

HIGHLINE ELECTRIC ASSOCIATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
July 20, 2023

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 July 20, 2023.

ROLL CALL

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

Mike Bennett	Pam Stieb
Brad Stromberger	Merlin Prior
Lisa Schilke	David Carlson
Leo Brekel	Jim Lueck
Steve Oestman	

Directors Aaron Sprague and Ted Carter were absent. Manager Dennis Herman and Attorney Bryson Fredregill were present in person. Staff members Jim Jackson, Rance Ferguson, Alex Astley, Elise Pocock, and Tadius Huser were present in person or via video conference. Attorney Bryson Fredregill recorded the minutes of the meeting.

AGENDA APPROVED

The agenda was adopted as presented.

MINUTES APPROVED

The minutes of the June 15, 2023, regular meeting of the board of directors were presented. It was properly moved, seconded, and carried to adopt the minutes as presented.

MANAGER'S REPORT

Manager Herman presented the Manager's Report. Herman reported that he anticipates that Highline will recognize deferred revenue by the end of 2023. He presented graphs of kWh Purchased, kWh Sold, Operating Revenue, Expenses, Operating Margins, and Cash & Investments through May 2023. Herman presented a system load comparison for June for the years 2020 through 2023. Herman anticipates that Highline will have negative 2023 margins without the recognition of deferred revenue due to Highline's load profile being impacted negatively by weather conditions.

Herman reported that NRECA is increasing its dues.

Herman also reported that the proposed sale of the Reardon Tower will not proceed. Herman is currently in discussion with the State of Colorado regarding the lease requirements for remediation for the Reardon Tower property.

Herman led a discussion on Highline's line extension policy. Herman compared Highline's policy to other cooperatives, where new services typically pay for the extension.

Herman also reported on hail damage to the headquarters, the Federated Safety Assessment, and NRECA Resolutions Committee activity.

Herman presented bids for carpet replacement at the Highline Headquarters. The board directed Herman to solicit additional bids.

Herman reported on the status of Tri-State Energy Services. He is hopeful that it will provide a program for irrigation load control.

OPERATIONS AND SAFETY REPORT

Operations Manager Rance Ferguson presented the Operations and Safety Report. He reported on the damage caused by five different storms, including the loss of 76 poles. He reported on the status of the Sterling to West Plains transmission line project, pole testing results, personnel, and crew activity.

Ferguson presented the Safety Report. There were no accidents in June. He also presented the outage report.

MEMBER SERVICES REPORT

Member Services Manager Tadius Huser presented the Member Services Report. He discussed new services, rebates, RLF loan activity, renewable systems, and EV charging station activity. He reported that Highline may reconsider its utilization of RESP funding if Tri-State offers on-bill financing for energy efficiency.

ENGINEERING REPORT

Engineering Manager Alex Astley presented the Engineering Report. He reported on projects in the engineering, IT, metering, staking, and communications departments. Astley reported on the status of the Sterling-West Plains Transmission Line project. Astley reported on Highline irrigation load control activity in June. Astley presented table of historic billing peaks and rainfall for Highline's territory.

CORPORATE SERVICES REPORT

Corporate Services Manager Jim Jackson presented the Corporate Services Report. Jackson presented CFC Commercial Paper Investments as of June 30, 2023. Highline paid \$2,878.84 in fees on \$196,210.56 worth of credit card payments in June. Jackson presented the Form 7, cash flow report, and check register. He reported that Highline's equity is currently at approximately 40%.

CONSENT AGENDA

The Consent Agenda contained the following items:

- a. Policy 1-7 Per Diem and Expenses for Board Members
- b. Policy 8-4 Disaster Assistance
- c. New Members and Membership Refunds
- d. Subordination Agreements or Release of Liens
- e. Estate Capital Credit Refunds

Four membership estate refund requests were pulled from the consent agenda on Attorney Fredregill's recommendation.

The Consent Agenda was approved by unanimous consent.

ESTATE REFUND REQUESTS

Attorney Fredregill described the need for additional documentation to support approval of three of the four estate refund requests pulled from the Consent Agenda. It was properly moved, seconded, and carried to approve the three estate refund requests subject to submission of additional documentation as required by Highline's legal counsel.

