensation Review Project that proposed new wage ranges for all HCE positions. Those wage ranges were determined through comparison with 2020 wage data and should be adjusted for the projected average increases in wages as compiled by the Employers' Council. Staff propose that this adjustment be 3.0% for all wage ranges and be applied effective March 1, 2021 concurrent with the rollout of the new compensation structure discussed previously. Questions posed by Board members were answered by Mr. Rowley and Mr. Hannegan.

Upon motion duly made, seconded, put to a vote and unanimously carried, it was

RESOLVED, that the recommended wage range adjustments described in the staff presentation be adopted, to take effect on March 1, 2021. [14:22] A short break was taken. [14:22-14:27]

Agenda Item 6 (continued):

Discussion among the Board members was continued. Further 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. [14:41]

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 employee bonus pool and executive compensation.

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 staff members left the meeting and Mr. Hannegan and Mr. Starr remained in 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. [15:32]

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

RESOLVED, that the discretionary bonus pool for 2021 be set at \$20,000. [15:36]

Agenda Item 10: Adjourn Board Meeting. Chair Munk continued the meeting at 15:36 p.m. until **February 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 COVID-19 pandemic, the meeting will again be conducted electronically.

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Secretary – Kristen N. Bertuglia

APPROVED:

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Chair – David C. Munk

The Holy Cross Energy Board Meeting schedule for 2021:

January 20, 2021

February 17, 2021

March 17, 2021

April 21, 2021

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