

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

MARCH 15, 2023

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 March 15, 2023, at 9:01 a.m. The meeting was held on WebEx with Board members and Staff appearing. 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 six the seven Directors were present being Robert H. Gardner [absent], 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 [absent]; Cody O’Neil, Vice President—Operations [absent]; Sam Whelan, Vice President—Finance; Jenna Weatherred, Vice President—Member and Community Relations; and Trina Zagar-Brown, Vice President—Business Services. Also attending was General Legal Counsel Randolph W. Starr and Manuel Gomez with Jonathan Perez, Betsey Seymour, and Lori Welch. Member Linn Brooks joined the meeting.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on February 15, 2023, 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 written comments were received. Linn Brooks had no comments. [9:03]

Agenda Item 4: Employee Recognition.

February Service Recognition:

Lori Welch, IT Tech Analyst II in our Information Technology Department in Glenwood Springs is celebrating 10 years of service.

Cody Lyden, Crew Foreman in our Operations Department in Glenwood Springs is celebrating 15 years of service.

Lee Powell, Journeyman Lineworker in our Operations Department in Glenwood Springs is celebrating 15 years of service.

Recent New Hires, Promotions and Departures:

Trina Zagar-Brown joined us on February 1, as the VP, Business Services in Glenwood Springs.

Martin Verveja joined us on February 13, as a Facilities Maintenance Tech I in Glenwood Springs. Ms. Welch left the meeting. [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 February 15, 2023, 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
- l. 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. Federated Rural Electric Insurance Exchange
 - vi. Holy Cross Energy Round-Up Foundation

Questions posed by Board members were answered by Staff including Mr. Hannegan, Mr. Whelan and Ms. Weatherred. Director Gardner joined the meeting during the presentation. 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. [9:36]

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. Extensive discussion ensued about the announcement on rates. [10:46] A break was taken. [10:46-11:03]

Agenda Item 7: Old Business.

- a. 2023 Work Plan Initiatives. At its December 2022 meeting, the Board reviewed and approved nine proposed 2023 Work Plans developed by the Staff to guide their strategic activities intended for the year.

After the meeting Staff identified a need to clarify the scope of the Energy Assistance Work Plan to clearly distinguish between activities focused on supporting the needs of income qualified Holy Cross members, and other activities focused on increasing engagement of traditionally overlooked communities within Holy Cross’s membership.

Staff has proposed that a new Member Outreach Work Plan be developed and approved for those activities focused on increasing member engagement, first with the Latinx community and then expanding to other communities that may be identified with further study. The Energy Assistance Work Plan would contain the remaining tasks focused on addressing income-qualified Holy Cross members. Staff believes this clarity will support the Board’s oversight of these important activities.

Additionally, Staff believe it is appropriate to sunset the existing Financial Sustainability Work Plan to a more routine Staff-led communications and implementation effort now that the Board has adopted proposed rate changes for the coming years. During the discussion Director DeGolia left the meeting. The discussion resulted in consensus among the Board

members that no action will be taken at this time and that there will be further discussion during the upcoming August Board retreat meeting—*i.e.* Tasks 1 and 3. Member Brooks left the meeting during the discussion. [11:48]

Agenda Item 8: New Business.

- a. Member Equity Distribution. Vice President Whelan presented a recommendation for distribution of accrued and unpaid capital credits to the members of Holy Cross. The recommendation is in accordance with the Articles of Incorporation, Bylaws and Policies of Holy Cross. Vice President Whelan reviewed the member equity allocations and refund options for 2022. Discussion among the board members ensued and questions posed to Mr. Whelan were answered.

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

RESOLVED, that Holy Cross shall allocate, for 2022 only, Operating Margins of \$9,578,333 to member equity accounts; and

RESOLVED, that 50% of the 2022-member equity allocations on a discounted net present value basis, in the approximate amount of \$1,759,557, be refunded to members in May 2023; and

RESOLVED, that 1/25th of the allocated margins balance from 2006 to 2022, of approximately \$2,746,345, shall be refunded to members on a first-in first-out basis in December 2023. [11:53]

- b. Uncollectable Debt Write-off. Vice President Whelan informed the Board of the number and amount of uncollected outstanding balances and to propose that the Board write them off in accordance with usual practice. Historically, the Board met in April and November to review the Bad Debts to be considered for write-off. Management has decided a Board review in March and October would be more appropriate from a process perspective. This process is essentially a reclassification of dollars, as it involves moving outstanding balances from Accounts Receivable to an Uncollectable status. This does not stop ongoing collection activity but rather allows any potential refund of member equity to be automatically offset against amounts still owed to Holy Cross. A listing of current accounts with outstanding balances due has been prepared and attached to the material presented to the Board prior to the meeting. These accounts have all discontinued service prior to December 31, 2022, and are past due a minimum of 90 days. The attached list of recommended write-offs contains 148 accounts totaling \$28,932.67. Vice President Whelan responded to questions from Board members. 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 \$28,932.67, was declared uncollectable and be written off the financial records of the Association. [11:58]

A break for lunch was taken. [11:58-12:47]

- c. Director Compensation Review.

