

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

SEPTEMBER 21, 2022

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 September 21, 2022, at 9:00 a.m. The meeting was held on WebEx with Board members and staff appearing electronically. 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 called the meeting to order and reported that all seven Directors were present by WebEx being Robert H. Gardner, Kristen N. Bertuglia, David C. Munk, Adam Quinton, Keith E. Klesner, David S. Campbell, and Alexander DeGolia. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; David Bleakley, Vice President – Engineering; Cody O’Neil, Vice President—Glenwood District Operations; Andrew Schiller, Vice President – Finance; John Rowley, Vice President - Human Resources; Sam Whelan, Vice President Power Supply and Programs; and Jenna Weatherred, Vice President—Member and Community Relations. Also attending was General Legal Counsel Randolph W. Starr.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on August 17, 2022, and then continued to today’s meeting. [09:01]

Agenda Item 3: Public Comment. Chair Munk asked for comments of members of the public present. No persons were present, and no comments were received. [09:01]

Agenda Item 4: Employee Recognition.

September Service Recognition:

Mary Wiener, Energy Efficiency Program Administrator in our Glenwood Springs Energy Programs Department, is celebrating 10 years of service.

Recent New Hires, Promotions and Departures:

Stefan Johnson joined us on August 1, as an Electric Transportation Specialist in our Glenwood Springs Power Supply and Programs Department.

Ian Lea joined us on August 1, as an Engineer I in our Construction Engineer Department in Glenwood Springs.

Douglas Christie joined us on August 8, as a Production Coordinator in our Glenwood Springs Communications Department.

Tara Alibrandi joined us on August 10, as a Vegetation Field Coordinator in our Glenwood Springs Tree Trimming Department.

Jessica Rosa joined us on August 29, as a Member Services Representative in our Glenwood Springs Member Services Department.

Courtney Raab joined us on August 29, as an Accounts Payable Specialist in our Glenwood Springs Accounting Department.

Michael Tornes has been promoted to a Crew Foreman. He has been with Holy Cross for 17 years, most recently as a Journey Lineworker. His promotion was effective August 1, 2022. Colby Scott, Utility Worker I, departed from Holy Cross on August 11 to attend the Electric Lineworker program at Western Colorado Community College in Grand Junction. Lana Makina, Member Services Representative departed from Holy Cross's Avon Facility on August 16. She accepted a position as a Real Estate Accountant with Vail Health. Sharon Chaney, Engineer Tech I departed from Holy Cross on August 18. She accepted a similar position with another electric cooperative in western Colorado. [09:11]

Agenda Item 5: Consent Calendar. The following informational items were presented to the Board in the form of written reports and memoranda:

- a. Minutes of August 17, 2022, Regular Meeting
- b. Treasurer's Report
- c. Safety Committee Minutes
- d. Diversity, Equity, and Inclusion Committee Minutes
- e. Power Supply Report
- f. System Reliability Report
- g. Community Energy Systems Report
- h. Member Participation Report
- i. Legislative and Regulatory Report
- j. Attorney's Report
- k. Board Committee Reports
 - i. Communications
 - ii. Finance
 - iii. Governance
 - iv. Strategic Issues
- k. 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
 - v. National Information Services Cooperative
 - vi. Federated Rural Electric Insurance Exchange
 - vii. Touchstone Energy Cooperative

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. [09:47]

Agenda Item 6: Staff Reports. The Staff Reports had been delivered to the Board members prior to the meeting. Questions from Board members were answered by staff members. [09:50]

Agenda Item 7: Old Business. None. [10:05]

A break was taken. [10:13-10:31]

Agenda Item 8: New Business.

- a. Key Ratio Trends Analysis. Vice President Schiller provided a brief review of key financial performance indicators for Holy Cross in comparison to other cooperative utilities, using

Form 7 data collected by the National Rural Utilities Cooperative Finance Corporation (CFC). The Key Ratio Trend Analysis (KRTA) is a tool provided by CFC to help staff and Board comprehend a complete picture of our system performance. The KRTA provides 145 ratios and includes information on other state cooperatives and national data from all cooperatives that are CFC borrowers. The 2021 KRTA includes data from 812 cooperatives in the US, 22 in the state of Colorado and 5 within our Power Supplier category (wholesale customers of Xcel Energy/PSCo and Guzman). The Board was shown selected some key ratios relevant to HCE and help illustrate how we are performing, relative to our peers on a state, national and power supplier average. Vice President Schiller included the full document with 145 ratios in Call to Order. For the ratios provided in the memo, staff has adjusted where necessary the impact of the kWh and revenue sold to Guzman, staff did not adjust all 145 ratios provided in Call to Order. Questions posed by Board members were answered by Mr. Schiller. [11:07]

