

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

DECEMBER 20, 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 December 20, 2023, at 9:11 a.m. The meeting was also held on WebEx with some Board members and staff appearing electronically. Notice of the meeting was given in accordance with Colorado law and the by-laws 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 being Robert H. Gardner, Kristen N. Bertuglia, David C. Munk, Adam Quinton, Keith E. Klesner, Linn Brooks, and Alexander DeGolia [WebEx]. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; Cody O’Neil [WebEx], Vice President—Operations; Sam Whelan, Vice President—Finance; and Jenna Weatherred, Vice President—Member and Community Relations. Also attending was General Legal Counsel Randolph W. Starr [WebEx], Eric Arnette [WebEx], Christian Rosas [WebEx], and Jonathan Perez [WebEx], and John Rowley, Director of Human Resources. One member of the public, Matt Hasvold was on the WebEx meeting, and no others appeared in person.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on November 16, 2023, and then continued to today’s meeting. [09:11]

Agenda Item 3: Public Comment. Chair Munk asked for comments of members of the public present. No comments were received. [09:11]

Agenda Item 4: Employee Recognition.

December Service Recognition:

Brad Davis, Power Supply Analyst II, is celebrating 5 years of service.

Recent New Hires, Promotions and Departures:

Nick Lemke, Apprentice Lineworker, departed from Holy Cross on December 6, 2023.

[09:15]

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 November 16, 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. Touchtone 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. [9:35]

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. [10:12]

Agenda Item 7: Old Business. None. [10:12]

Agenda Item 8: New Business.

a. Bank Account Authorizations. Vice President Whelan provided a written presentation to the Board and made additional comments. After discussion by the Board, upon motion duly made, seconded, and unanimously carried, it was:

RESOLVED, that the officers and employees of Holy Cross Energy designated in the Board Memorandum entitled "Bank Account Signatory Authorization" be authorized, within the limitations set out in that Memorandum, to draw, sign and deliver, in the name of Holy Cross Energy, checks or drafts against the funds of Holy Cross Energy on deposit in its bank accounts as so described in that Memorandum. [10:14]

b. RUS Certificate of Authority to Submit or Grant Access to Data. Vice President Whelan provided a written presentation to the Board and made additional comments. After discussion by the Board, upon motion duly made, seconded, and unanimously carried, it was:

RESOLVED, that the President and CEO be authorized, within the limitations set out in that Memorandum, to update, revise, and sign the RUS Form 674 and other RUS Form(s) as necessary to allow Holy Cross to certify and submit data electronically to RUS. [10:15]

c. Community Solar Facility Acquisition. Vice President Whelan provided a written presentation to the Board and made additional comments. Questions from Board members were responded to by Mr. Whelan. After discussion by the Board, upon motion duly made, seconded, and unanimously carried, it was:

RESOLVED, that the President and CEO (or his designee) be authorized to negotiate with and conclude an agreement with Clean Energy Collective for the purchase of the Garfield County Airport Solar Array II on substantially the same terms and conditions as used in the prior Asset Purchase Agreements.

FURTHER RESOLVED, that Holy Cross staff be authorized to develop and implement communications for the Holy Cross members currently participating in the Clean Energy Collective-administered community solar program to sell their assets to Holy Cross and cease participation. [10:28]

d. Designation of External Representatives. President and CEO Hannegan made a presentation about the designations for upcoming meetings. A memo and supplemental materials had been provided to the Board prior to the meeting. After discussion, upon motion duly made, seconded, and unanimously carried, the following resolutions were adopted:

RESOLVED, that Director Quinton be temporarily designated as Holy Cross’s NRECA Delegate for the January 31, 2024, special meeting of NRECA’s Colorado members; and **FURTHER RESOLVED**, that the Board Chair and Secretary be authorized to sign the Certification of Voting Delegate for NRECA Colorado Director Election and NRECA Colorado Member Meeting denoting such temporary designation. [10:35]

e. 2024 Board of Directors Meeting Dates. President and CEO Hannegan made a presentation about the dates for upcoming board meetings. A memo and supplemental materials had been provided to the Board prior to the meeting. After discussion, upon motion duly made, seconded, and unanimously carried, the following resolutions were adopted:

RESOLVED, that the originally scheduled Regular Meetings of the Holy Cross Energy Board of Directors be rescheduled as follows: [10:42]

2024 Holy Cross REA Board Meeting Schedule
January 17, 2024—WebEx
February 21, 2024—in person at Cooley Mesa
March 20, 2024—WebEx
April 17, 2024—WebEx
May 15, 2024—WebEx
The Annual Meeting of Members will be held on June 6, 2024, at 4 Eagle Ranch, 4098 Hwy 131, Wolcott, CO 81655
June 20 June 19 , 2024—in person
July 17, 2024—WebEx
August 14 August 21 , 2024 (strategic planning)—in person
September 18, 2024—WebEx
October 23 October 16 , 2024—WebEx
November 20, 2024—WebEx
December 18, 2024—in person at Glenwood

A break was taken. [10:42 to 11:02] Mr. Hasvold left the meeting.

Agenda Item 9: Fiscal Year 2024 Planning.

a. Key Performance Indicators. President and CEO Hannegan and Vice President Whelan made a verbal and visual presentation. As described in the Holy Cross Strategic Plan, the Board uses specific and measurable KPIs to regularly evaluate progress towards meeting Holy Cross’s strategic goals and objectives, as follows:

- On a monthly basis, the Board reviews progress against the current year's KPIs using the table provided in each month's Staff Reports (available in Call to Order).
- At the end of each calendar year, the Board reviews the list of KPIs and sets new targets for each for the coming year with the input of Holy Cross staff.