It was properly moved, seconded, and carried to go into executive session for confidential discussion and receive privileged legal advice regarding an estate refund request with the following in attendance: all directors present at the meeting, all staff present at the meeting, General Manager Herman, and Attorney Fredregill. It was properly moved, seconded, and carried to exit executive session.

It was properly moved seconded and carried to approve the fourth estate refund request subject to submission of additional documentation as required by Highline's legal counsel.

PRE-SUBMISSION REVIEW OF 2022 FORM 990

Manager Herman presented Highline's 2022 Form 990. The board reviewed the form and did not have any questions.

KRTA REVIEW

Manager Herman presented the CFC 2022 Key Ratio Trend Analysis. The board reviewed the executive summary and Herman highlighted several ratios of significance to Highline, including T.I.E.R, debt service coverage, distribution equity, debt per consumer, patronage retired as a percentage of total patronage, return on equity, operating revenue per consumer, electric revenue per consumer, total margins per kWh sold, irrigation kWh usage per month, residential kWh per total kWh, irrigation kWh per total kWh, O&M expenses per consumer, fixed expenses per consumer, operating expenses per kWh sold, operating expenses per consumer, wages per consumer, two-year growth, TUIP investment per mile of line, and headquarters plant per kWh sold.

IRA AND IIJA FUNDING OPPORTUNITIES

Herman updated the board on HEA's grant applications under the IRA and IIJA programs and Highline's associated projects. Herman also reported that Highline has submitted environmental review letters in support of its REAP application.

TRI-STATE

Director Leo Brekel provided an update on Tri-State G&T. He reported that IRS guidance on direct pay programs does not address cooperatives that are legally structured as-like Tri-State. Tri-State has been meeting with the BLM regarding wildfires. Brekel reported on coal generation operations and presented a report on Tri-State's consolidated operating budget variance as of May 31, 2023. Brekel highlighted the following variances: fuel costs, production costs, members sales, and non-member sales. Brekel

also discussed Tri-State's balance sheet, financial goals, and direct assignment review.

CREA

Director Jim Lueck presented the written report of the Colorado Rural Electric Association Regular Meeting of the Board of Directors. Lueck reported on the Navajo Electrification Project. Herman reported on activities related to net metering legislation.

NREA

Manager Herman and Director Prior reported that they completed the NREA Manager's evaluation.

President Bennett recessed the meeting at 12:11 p.m. and reconvened at 1:00 p.m.

EXECUTIVE SESSION: LEGAL AND REGULATORY UPDATE, DISCUSSION OF LAND LEASE /PURCHASE FOR SOLAR GENERATION, AND CONSIDERATION OF MEMBER CONTRACT

It was properly moved, seconded, and carried to go into executive session for confidential discussion and receive privileged legal advice regarding the following topics: land acquisition for solar generation, member contract, and legal and regulatory updates. The following attended such executive session: all directors present at the meeting, all staff present at the meeting, General Manager Herman, and Attorney Fredregill. Director Brekel exited the executive session during the portion of such session where legal and regulatory updates were discussed. It was properly moved, seconded, and carried to exit executive session.

It was properly moved, seconded, and carried to authorize the Highline General Manager to negotiate and execute the solar lease agreement, solar lease purchase agreement, and substantially similar agreements under the terms discussed in executive session for a total of up to four solar projects, provided such agreements are within the economic limitations discussed in executive session.

It was properly moved, seconded, and carried to authorize the Highline General Manager to negotiate and execute the Agreement for Operation of Facilities as presented in executive session.

It was properly moved, seconded, and carried to authorize a budget of \$40,000.00 for Highline's participation in the FERC Tri-State rate docket. Director Brekel abstained from the vote.

MEETING ATTENDANCE

The directors discussed attendance at upcoming meetings.

It was properly moved, seconded, and carried to move the August Regular Meeting of the Highline Electric Association Board of Directors to August 17, 2023.

PUBLIC COMMENT

There was no Public Comment.

ADJOURNMENT

There being no further business to come before the meeting, the meeting was adjourned at 2:39 p.m.



SECRETARY



PRESIDENT