

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

NOVEMBER 16, 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 November 20, 2022, at 9:01 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 six of seven Directors were present by WebEx being Robert H. Gardner, Kristen N. Bertuglia, Adam Quinton, Keith E. Klesner, David S. Campbell, Alexander DeGolia [joining late], and David C. Munk. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; David Bleakley, Vice President – Engineering; Cody O’Neil, Vice President—Operations; John Rowley, Vice President - Human Resources; Sam Whelan, Vice President—Finance; and Kristina Johnson, Communications Supervisor. 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 October 20, 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.
October Service Recognition:

Mallorie Meier, Administrative Assistant in our Construction Engineer Department in Glenwood Springs is celebrating 10 years of service.

Recent New Hires, Promotions and Departures:

Patrick Poulter joined us on October 17, as an Apprentice Lineworker in Glenwood Springs.

Colby Corey joined us on October 17, as an Apprentice Lineworker in Glenwood Springs.

Anthony Cordova has been promoted to Journey Lineworker in Glenwood Springs. He previously held the position of Apprentice Lineworker. His promotion was effective November 1.

Wyatt Borah has been promoted to Journey Lineworker in the Eagle/Vail District. He previously held the position of Apprentice Lineworker. His promotion was effective November 1.

Theresa Comerer has been promoted to Contracts Administrator in Glenwood Springs. She previously held the position of Facilities Operations & Planning Coordinator. Her promotion was effective November 7.

Jon Caughlin has been promoted to Project Administrator in the Power Supply Department in Glenwood Springs. He previously held the position of Journey Lineworker. His promotion will be effective December 1. [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 October 20, 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

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. [09:34]

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. [09:43]

Agenda Item 8: Old Business. None. [09:43]

Agenda Item 9: New Business.

- a. Uncollectable Debt Write-off. Vice President Whelan presented the list of accounts that are uncollected and that should be declared as uncollectable, totaling \$ 30,636.79 (January 1, 2022, through June 30, 2022). 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 \$ 30,636.79, was declared uncollectable and the accounts should be written off the financial records of Holy Cross. [09:45]
- b. Audit Engagement Letter. Vice President Whelan gave a presentation about the selection of an auditor for Holy Cross for fiscal year 2022, and current activities. Director Quinton made additional comments. 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 Kelso Lynch for independent auditing services during the period 2023 – 2025 dated September 12, 2022, to provide audit services to Holy Cross is hereby approved. [09:47]

- c. Annual Meeting Date and Location. After a presentation by Kristina Johnson, upon motion duly made, seconded, and unanimously carried, it was **RESOLVED**, that the 2023 Annual Meeting of the Members be held at The Arts Campus at Willits [TACAW], 400 Robinson Street, Basalt, CO 81621, on June 15, 2023. [09:51]
- d. Future Board Meeting Schedule. President and CEO Hannegan gave a presentation about the schedule for the 2023 Board meetings. The Board discussed whether additional in-person meetings would be valuable. During the discussion Mr. DeGolia joined the meeting. No action was taken, and no change in the schedule was made. [10:00]

Agenda Item 7: Economic Briefing with CoBank. Michael Anthos, Senior Relationship Manager of CoBank gave a lead-off presentation about CoBank and other matters. Teri Viswanath, Co-Bank Knowledge Exchange gave a presentation with slides entitled, “US Inflation Reduction Act Is a Climate Bill by Another Name.” Board member questions were posed and responded to by Michael Anthos and Teri Viswanath. [11:18] A break was taken. [11:18 to 11:25] Discussion continued about the presentations. [11:30]

Agenda Item 9: New Business. [Continued]

- e. PURPA 111(d) Standards. President and CEO Hannegan requested that the Board modify the January 18, 2023, hearing date for the Board to review HCE’s existing demand response and EV charging programs in considering the new PURPA 111(d) standards established by the Infrastructure Investment and Jobs Act (IIJA). After the presentation, and after discussion among the Board members, upon motion duly made, seconded, and unanimously carried, it was **RESOLVED** that the public hearing of the Holy Cross Energy Board of Directors regarding consideration of new PURPA 111(d) standards be rescheduled for April 19, 2023, at 1:00 p.m.; and **FURTHER RESOLVED** that such hearing will be held at the Association’s conference room located at 3799 Highway 82, Glenwood Springs, Colorado 81602, with a remote participation option available to any member of the public; and **FURTHER RESOLVED** that the President and CEO in consultation with Counsel is hereby directed to develop and implement a process to take written testimony on the new PURPA 111(d) standards with a deadline for filing such testimony of March 31, 2022. [11:36]

Agenda Item 10: 2023 Budget Preview.

