

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

**FEBRUARY 17, 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 9:00 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 six Directors were present being Robert H. Gardner, Kristen N. Bertuglia, David C. Munk, Adam Quinton, David S. Campbell, and Alexander DeGolia. A moment of silence was observed for Adam L. Palmer because of his untimely passing on February 1. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; Steve Beuning, Vice President – Power Supply and Programs; David Bleakley, Vice President – Engineering; 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 Manuel J. Gomez, IT Infrastructure Manager, and General Legal Counsel Randolph W. Starr and Hayley Bender.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on January 20, 2021, 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. [09:17]

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. [09:17]

Agenda Item 5: Employee Recognition. Hayley Bender, Member Services Representative in our Glenwood Springs Headquarters, is celebrating 5 years of service. Ms. Bender left the meeting. [09:27]

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 January 20, 2021 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. 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. [10:09]

Agenda Item 8: Old Business.

a. Appointment of Elections Committee. Vice President Weatherred made a written and verbal presentation about the requirement of the Voting and Elections Policy. Section 2.3 of HCE Corporate Policy 4.6, Voting and Elections, provides that the Board of Directors shall take two specific actions related to the election of Directors not less than 90 days prior to any Annual Meeting where an election may occur:

1. Appoint a Certified Public Accounting firm to receive, prepare and secure the return envelopes containing ballots, and at the appropriate time, tabulate ballots and report voting results to the Board; and
2. Appoint an Election Supervisory Committee consisting of three members to oversee the election and voting process (typically consisting of three members: HCE's Legal Counsel, a representative of the CPA firm, and a member of HCE's management staff).

The Board therefore has two options with respect to administration of the 2021 election:

1. Continue the current process with Tapp & Associates as used in previous years' elections; or
2. Contract with Diamond Communications to conduct this year's election as described in their proposal.

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

**RESOLVED**, that the Board appoints Diamond Communications to receive, prepare and secure return envelopes containing ballots, and tabulate ballots and report voting results to the Board of any contested Board of Directors election in 2021; and

**FURTHER RESOLVED**, that the Board appoints and Election Supervisory Committee consisting of Randolph W. Starr, Holy Cross Energy's general legal counsel; a representative of Diamond Communications; and Jenna Weatherred, Vice President of Member and Community

Relations, to oversee the election and voting process of any contested Board of Directors election in 2021. [10:23] A short break was taken. [10:23-10:37]

Agenda Item 7: 2021 Legislative Agenda.

Jeff Wiest and Laura Long of Weist Capitol Group joined the meeting, and Mr. Weist gave a presentation about the pending and proposed bills in the 2021 Legislature. President and CEO gave additional input on various bills. [11:49] Mr. Weist and Ms. Long left the meeting.

b) Year End Financial Review. Vice President Schiller with input from President and Chief Executive Officer Hannegan presented a verbal and visual presentation about the calendar year-end financial statement for 2020. The written version of the report had been distributed prior to the Board Meeting. Mr. Schiller informed the Board of the 2020 year-end financial results, and sought Board approval for an amendment to the 2021 Operating Budget that increases the prior approved deferred revenue amount. Mr. Schiller and Mr. Hannegan responded to questions from members of the Board. A motion was made and seconded to adopt the resolutions as proposed by staff in the board materials prior to the meeting. Mr. Hannegan requested a change in the Operating Budget regarding the Eagle County landfill property. Upon motion duly made, seconded, and carried the staff-proposed resolutions were amended to add a new third section. Further discussion among the Board members ensued, and questions were posed to and answered by Mr. Hannegan.

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

**RESOLVED**, that the revised financial statement for calendar year end 2020 be approved as presented; and

**FURTHER RESOLVED**, that the deferral of \$6,700,000 in 2020 revenue to Fiscal Year 2021 be approved; and

**FURTHER RESOLVED**, that \$350,000 of the excess margin from 2020 be allocated in the 2021 Operating Budget for an income-qualified new solar facility in Eagle dedicated to HCE Director Adam Palmer; and

**FURTHER RESOLVED**, that the amended 2021 Operating Budget be approved as amended. [12:05]

Agenda Item 9: New Business.

a. Board of Directors Vacancy.

