

HIGHLINE ELECTRIC ASSOCIATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
December 21, 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 December 21, 2023.

ROLL CALL

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

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

Director Aaron Sprague was absent. Manager Dennis Herman and Attorney Levi Williamson 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 Levi Williamson recorded the minutes of the meeting.

AGENDA APPROVED

The agenda was revised and adopted as revised.

MINUTES APPROVED

The minutes of the November 16, 2023, Regular Meeting of the Board of Directors were presented. The minutes were revised to add the word "rate" after "3.4%" in the motion to approve the 2024 budget. It was properly moved, seconded, and carried to adopt the minutes as revised.

MANAGER'S REPORT

Manager Herman presented the Manager's Report. He presented graphs of kWh Purchased, kWh Sold, Operating Revenue, Billing Summary, Expenses, Operating Margins, and Cash & Investments through November 2023. Highline's margins are \$520,000 worse than budgeted. Herman projects that Highline will need to recognize \$2.5 million in deferred revenue in 2023.

Manager Herman reported that NRECA notified Highline that Highline's 401K plan will be out of compliance in 2025 due to the lack of employer matching contribution for employees hired after 2011.

Manager Herman presented the 2023 CREA Director compensation survey.

Manager Herman reported that he retained legal counsel and intervened on Highline's behalf in Tri-State's ERP filing at the PUC. Highline intervened along with a group of Eastern Colorado Tri-State members.

Joe Martin resigned as Colorado's NRECA director. Manager Herman asked whether or not the Board supports him running for the vacant director position. There were no objections.

Manager Herman reported that Ward Construction submitted a change order request for its distribution line construction contract. The request is due to rock found at the construction site. Ward initially requested an additional \$20/foot when rock is present. Manager Herman recommends accepting a change order for \$10/foot. The consensus of the Board is for Herman to accept a change order for an additional \$10/foot when rock is present.

Manager Herman presented the proposed irrigation load control discount increases. The increases share the cost savings from Tri-State's proposed 2024 demand charges between Highline and the load control participants. It was properly moved, seconded, and carried to approve the discounts as presented.

Manager Herman reported that payments not received by Highline by the close of business on the due date will be subject to a late fee. Manager Herman asked if the Board is in favor of changing representation on the Tri-State Board to regional board seats. The consensus of the Board is to oppose the proposed change. Herman reported on the FERC decision regarding Tri-State's CTP. Herman reported that staff recommends changing how Highline handles damage to member owned underground facilities. Discussion followed. Herman will propose revisions to Highline's Rules and Regulations at a future meeting. Herman reported that Highline employees are helping Wheatbelt PPD with year-end accounting.

The January Board meeting will be held January 25, 2024.

OPERATIONS AND SAFETY REPORT

Operations Manager Rance Ferguson presented the Operations and Safety Report. He reported on substation switching, work on the Atwood Substation, the Trailblazer rebuild, and the Padroni rebuild.

Ferguson presented the Safety Report. There was one accident. 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.

COST OF SERVICE STUDY

Jeff Wernet, Prime Group, presented the results of the cost-of-service study via video conference. He presented proposed 2024 retail rates effective February 1, 2024. Wernet left the meeting.

President Bennett recessed the meeting at 12:33 p.m. and reconvened the meeting at 1:32 p.m.

It was properly moved, seconded, and carried to approve the 2024 rates as presented in the cost-of-service study.

Director Carlson left the meeting.

ENGINEERING REPORT

Engineering Manager Alex Astley presented the Engineering Report. He reported on project work in engineering, information technology, metering, staking, and communications. He provided status updates on the following large projects: Sterling-West Plains Transmission Line, Atwood Substation Construction, Lamar 69 kV Substation Upgrades, and Chase Transformer.

CORPORATE SERVICES REPORT

Corporate Services Manager Jim Jackson presented the Corporate Services Report. Jackson presented CFC Commercial Paper Investments as of November 30, 2023. Highline paid \$2,754.33 in fees on \$189,072.48 worth of credit card payments in November. Jackson presented the balance sheet, Form 7, cash flow report, and check register. Jackson presented an example of Highline's new bill.

CONSENT AGENDA

The Consent Agenda contained the following items:

- a. Policy 2-2 Employee Benefits (revised)
- b. Policy 2-4 Wage and Salary Administration (Revised)
- c. Policy 6-2 Power and Energy Conservation (no recommended changes)
- d. New Members and Membership Refunds
- e. Subordination Agreements or Release of Liens
- f. Estate Capital Credit Refunds

The Consent Agenda was approved by unanimous consent.

REVISED RULES AND REGULATIONS

Herman presented revised Rules and Regulations regarding service disconnects. It was properly moved, seconded, and carried to approve the revised Rules and Regulations as presented.

GENERAL MANAGER EVALUATION

Manager Herman presented information regarding his 2023 goals.

TRI-STATE

Leo Brekel reported on his attendance at the regular meeting of the Tri-State G&T Board of Directors. The Tri-State contract committee will convene in March. Tri-State plans to retire the Craig power plant by 2028. Tri-State's CEO, Duane Highley, would like to attend a Highline Board meeting. Brekel reported on the settlement in the Adams County litigation between Tri-State and United Power. Tri-State estimates that it will have \$25M in margins in 2023. Brekel reported on the FERC order regarding Tri-State's CTP.

CREA

Jim Lueck reported on his attendance at the Regular Meeting of the Colorado Rural Electric Association Board of Directors. The CREA Board received harassment training.

WESTERN UNITED

Ted Carter reported that there was no meeting of the Western United Board of Directors. November sales are up compared to 2022.

NREA

Merlin Prior reported on his attendance at the annual meeting of the NREA members. The new NRECA president and Governor of Nebraska spoke. Prior reported on his attendance at the regular meeting of the NREA Board of Directors. The NREA Board approved its 2024 budget. Directors Brekel and Schilke reported on their attendance at the NREA annual meeting.

MIDWEST ELECTRIC ANNUAL MEETING

Leo Brekel and Manager Herman reported on their attendance at the Midwest Electric annual meeting.

MEETING ATTENDANCE

The directors discussed attendance at upcoming meetings. Highline's voting delegates and alternates for upcoming meetings:

- CREA Annual Meeting: Delegate-Merlin Prior
Alternate- Mike Bennett
- Western United Annual Meeting: Delegate-Lisa Schilke
Alternate-Jim Lueck
- NRECA Colorado Meeting: Delegate-Mike Bennett
Alternate-Dennis Herman
- NRTC Board Election: Delegate-Dennis Herman

PUBLIC COMMENT

There was no Public Comment.

EMERGENCY BUSINESS

Manager Herman presented a resolution to loan RLF funds. It was properly moved, seconded, and carried to approve the resolution as presented.

ADJOURNMENT

There being no further business to come before the meeting, the meeting was adjourned at 3:09 p.m.



SECRETARY



PRESIDENT