- b. Electric Rate Comparison. Vice President Schiller provided a brief comparison of Holy Cross's electric rates compared to the respondents to the Colorado Association of Municipal Utilities [CAMU] rate survey. Every six months (January and July) CAMU requests each electric utility in the state of Colorado to provide their electric bill for a fictitious customer with specific consumption for four types of electric consumer. Holy Cross has provided the implied bill for three of those customers as HCE does not have an applicable rate for Industry. Below, staff has provided the related graphs for those responses. Holy Cross's current rates and tariffs were shown on the board's materials in the green bar and Holy Cross's bill is then ranked against those that have responded to the survey regardless of the utility's corporate status (*i.e.* IOU, Cooperative or Municipal). Staff also provided an additional bar in red for Holy Cross's planned 2023 rate redesign. These rates will change as the 2023 budget moves to approval. The 2023 rates presented through the finance committee had a forecasted increased revenue requirement. The rates will be trued up as the budget moves to approval. Holy Cross has a strategic priority to have lower rates than most of the utilities in Colorado. Holy Cross's rates include the addition of any applicable franchise fee as well as the WeCARE rate rider [which many other utilities do not have]. [11:12]
- c. Health and Welfare Trust Renewal. Vice President Rowley provided the Board with an overview of the year-to-date 2022 performance of the HCE Health and Welfare Trust, and to make recommendations for plan changes and premiums for the 2023 calendar year. After seeing a significant increase in claims and costs in 2016 and 2017, the Health and Welfare plan has performed under budget for five consecutive years. The current year forecast through August 2022 is looking good at 96.9% compared to budget, which equates to \$93,555 in current savings with a projected year-end deficit of \$618,335 (this year-end amount takes into consideration the reduction of \$757,862 for the two premium holidays). The total projected 2022 annual cost is \$4,445,449 compared to a \$3,827,114 budget. Holy Cross's reserve fund is currently at approximately \$5,900,000 which is very healthy and well above the recommended minimum reserve level of \$2,500,000. Staff provided a presentation on the current state of our Health and Welfare Plan and recommendations and suggested changes for 2023, including:
 - Staff recommends that Holy Cross continue as a self-funded plan, keeping BAS as third-party administrator, and HUB as broker.
 - Staff recommends keeping Holy Cross's health plan funding and employee contributions at the same levels as 2021.
 - Staff recommends evaluating an option to implement one or two "premium holidays" in 2023 (based on YTD plan performance at the end of 2022 and through Q3 2023)

which would reduce the reserve fund and equate to an additional \$757,682 decrease in funding.

- Staff recommends keeping Vision Insurance through the current provider and Holy Cross is currently going out to bid for Life, STD, LTD, and AD&D insurance as the current provider has proposed a 23% rate increase for 2023.

Impacts to Cost and Premiums.

The projected total 2023 medical/dental expense overall funding increases to approximately \$4,590,172. (This amount does not include a reduction for any premium holidays.) Actual costs will be dependent on actual claims, costs, and employee count. If these plan changes and premium levels are adopted by the Board, then Staff will incorporate these into the proposed 2023 budget that will be considered by the Board in December.

After questions by Board members and responses by Mr. Rowley, upon motion duly made, seconded, put to a vote and unanimously carried, it was

RESOLVED, that the Health and Welfare Trust proposal as presented by staff be approved, with a total budgeted 2023 plan expense of \$4,590,172. [11:24]

- d. Broadband Partnerships Update. Mr. Gomez provided the Board with a review of the five-year plan for deploying broadband fiber along the main Holy Cross distribution lines as part of HCE's grid modernization efforts to improve reliability and resilience of electric service. Mr. Gomez noted supply chain delays and cost increases had delayed completion of the Glenwood-Aspen fiber deployment, but he stated that it would be completed by the end of calendar year 2022. Mr. Gomez also provided a status report on the various partnerships Holy Cross has engaged in with private telecommunications firms, local and county government organizations, and other community partners for the joint use of Holy Cross infrastructure to provide broadband telecommunications services. Questions by Board members and responses by Mr. Gomez followed the presentation. [11:54]

A break for lunch was taken. [11:55-13:02]

Agenda Item 9: Revisions to Strategic Plan. President Hannegan provided the Board with a review of the changes to the Holy Cross Energy Strategic Plan that had been discussed at the Board's August 2022 Strategic Retreat. After questions by Board members and responses by Mr. Hannegan, upon motion duly made, seconded, put to a vote and unanimously carried, it was

RESOLVED, that the revised Holy Cross Energy Strategic Plan be approved as presented. [14:33]

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 contracts and personnel 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 staff members remained in the room, and David Manning joined the meeting by WebEx.

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

RESOLVED that the Board exit executive session. [15:02]

Agenda Item 11: Items for Future Agendas. President and CEO Hannegan presented a list of subjects that will be considered in the upcoming monthly board meetings. Discussion about the subjects and any additions ensued. [15:42]

Agenda Item 12: Adjourn Board Meeting. Chair Munk continued the meeting at 15:43 p.m. until **October 20, 2022 [NOTE NEW DATE]**, at **9:00 a.m.** **The next meeting will be held by WebEx.**

Secretary – Alexander DeGolia

APPROVED:

Chair – David C. Munk

Holy Cross REA Board Meeting Schedule [Third Wednesday of each month]
October 20, 2022—WebEx—NOTE NEW DATE
November 16, 2022—WebEx
December 14, 2022—in person-Glenwood Office—NOTE NEW DATE

2023 BOARD MEETING SCHEDULE
TENTATIVE

2023 Holy Cross REA Board Meeting Schedule [Third Wednesday of each month]
January 18, 2023—WebEx
February 15, 2023—in person
March 15, 2023—WebEx
April 19, 2023—WebEx
May 17, 2023—WebEx
The Annual Meeting of Members will be held on June ??, 2023, at ???
June 21, 2023—in person
July 19, 2023—WebEx
August 16, 2023 (strategic planning)—in person
September 20, 2023—WebEx
October 18, 2023—WebEx
November 15, 2023—WebEx
December 20, 2023—in person