Staff conducted the annual review of Director compensation and expenses as required by Holy Cross's Corporate Policies, and data was presented to the Board prior to the meeting. Section 2.2.4 of Corporate Policy 4.5, "Director Compensation and Expenses" provides that "... (d)irector fees and expenses for the prior year shall be reviewed during the first quarter of each calendar year by the full Board at a regular meeting of the Board of Directors."

As described in that same Corporate Policy, Holy Cross compensates Directors with a monthly fee of \$1,000. The Board Chair receives an additional monthly fee of \$500 and each Committee Chair receives an additional monthly fee of \$250. A Director fee is also paid for

each full day or portion thereof spent on Holy Cross business. Holy Cross business requiring more than four hours of participation per day (including preparation time) is compensated at the full day rate of \$500. Business requiring four hours or less of participation per day (including preparation time) is compensated at the half-day rate of \$250.

Directors also receive reimbursement for all reasonable and legitimate expenses for their personal travel, lodging, meals, and other business-related out-of-pocket expenses incurred during attendance at appropriate meetings, events, or activities. A budget of \$1,000 per Director per month is set aside for such discretionary reimbursements.

These fees are reviewed annually by the Board of Directors while the fees and expenses for the prior calendar year are reviewed. No action was taken. [13:06]

- d. Wildfire Risk Mitigation Plan Review. Vice President Bleakley provided a written update to the Board on current and planned activities intended to reduce the risk of wildfire ignition from our distribution system, and to improve the resilience of our distribution system to impacts from potential wildfires. Over the past several years, Holy Cross has undertaken several specific activities to mitigate the risk of wildfires to the Holy Cross system and to the areas we serve, including:

- Vegetation management
- Regular visual and infrared system inspection
- Pole testing
- Substation testing
- Monthly/Annual substation inspections
- Smart meters
- Investigation of all temporary faults on main feeders
- Automatic Vehicle Location (AVL) to improve response time
- Fire protection system settings that reduce the likelihood of fuse expulsions
- Implementation of multiple SCADA control switching points
- Transmission expansions for resilience, such as the Avon-Gilman project
- Fire retardant wrapping of transmission structures
- Non-expulsion fuse replacements
- Installation of smart reclosers and sectionalizing
- Additional hardware maintenance
- Drone inspections of overhead line
- ROW inspection through satellite imagery
- Installed 3 Wildfire detection cameras at our communications high sites.

For 2023, the Wildfire Risk Mitigation Work Plan includes 5 specific tasks related to wildfire mitigation activities. At this time Staff has focused wildfire mitigation efforts in two categories: vegetation management and engineering activities. The vegetation management is aimed to prevent vegetation contacts and fall ins that could potentially ignite a fire. The engineering activities focus on preventative system maintenance and engineering-based equipment and operational decisions that reduce potential ignition sources. Outside of the work plan Staff will continue to build upon inspection and maintenance activities that have been used in past years. Because Vice President Bleakley and Vice President O'Neil were not available, this agenda item will be discussed at a later meeting. [14:11]

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 power supply contracts and real property acquisition and legal advice. All Staff 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.

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

RESOLVED that the Board exit executive session.

After discussion, upon motion duly made, seconded, put to a vote and unanimously carried, the following resolutions were adopted:

RESOLVED, that Staff be authorized to proceed with executing a contract with Guzman Energy, LLC for the sale of Bronco Plains II capacity, in a form that is materially similar to that which was presented to the Board; and

RESOLVED, that Staff be authorized to amend the contract with Hunter Solar as presented to the Board.

After discussion, upon motion duly made, seconded, put to a vote and unanimously carried, the following resolutions were adopted:

RESOLVED, that Staff be authorized to proceed with the acquisition of the site of the former Rifle Generating Station from Tri-State Generation and Transmission Association, Inc.; and

RESOLVED, that any final contract for purchase of the site be brought back to the Board at a future meeting for consideration and possible approval.

[14:12]

A discussion ensued about attendance and participation in the NRECA Legislative Conference on April 16 –18 at Marriott Marquis Hotel, 901 Massachusetts Ave. NW, Washington, DC 20001 ensued. [14:30]

Agenda Item 10: Items for Future Agendas. Discussion about the items on the list ensued. [14:45]

Agenda Item 11: Continuation of Board Meeting. Chair Munk continued the meeting at 14:45 until Wednesday, April 20, 2023, at 9:00 a.m. The next meeting will be held by WebEx. NOTE: change in date and location of meeting.



Secretary – Alexander DeGolia

APPROVED:



Chair – David C. Munk

2023 Holy Cross REA Board Meeting Schedule [Third Wednesday of each month]
April 20, 2023—WebEx—NOTE: change in date and location of meeting.
May 24, 2023—in person—Glenwood—NOTE change date and change in location of Board meeting. The Annual Meeting of Members will be held on June 15, 2023, at The Arts Campus at Willits [TACAW], 400 Robinson Street, Basalt, CO 81621
June 21, 2023—in person—Glenwood
July 19, 2023—WebEx
August 23, 2023 (strategic planning)—in person
September 20, 2023—WebEx
October 18, 2023—WebEx
November 15, 2023—WebEx
December 20, 2023—in person—Glenwood