As a result of the death of Board Member Adam Palmer, a vacancy has been created in the Board. The Board position for the North District is scheduled for election at the 2021 Annual Member Meeting to be held on June 10, 2021. Section 11 of Article IV of the Bylaws states:

“SECTION 11. Vacancies. Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of Directors by the members, a vacancy occurring in the Board for reasons other than expiration of term, shall be filled by the affirmative vote of a majority of the remaining Directors for the unexpired portion of the term.”

Also Corporate Policy Section 4.6, Voting And Elections, Subsection 2.8.3 states:

“The Director candidate who receives the greatest number of votes shall be elected to the Director position for which that candidate was nominated (“plurality vote”). If there are multiple positions to be filled within a District, candidates will be elected in the order of greatest number of votes received.”

There will be two seats elected at the 2021 Election, one seat for a 4-year term and a second seat for a 3-year term. At the 2021 election the candidate who receives the highest number of votes shall be elected to the seat with the 4-year term ending in 2025, and the candidate who receives the second highest number of votes shall be elected to the seat with the 3-year term ending in 2024.

A motion was made and seconded not to appoint a replacement to the vacancy before the Annual Election and to allow candidates for the Board to run for election of the vacant seat so that the Members would determine the replacement. Discussion about the motion ensued.

The motion was put to a vote and the motion unanimously carried, and the following resolution was adopted:

**RESOLVED**, not to appoint a replacement to the vacancy before the Annual Election of Directors. [12:08]

b. Deferred Compensation Pension Restoration Plan.

Vice President Rowley made a verbal and visual presentation about the deferred compensation pension restoration plan. Mr. Rowley sought Board approval to terminate the NRECA Deferred Compensation Pension Restoration Program as it is no longer applicable to HCE and our employees. Mr. Rowley responded to questions by members of the Board.

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

**RESOLVED**, effective February 17, 2021 the PRP shall be terminated and:

No new Employees may enroll in the PRP;

No current Employees of the Co-op may participate in the PRP; and

Any remaining administrative responsibilities pursuant to the terms of the PRP shall be carried out and completed as soon as administratively practicable. [12:12]

A break for lunch was taken. [12:12 – 13:00]

c. 2021 NRECA Member Resolutions.

President and CEO Hannegan presented for discussion the proposed 2021 NRECA Member Resolutions and offer guidance to the Holy Cross Energy voting delegates prior to this year's Annual Meeting. This year's NRECA Annual Meeting will be held virtually on March 4. Chair David Munk will serve as HCE's voting delegate. For a voting delegate to speak for or against a Resolution or to offer an Amendment, the delegate's Board must have taken a position on the Resolution through a formal Board action of its own. The compendium of proposed 2021 Member Resolutions were provided to the Board prior to the meeting for review and reference. Discussion ensued about individual proposed 2021 NRECA Member Resolutions. Chair Munk was authorized by consensus of the Board to take a position in favor or neutral [abstain] on the Resolutions, and Chair Munk was directed to take a position of abstention on Resolution 2.59, amend 2.61 to change "repeal" to "reform", and against Resolutions 2.87. [14:00]

Agenda Item 10: 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 power supply negotiations and CEO performance review. A short break was taken. [14:03-14:10]

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 remained in the meeting for power supply and Lisa Reed and Sam Whelan

joined the meeting; and Mr. Hannegan and Mr. Starr remained in the meeting for the review portion of the meeting, and Mr. Hannegan left the meeting for the portion related to performance review.

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

**RESOLVED**, that the Board exit executive session. [15:13]

No action was taken in open session.

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 CEO performance review.

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 including Mr. Hannegan; and Mr. Starr remained in the meeting for the review portion of the meeting. Mr. Hannegan was called back to the meeting later for the portion related to performance review.

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

**RESOLVED**, that the Board exit executive session. [16:35]

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 President and CEO be compensated in the amount shown in the Addendum signed by the Vice Chair to be delivered to the Human Resources Department with the compensation to become effective on March 1, 2021. Benefits will be provided under the normal benefits for other employees of Holy Cross. [16:36]

Agenda Item 10: Adjourn Board Meeting. Chair Munk continued the meeting at 16:36 p.m. until **March 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:

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