

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

MARCH 20, 2024

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 20, 2024, at 9:00 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 all the seven Directors were present, Robert H. Gardner, Kristen N. Bertuglia, David C. Munk, Adam Quinton, Keith E. Klesner, Linn Brooks, and Alexander DeGolia. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; David Bleakley, Vice President – Engineering; Cody O’Neil, Vice President—Operations; Trina Zagar-Brown, Vice President—Business Services; Sam Whelan, Vice President—Finance; and Jenna Weatherred, Vice President—Member and Community Relations. Also attending was General Legal Counsel Randolph W. Starr, Jonathan Rosales, and Betsey Seymour. Employee Lisa Reed was on the web meeting.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on February 21, 2024, and then continued to today’s meeting. [09:00]

Agenda Item 3: Public Comment. Chair Munk asked for comments from members of the public present. No comments were received. [09:00]

Agenda Item 4: Employee Recognition.
March Service Recognition:

Lisa Reed, Manager, Energy Programs is celebrating 15 years of service.

Bo Jones, Manager, System Operations is celebrating 5 years of service.

Recent New Hires, Promotions and Departures:

Jon Caughlin has been promoted to Senior Project Administrator that took effect on March 1, 2024, formerly held the position of Project Administrator.

Sam Pickard has been promoted to GIS Analyst II that took effect on March 1, 2024, formerly held the position of GIS Analyst I.

Brinna Balint has been promoted to System Operator II that took effect on March 1, 2024, formerly held the position of System Operator I.

Andy Keller has been promoted to System Operator II that took effect on March 1, 2024, formerly held the position of System Operator I.

Libby Cowling has been promoted to Engineer III that took effect on March 1, 2024, formerly held the position of Engineer II.

Luke Pagni has been promoted to Engineer II that took effect on March 1, 2024, formerly held the position of Engineer I.

Caleb Ealey has been promoted to Engineer II that took effect on March 1, 2024, formerly held the position of Engineer I.

Glenn Wysocki has been promoted to Engineering Inspection Coordinator that took effect on March 1, 2024, formerly held the position of Senior Inspector.

Chance Stevens joined us on March 4, 2024, as a System Operator I in Glenwood Springs.

Tyler McMillan joined us on March 11, 2024, as a Support Mechanic in Glenwood Springs.

Casey Gray joined us on March 12, 2024, as an Equipment Operator in Glenwood Springs. Lisa Reed left the meeting. [09:08].

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 21, 2024, 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. Director Gardner gave an update report on the Holy Cross Energy Round-Up Foundation. Upon motion duly made, seconded, put to a vote and unanimously carried, it was:

RESOLVED, that the items on the Consent Calendar as amended be approved as presented. [09:39]

Agenda Item 6: Staff Reports. The Staff Reports were delivered to the Board members prior to the meeting. Questions from Board members were answered by staff members.

Agenda Item 5i. The Legislative and Regulatory Report was separately considered, especially the clean energy plan draft Bill. President and CEO Hannegan and Director Quinton discussed the status of the draft legislation. [10:02]

Agenda Item 7: Old Business.

a. Amendments to Tariffs, Rules, and Regulations. President and Chief Executive Officer Hannigan presented the proposed rate changes that had been posted to the Holy Cross website on February 14, 2024. Notice of the proposed rate changes was also made via a press release issued to local media and via an email to all members on that same day, both of which included a link to the online form at the Holy Cross website for public comment. Comments were received during the 30-day period for public comment, and all comments were provided to Board members prior to the meeting. Staff has reviewed all public comments and has not identified any significant issues warranting a delay or change in the proposed rate changes.

After discussion among the Board members, and after questions from Board members to staff were answered, upon motion duly made, seconded, and unanimously carried, it was:

RESOLVED, that the proposed changes to the Tariffs, Rules and Regulations of Holy Cross be approved as presented to the Board; and

FURTHER RESOLVED, that the effective date of such changes be April 1, 2024. [10:25]
A break was taken. [10:25-10:42]

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 2023. 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 2023 only, Operating Margins of \$9,621,748 to member equity accounts; and

RESOLVED, that 50% of the 2023-member equity allocations on a discounted net present value basis, in the approximate amount of \$1,755,497 be refunded to members in May 2024; and

RESOLVED, that 1/25th of the allocated margins balance from 2007 to 2023, of approximately \$2,828,359, shall be refunded to members on a first-in first-out basis in December 2024. [10:48]

b. Corporate Policy 5.2 – Financial Management and Planning. Vice President Whelan presented a recommendation for changes to Corporate Policy 5.2. The updated Corporate Policy 5.2 includes three changes:

1. Cash Balance Update

- a. Updating the minimum cash balance to be 20 days of annual O&M, which is \$7.2MM.
- b. Prior cash balance of \$5MM was set in 2009 and should be \$7.5MM adjusted for inflation.

2. Short-Term Debt Update

- a. Updating the short-term debt limit not to exceed \$40MM.
- b. Provides flexibility to expand LOC to hit Moody's "A" rating as a best practice, and to increase flexibility for borrowing in a high interest rate environment.

3. Lender Evaluation

- a. Added clause to evaluate lender relationship every 5 years or at material debt repricing events.