- a. Long Term Financial Forecast. Vice President Whelan presented a long-term projection of HCE’s financial trajectory. 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:
 - 1,254 GWh sales in 2023, then an average increase of .50% through 2032
 - Power supply costs assume new Guzman deal, NextEra, Hunter, and current RFP projects: PSCo wholesale contract as backstop
 - Labor expenses increase at 5.25% in 2023, 3% thereafter
 - Non-labor expenses increase (3% through 2031, operating budget in process)
 - Capital Expenses follow 10-year draft plans presented in October
 - Interest rate for future borrowing estimated at 4% (through 2031)
 - Margins determined at 5.25%: 25-year rotation for capital credits

- Assumes 2022 deferral balance of \$7.0M utilized in 2023 (\$5M) and 2024 (\$2M) (operating budget in process)
- Includes latest C3 production forecast through 2029
- Included Transmission costs tied to Colorado Power Pathway (post 2025)

This model was presented to the Finance Committee on November 2. These results are being presented to the full Board to facilitate discussion and provide staff an opportunity to answer any questions the Board may have. The Board engaged staff with questions about the presentation, and staff responded to all questions. [12:19] A break was taken. [12:19 to 13:03]

- b. 2023 Work Plan Initiatives. Staff sought Board review and comment on the nine proposed 2023 work plan initiatives and their alignment with the HCE Strategic Plan. These work plan initiatives have been organized in alignment with the goals and objectives of the Strategic Plan. In reviewing these work plan initiatives, the Board should keep in mind that most day-to-day activities of the HCE staff are operational in nature and focused on fulfilling our ongoing commitment to safely provide reliable, affordable, and increasingly sustainable energy and services to our members and their communities. 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 *additional* 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 each is aligned with one or more Strategic Plan strategic goals and objectives, and defined the tasks, and deliverable outcomes associated with each initiative. After the presentation Board members had the opportunity for comment and suggestions for refinement. Based on feedback from the Board and further work by staff, these work plan initiatives will be finalized and presented to the Board in December along with staff's 2023 budget request for review and approval. [15:06] A break was taken. [15:06 to 15:14]
- c. 2023 Operating Budget Topics. President and CEO Hannegan provided the Board with background on several topics on which staff seeks clarification prior to finalizing the 2023 Operating Budget. The following is the list of topics discussed by the Board with input given to staff, and no action was required:
 - i. Sponsorships / Community Giving. [15:29]
 - ii. National / State Association Memberships. [15:55]
 - iii. Underground Locates. [16:01]
 - iv. Federal Policy Involvement. [16:10]
 - v. Federal Funding Opportunities. [16:23]
 - vi. Project Management. [16:31]

Input was given by board members on these topics. During this discussion, Mr. DeGolia departed the meeting. [16:18]

Agenda Item 11: Executive Session. [none] [16:32]

Agenda Item 12: Items for Future Agendas. President Hannegan noted the disposition of a number of items requested by the Board at previous meetings. No new items were identified. [16:39]

Agenda Item 13: Adjourn Board Meeting. Chair Munk continued the meeting at 16:40 p.m. until **Wednesday, December 14, 2022, at 9:00 a.m. The next meeting will be held in person at HCE’s offices in Glenwood Springs.**

Secretary – Alexander DeGolia

APPROVED:

Chair – David C. Munk

Holy Cross REA Board Meeting Schedule [Third Wednesday of each month]
December 14, 2022 —in person-Glenwood Of- fice—NOTE NEW DATE
January 18, 2023—WebEx
February 15, 2023—in person—Cooley Mesa
March 15, 2023—WebEx
April 19, 2023—in person—Glenwood
May 17, 2023—WebEx
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
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