In general, Holy Cross uses KPIs that are in broad use across the industry, allowing for benchmarking against other utilities. A table of proposed KPIs, along with previous and current year actuals for each, is included in the materials presented to the Board. Mr. Hannegan proposed linking HCE's existing incentive compensation program to performance against KPIs. After discussion, Chair Munk asked that the matter be referred to the Governance Committee, to which there was no objection.

After the presentation was concluded and questions posed by board members were answered, upon motion duly made, seconded, put to a vote and unanimously carried, it was **RESOLVED**, that the table of Key Performance Indicators (KPIs) for 2024 be adopted. [12:47]

A break for lunch was taken. [12:47 to 13:20] Mr. Rowley entered the meeting.

b. 2024 Work Plan Initiatives. President and CEO Hannegan made a verbal and visual presentation describing the proposed Work Plans. At its November 2023 meeting, the Board reviewed nine proposed 2024 Work Plans developed by the Holy Cross staff to guide their strategic activities intended for the year. Feedback obtained from the Board at that meeting has been incorporated into the finalized Work Plans (in Call to Order) and the revised Work Plans was presented to the Board for review and approval. Specific changes to the Work Plans are as follows:

- Clean Energy: Text added to further describe alignment with Strategic Plan; control platform for integrating new resources specifically described.
- Cyber and Physical Security: Additional internal communication and outreach activities incorporated to coordinate across Holy Cross departments.
- Distributed Energy Resources: Minor edits to Alignment section to better describe value to members.
- Energy Assistance: Reordered and clarified all tasks and deliverables; modified task for bill payment assistance to reflect Board discussion in November; added summary text; increased budget request by \$50k to reflect additional labor needs.
- Latine Outreach: New proposed Work Plan based on Board's November discussions.
- Network Infrastructure: Expanded detail on communications and outreach activities, always including clarification that Holy Cross is not providing retail broadband service.
- System Reliability and Resilience: No changes.
- Wildfire Risk Mitigation: Additional detail provided to link activities to Strategic Plan; expanded communications and outreach activities; spell out acronyms in deliverables.

Vice President Weathered made a verbal and visual presentation regarding the proposed Latine Outreach Work Plan. Questions from Board members were asked and answered by staff. Upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

RESOLVED, that the proposed 2024 Work Plans be approved, as amended. [14:02]

c. Wage and Compensation Adjustment. Mr. Rowley made a verbal and visual presentation about the appropriate adjustment to be applied to the salary and wage ranges for Holy Cross Employees in 2024. The Employer’s Council has compiled the following data: Consumer Price Index (CPI; inflation), Employment Cost Index, and salary information and projections based on national, state and industry data. No action was taken or required by the Board as the proposed adjustment to the salary and wage ranges for Holy Cross employees in 2024 is incorporated into the proposed 2024 Operating Budget which will be considered by the Board. Questions from Board members were asked and answered by staff. [14:18]

d. Operating and Capital Budget. Vice President Whelan gave a presentation about the 2024 Budget and Capital Plan. The proposed 2024 Operating Budget sets total operating revenue at \$166.7 million (including ECA and deferred revenue) and total cost of service at \$155.7 million. Operating margin is forecast to be \$11.0 million in 2024 with the total margin (including non-operating revenues) forecast to be \$12.8 million. The operating margin is set consistent with a 5.25% rate of return on rate base, the middle of the range outlined in Corporate Policy 5.2, Financial Planning and Management, at Section 2.5. The rate base calculation has been updated to include projected year-end 2023 plant balances, plus forecasted capital expenditures in 2024, aligning the year-end margin with the projected year-end rate base.

Mr. Whelan provided Directors with a list of potential options to amend the proposed 2024 Operating Budget. Directors discussed the various options and asked staff to make amendments. Mr. Whelan then provided Directors with a second list of potential options to amend the proposed 2024 Capital Budget. Directors discussed the various options and asked staff to make amendments.

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 draft 2024 Operating and Capital Budgets be approved as amended. [16:03]

Agenda Item 10: Executive Session. None. [16:04]

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. A number of items were suggested and either placed on the Board agenda or referred to Committee. [16:18]

Agenda Item 12: Continuation of Board Meeting. Chair Munk continued the meeting at 4:18 p.m. until Wednesday, January 17, 2024, at 9:00 a.m. The next meeting will be held by WebEx.

Secretary – Alexander DeGolia

APPROVED:

Chair – David C. Munk

2024 Holy Cross REA Board Meeting Schedule [Third Wednesday of each month, unless otherwise noted below]
January 17, 2024—WebEx
February 21, 2024—in person at Cooley Mesa
March 20, 2024—WebEx
April 17, 2024—WebEx
May 15, 2024—WebEx
The Annual Meeting of Members will be held on June 6, 2024, at 4 Eagle Ranch, 4098 Hwy 131, Wolcott, CO 81655
June 20, 2024—in person
July 17, 2024—WebEx
August 14, 2024 (strategic planning)—in person
September 18, 2024—WebEx
October 23, 2024—WebEx
November 20, 2024—WebEx
December 18, 2024—in person at Glenwood