A draft of the policy showing the proposed changes in “redline” format was provided to the Board prior to the meeting.

After the presentation and after Mr. Whelan responded to questions from Board members, a motion was made, seconded, and unanimously carried that it was:

RESOLVED, that the proposed revisions to Corporate Policy 5.2 be approved as presented. [10:54]

c. Corporate Credit Card Limits. Vice President Whelan presented a recommendation for an increase in the corporate credit card charge limit. Holy Cross’s corporate credit card transaction services are provided by the National Rural Utilities Cooperative Finance Corporation (“CFC”) through a One Card Program Reimbursement Agreement originally signed in August 2015. Corporate credit cards provide a more secure, auditable record of travel, material purchases, and other regular expenses incurred by HCE employees in their normal conduct of business. Through NISC’s AppSuite platform, accounting of credit card expenses has been made much easier and less burdensome than reimbursing employees afterwards for their expenses. At its June 2019 meeting, the Board authorized an increase in the company limit from \$100,000 to \$150,000, and staff executed a “First Amendment” to the One Card Program Reimbursement Agreement to implement this change. Given the expanded use of corporate credit cards by Holy Cross in general, and recent inflation-driven increases in costs for all goods and services, including travel costs, staff believes it prudent to increase the company limit further to \$250,000. The Board’s August 2015 authorization allows for the President and CEO to execute further amendments to the corporate credit card agreement. A “Certificate of Resolutions and Incumbency” and a “Second Amendment” to the original Agreement were provided to the Board prior to the meeting; these documents will be executed by staff unless there is objection from any Director during discussion of this agenda item. No action was taken by the Board. [10:57]

d. 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. President and CEO Hannegan led the discussion. Directors commented on the Policy and compliance with the Policy. No action was taken. [11:42]

f. Regional Multifamily Energy Retrofit Collaborative Agreement. Vice President Weatherred gave a presentation about the Regional Multifamily Energy Retrofit Collaborative. Article XI, Section 1 of the Holy Cross Electric Association Bylaws provides that:

“The Association may, upon the authorization of the Board, purchase stock in, or an ownership interest in, or become a member of any corporation or organization. Such purchase or membership shall be related to its electric utility business, or other business in which the Association is engaged, or may be transacted for the purpose of enabling the Association to engage in a new business or enterprise.”

Holy Cross has been asked to join a Regional Multifamily Energy Retrofit Collaborative (the “Collaborative”) with partner organizations the Community Office of Resource Efficiency (CORE), the Walking Mountains Science Center (Walking Mountains) and Energy Outreach Colorado (EOC). The Agreement forming the Collaborative requires review and approval of the HCE Board of Directors. The mission of the Collaborative is to develop and implement a model for completing retrofit projects that improve how energy is used in multifamily housing buildings that house low to moderate-income residents put together by CORE. Specifically, the Collaborative is formed to provide and administer grants and other funding; provide guidance and incentives; work regionally to achieve economies of scale throughout the region and to deliver demonstrated experience in the best methods for multifamily energy retrofits.

This CORE collaborative is currently discussing finding a small multifamily low- and moderate-income (LMI) housing building to use as a pilot for possible more extensive work in the future. Mike Steiner, Ginette Puidokas, and Kyle Lord have been attending meetings with the Collaborative as the utility representatives. HCE is now being asked to sign the following agreement. HCE is not being asked to do anything other than serve as an advisor to the group.

General Legal Counsel has reviewed the proposed Agreement with suggested amendments that provide for voluntary withdrawal from the Agreement by any member at any time. These amendments will be proposed back to CORE for adoption prior to signature. After questions were raised and answered by Vice President Weatherred and discussion among the Board a motion was made, seconded, and unanimously carried that it was:

RESOLVED, that the President and Chief Executive Officer or the President and CEOs designee be authorized to sign the Regional Multifamily Energy Retrofit Collaborative Agreement, subject to acceptance by the other Parties to the Agreement of the amendments proposed by Holy Cross’s General Legal Counsel. [11:52] A break was taken. [11:52-12:48]

e. Wildfire Risk Mitigation Plan Review. Vice President O’Neil 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:

- Publication of a Wildfire Mitigation Plan
- Use of technology in 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
- Right of way inspection through satellite imagery
- Installed 3 wildfire detection cameras at our communications high sites.

For 2024, the Wildfire Risk Mitigation Work Plan includes 4 specific tasks related to wildfire mitigation activities. These include expansion of vegetation management technology, a covered conductor proof of concept project, the development of a Public Safety Power Shutoff program and community outreach related to the DOE WARN grant. No action was taken. [13:38]

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 legal counsel.

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 and Attorney Starr remained in 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. [15:35]

Agenda Item 10: 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. [15:46]

Agenda Item 11: Continuation of Board Meeting. Chair Munk continued the meeting at 3:47 p.m. until Wednesday, April 17, 2024, at 9:00 a.m. The next meeting will be held by WebEx at Holy Cross' main office at 3799 Highway 82 in Garfield County, Glenwood Springs, CO.

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Secretary – Alexander DeGolia

APPROVED:

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Chair – David C. Munk

2024 Holy Cross REA Board Meeting Schedule [Third Wednesday of each month]
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 19, 2024—in person— <u>Note New Date!</u>
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