

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

NOVEMBER 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 November 17, 2021, at 9:02 a.m. The meeting was held in WebEx webcast format with Board members and staff appearing by WebEx at Holy Cross’s main office. Notice of the meeting was given in accordance with Colorado law and the bylaws of Holy Cross.

Agenda Item 1: Roll Call. Chair David C. Munk reported that all seven Directors were present online being Robert H. Gardner, Kristen N. Bertuglia, David C. Munk, Adam Quinton, David S. Campbell, Alexander DeGolia, and Keith E. Klesner. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; Sam Whelan, Power Supply Manager; David Bleakley, Vice President – Engineering; Bob Farmer, Vice President - Information Technology [absent]; 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; Jenna Weatherred, Vice President—Member and Community Relations; and Brian DeCrow, Safety Coordinator. General Legal Counsel Randolph W. Starr also attended.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on October 20, 2021, and then continued to today’s meeting. [09:02]

Agenda Item 3: Public Comment. Chair Munk asked for comments of members of the public present. As no members were present there were no comments. [09:02]

Agenda Item 4: Consent Calendar. The following informational items were presented to the Board in the form of written reports and memoranda:

- a. Minutes of October 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
- j. Directors’ Reports

- i. Western United Electric Supply Corporation
- ii. Colorado Rural Electric Association
- iii. National Rural Electric Cooperative Association
- iv. National Rural Utilities Cooperative Finance Corporation

Questions posed by Board members were answered by staff members. During the discussion Director DeGolia left the meeting and he will return in the afternoon [09:30]. 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. [09:49]

Agenda Item 5: COVID-19 Update. President and CEO Hannegan gave an update about the effects of the government orders regarding COVID-19 and the effect on Holy Cross's operations. Questions from Board members were answered by Mr. Hannegan and staff members. [10:02]

Agenda Item 6: Old Business.

- a. Uncollectable Debt Write-off. Uncollectable Debt. Vice President Schiller presented the list of accounts that are uncollected and that should be declared as uncollectable, totaling \$ 25,666.89 (July 1 through October 31, 2021). The list had been presented to the Board prior to the meeting. Upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:
RESOLVED that the attached list of accounts receivable, totaling \$ 25,666.89, was declared uncollectable and the accounts should be written off the financial records of Holy Cross. [10:06]
- b. Audit Engagement Letter. Vice President Schiller gave a presentation about the selection of an auditor for Holy Cross for fiscal year 2021, and current activities. After discussion by the Board, upon motion duly made, seconded, and unanimously carried, the following resolution was adopted:
RESOLVED, that the proposal from the accounting firm of BKD, dated November 4, 2021, to provide audit services to Holy Cross for the fiscal year ending April 30, 2022, is hereby approved. [10:18]
- c. Annual Meeting Date and Location. Upon motion duly made, seconded, and unanimously carried,
RESOLVED, that the date of the annual meeting of members of Holy Cross was set for June 2, 2022. Location to be at Lundgren Amphitheatre & Lawn, 789 Gypsum Creek Road, Gypsum, CO 81637. If a physical meeting is not possible to be held, then a virtual meeting will be held on the same date comparable to the 2020 member meeting. [10:23]
A break was taken. [10:23 to 10:45]

Agenda Item 8: New Business.

- a. Amendment to Round-Up Foundation Bylaws. Vice President Weatherred presented proposed changes to the bylaws of the Holy Cross Energy Round-Up Foundation. After discussion, upon motion duly made, seconded, and unanimously carried, the following resolution was adopted:
RESOLVED, that the amendments to the bylaws of the Holy Cross Energy Round-Up Foundation are approved as presented. [10:48]
- b. Amendment to HCE Bylaws. Vice President Weatherred presented proposed changes to the bylaws of the Holy Cross Energy that address changes in the statutes governing elections and other matters as well as typographical matter. After discussion and after they addressed

questions from Board members, upon motion duly made, seconded, and unanimously carried, the following resolution was adopted:

RESOLVED, that the amendments to the bylaws of the Holy Cross Energy are approved as presented. [10:52]

