

HIGHLINE ELECTRIC ASSOCIATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
May 20, 2021

A regular meeting of the Board of Directors of Highline Electric Association was held at the office of the Association in Holyoke, Colorado at 9:00 A.M. on May 20, 2021.

ROLL CALL

President Mike Bennett presided at the meeting. Directors present in person were:

Merl Miller	Merlin Prior
Mike Bennett	David Kinnison
Ted Carter	Jim Lueck
Pam Stieb	Leo Brekel

Directors Brad Stromberger, Aaron Sprague, and Steve Oestman were absent. Manager Dennis Herman and Attorney Levi Williamson were present in person. Staff members Alex Astley, Tadius Huser, Jim Jackson, and Rance Ferguson were also present. Attorney Williamson recorded the minutes of the meeting.

AGENDA APPROVED

The agenda was revised to add emergency business and approved as revised.

MINUTES APPROVED

The minutes of the April 15, 2021, meeting were approved as presented.

MANAGER'S REPORT

Manager Herman presented the Manager's Report. He presented graphs of kWh Purchased, kWh Sold, Expenses, and Operating Margins through April 2021. Herman presented and reviewed the Ormat summary for April. Highline recognized a net benefit of \$6,453.21 Y-T-D. President Bennett reported on a letter that irrigators received from the State Water Engineer. The state is requiring 25,000 acres worth of irrigated land in the South Fork Republican River Focus be dried up.

Herman reported on the status of the Tri-State stated rate FERC case. The FERC rejected Tri-State's Policy 125 regarding procedures for members exiting Tri-State. NRECA settled a lawsuit alleging wrongdoing by NRECA regarding its administration of members' 401k plans. Herman reported on the status of his investigation of alternative health insurance plans. Herman reported that he will continue to contribute 5% of Highline's CFC patronage to the CFC Integrity Fund. It was the consensus of the Board to continue contributing to the Integrity Fund. Highline received a request for wheeling for a potential renewable generation project.

Herman reported that Highline's line extension policy is one of the most generous in the state. Herman asked if the Board is satisfied with the policy. The Board asked Herman to present a few examples to the Board to consider.

OPERATIONS AND SAFETY REPORT

Rance Ferguson presented the Operations Report. Ferguson is very happy with Highline's most recently used contractor, Altitude Energy. Ferguson reported on personnel matters, contractor work, storm damage, and Highline crew activities.

Ferguson presented the Safety Committee Report and reported on safety training. There was one accident. Ferguson also presented the outage report.

MEMBER SERVICES REPORT

Tadius Huser presented the Member Services Report. He reported on new services, rebates, and member solar projects. Tad recommends holding regional member meetings in lieu of the 2021 Annual Member Meeting, which was cancelled. It was the consensus of the Board to hold regional meetings.

ENGINEERING REPORT

Alex Astley presented the Engineering Report. He updated the board on engineering, IT, metering, staking, and communications activities. Astley provided status updates on the AMI Towers, Sterling-West Plains transmission line, Interstate substation upgrades, and phone system testing.

CORPORATE SERVICES REPORT

Jim Jackson presented the Corporate Services Report. Jackson presented interest rates and CFC Commercial Paper Investments as of April 30, 2021. Highline paid \$2,657.80 in fees on \$228,558.05 worth of credit card payments in April. Jackson presented the Form 7, cash flow, and check register.

CONSENT AGENDA

The Consent Agenda contained the following items:

- a. HEA Policy Review
 - Policy 2-7 Smoking Policy
 - Policy 2-15 Company Credit Cards
 - Policy 6-1 Rates, Rules and Regulations and Extension Policy
- b. Safety Committee Report
- c. New Members and Membership Refunds
- d. Subordination Agreements or Release of Liens
- e. Estate Capital Credit Refunds

The items on the Consent Agenda were approved by unanimous consent.

CREA UPDATE

Kent Singer, CREA General Manager, reported on pending Colorado legislation that would affect Highline. There is an unprecedented number of energy related bills this year.

BUDGET UPDATE

Dennis Herman reported that the Tri-State rate reduction will save Highline an estimated \$594,500 in 2021 and \$1,189,000 in 2022. Herman believes Highline can reduce the amount of deferred revenue recognized in 2021 from \$1.5M to \$900,000 and from \$900,000 to \$300,000 in 2022.

CONTRACT CLOSEOUTS

Dennis Herman and Alex Astley presented the details of the final construction of the Interstate substation project. It was properly moved, seconded, and carried to approve the RUS contract closeout as presented.

Astley presented details of the final construction of the 69kV switch stations and distribution line project. It was properly moved, seconded, and carried to approve the RUS contract closeout as presented.

CFC ANNUAL MEETING DELEGATE

It was properly moved, seconded, and carried to appoint Dennis Herman as Highline's delegate to the CFC Annual Meeting.

President Bennett recessed the meeting at 12:03 p.m. for lunch and reconvened the meeting at 1:00 p.m.

Directors David Kinnison and Ted Carter left the meeting.

BAD DEBT WRITE-OFF

Jim Jackson and Dennis Herman presented the list of accounts for write-off. It was properly moved, seconded, and carried to approve the accounts for write-off in the amount of \$5,528.10.

TRI-STATE

Leo Brekel reported on his attendance at the regular meeting of the Tri-State Board of Directors. Brekel reported on proposed Bylaw amendments being considered by the Tri-State Board. There is pending federal legislation that would pay Tri-State for stranded coal assets.

CREA

Jim Lueck reported on his attendance at the regular meeting of the CREA Board of Directors. He presented the written board report.

WESTERN UNITED ELECTRIC

Jim Lueck reported on his attendance at the regular meeting of the Western United Electric Board of Directors. Sales are up. Western United admitted a new member from Nevada.

NREA

Merlin Prior reported on his attendance at the regular meeting of the NREA Board of Directors. He reported on pending legislation that NREA is monitoring. NREA's lead lobbyist left NREA.

MEETING ATTENDANCE

The directors discussed attendance at upcoming meetings.

EMERGENCY BUSINESS

Dennis Herman and Alex Astley reported on the changes in design to the Sterling-West Plains transmission line. An amendment to the engineering services contract is necessary. Herman and Astley reviewed the details of the amendment. It was properly moved, seconded, and carried to approve amendment of the engineering services contract as presented.

EXECUTIVE SESSION

It was properly moved, seconded, and carried to go into executive session to discuss a confidential business opportunity and confidential power supply matters, with the following in attendance: All Directors and staff present in-person at the meeting; Manager Herman; and Attorney Williamson. It was properly moved, seconded, and carried to come out of executive session. Director Leo Brekel left the meeting during executive session before discussion related to power supply.

PUBLIC COMMENT

There was no Public Comment.

ADJOURNMENT

There being no further business to come before the meeting, the meeting was adjourned at 2:45 p.m.



SECRETARY



PRESIDENT