- c. Amendment to Corporate Policy 4.6—Voting and Elections. President and CEO Hannegan, with input from Attorney Starr and Vice President Weatherred, presented proposed changes to Corporate Policy 4.6—Voting and Elections that address changes in the statutes governing elections and other matters as well as typographical matter. After discussion and after they addressed questions from Board members, upon motion duly made, seconded, and unanimously carried, the following resolution was adopted:

RESOLVED, that the amendments to Corporate Policy 4.6—Voting and Elections are approved as presented. [10:55]

- e. 2022 Work Plan Initiatives. Members of the senior staff made a verbal presentation on the 2022 Work Plan Initiatives. The written segments of the separate 2022 Work Plan Initiatives had been distributed prior to the Board Meeting. Staff sought Board review and comment on the proposed 2022 work plan initiatives and their alignment with the HCE Strategic Plan. In November of each year, HCE staff develop work plans to guide their activities intended for the following year. These work plan initiatives have been organized in alignment with the goals and objectives of the Strategic Plan. The Key Performance Indicators (KPIs) established each year at the Board's December meeting are the most appropriate way for the Board to exercise oversight over those operational and ongoing activities. The proposed work plan initiatives reflect the HCE staff's commitment to activities that are more strategic in nature, and directly aligned with the goals and objectives of the HCE Strategic Plan. As such, these work plan initiatives are appropriate for Board oversight on a regular basis through the review of monthly staff reports that will be provided at each Board meeting. Staff briefly described each of the work plan initiatives, identified how they are aligned with one or more Strategic Plan strategic goals and objectives, and defined the tasks, and deliverable outcomes associated with each initiative. Questions from Board members were asked, and senior staff answered the questions. [12:37]

A break for lunch was taken. [12:37 to 13:14]

Agenda Item 8: 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 matters. All staff members remained in 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. Direction was given on negotiations. Director DeGolia joined the meeting.

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

RESOLVED that the Board exit executive session. [13:50]

- d. Long-Term Financial Forecast. Vice President of Finance Schiller presented a verbal explanation of the written financial forecast. Mr. Schiller provided the Board with a long-term projection of HCE's financial trajectory, and to seek Board feedback on certain key questions related to financial management. As in prior years HCE staff have developed a long-term financial plan, based on input from the various HCE Departments on their expected

future operating and capital needs. The current Long Term Financial Plan has a Base Case with the following assumptions:

- Total kWh sales remain flat through 2031 (~1% annual growth in meters offset by per-meter consumption decline)
- Projected costs of PSCo agreements, Guzman agreements, Arriba and Hunter contracts, and new purchase power agreements from the most recent RFP are included
- Labor and non-labor expenses are assumed to grow at 3.75% in 2022 and 3.0% per year thereafter
- Capital expenses reflect the Construction Engineering and Network Infrastructure plans presented previously to the Board, and include CEC acquisition costs
- All future debt is assumed priced at 3.25% thru 2031
- Margins determined at 5.25% and capital credits are paid out on 25-year rotation
- No change to Comanche 3 operations and depreciation

This model was presented to the Finance Committee on November 11. Key financial metrics for both scenarios were presented, and questions were provided to facilitate Board discussion. Questions posed by Board members were answered by Mr. Schiller with input by Mr. Hannegan. [15:10]

Agenda Item 9: Continuation of Board Meeting. Chair Munk recessed the meeting at 15:10 p.m. until **December 15, 2021, at 9:00 a.m.** for a regular meeting in person at the main office at 3799 Highway 82 in Garfield County, Glenwood Springs, CO.

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Secretary – Robert H. Gardner

APPROVED:

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Chair – David C. Munk

The Holy Cross Energy Board Meeting schedule for 2021:

December 15, 2021—in person

NOT APPROVED:

Holy Cross REA Board Meeting Schedule [Third Wednesday of each month]
January 19, 2022
February 16, 2022
March 16, 2022—Spring Break for Randy and Mike

April 20, 2022
May 17, 2022 The Annual Meeting of the Members will be held on June __, 2022 at _____
June 15, 2022
July 20, 2022
August 17, 2022 (strategic planning)
September 21, 2022
October 19, 2022
November 16, 2022
December 21, 2022