

HIGHLINE ELECTRIC ASSOCIATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
February 17, 2022

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 February 17, 2022.

ROLL CALL

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

Merlin Prior	Aaron Sprague
Mike Bennett	Brad Stromberger
Steve Oestman	Ted Carter
Jim Lueck	

Directors present via video conference were:

Pam Stieb	David Kinnison
Merl Miller	

Directors entering later in the meeting were:

Leo Brekel

Manager Dennis Herman and Attorney Bryson Fredregill were present in person. Staff members Jim Jackson, Rance Ferguson, Alex Astley and Tadius Huser were present in person. Attorney Bryson Fredregill recorded the minutes of the meeting.

AGENDA APPROVED

The agenda was revised and approved as revised.

MINUTES APPROVED

The minutes of the January 20, 2022, regular meeting of the board of directors were presented. President Bennett tabled consideration of said minutes until the February meeting due to missing discussion regarding the General Manager evaluation.

MANAGER'S REPORT

Manager Herman presented the Manager's Report. He presented graphs of kWh Purchased, kWh Sold, Operating Revenue, Expenses, Operating Margins, and Cash & Investments through January 2022.

Herman presented the Ormat Report, which indicated that it did not run in January. Stromberger discussed water developments in the South Platte Basin, including the proposed Perkins County Canal. Stromberger discussed potential impacts of the Colorado River Basin shortage on East Slope diversion. Sprague discussed water developments in the Republican River Basin and the role of the Republican River Water Conservation District in those developments. Sprague discussed Colorado SB22-028 "Groundwater Compact Compliance Fund." He also discussed litigation outcomes and efforts to bring the State Attorney General and State Engineer up to speed on issues affecting the basin and compact compliance.

Herman reported that the Haxtun REDL&G application will be resubmitted with a more detailed description of fund usage. It was properly moved, seconded, and carried to approve resubmission of the Haxtun REDL&G Application under the terms presented.

Herman reported that CREA's Manager of Legislative Affairs, Tim Coleman, will present a legislative update to the Highline Board at the March meeting.

Herman presented a proposed letter to Tri-State from supportive Tri-State members. Herman recommended approval of the letter and discussed planned participation in FERC proceedings with a subset of letter signatories. It was properly moved, seconded, and carried to authorize Highline's participation in the letter as presented.

Herman reported on Highline's continued efforts to evaluate solutions to cybersecurity concerns. It was properly moved, seconded, and carried to go into executive session for confidential discussion regarding cybersecurity, with the following in attendance: All directors present at the meeting, all managers present at the meeting, Manager Herman, and Attorney Fredregill. It was properly moved, seconded, and carried to exit executive session.

Herman also reported on legislative testimony requests, an ongoing member bankruptcy, the NRECA resource hub for funding opportunities arising from the infrastructure bill, mistaken late payment notifications, community room policy, CARE auction, the Highline health insurance plan, and strategic planning scheduling.

MINUTES CONTINUED

The board resumed discussion of the minutes of the January 20, 2022, meeting. The board reviewed the section of the minutes regarding General Manager evaluation and determined that the relevant discussion was included. It was properly moved, seconded, and carried to approve the minutes as presented.

OPERATIONS AND SAFETY REPORT

Rance Ferguson presented the Operations and Safety Report. He reported on substation work, pole testing results, pole shortages, and line crew projects.

Ferguson presented the outage report and safety committee report. There were no accidents.

The board discussed load control tampering and monitoring.

MEMBER SERVICES REPORT

Tadius Huser presented the Member Services Report. He reported on new services, rebates, net-metering, RLF activity, the EV charging station, and member outreach activities.

ENGINEERING REPORT

Alex Astley presented the Engineering Report. Astley reported on engineering, IT, metering, staking, and communications projects. He reported on the status of the Sterling-West Plains transmission line, Atwood substation upgrade, and the Summit Springs communications tower. Astley discussed vendors utilized by Highline and current lead times. He also discussed anticipated budget overruns for the Atwood substation project.

CORPORATE SERVICES REPORT

Jim Jackson presented the Corporate Services Report. Jackson presented CFC Commercial Paper Investments as of January 31, 2022. Highline paid \$3,239.88 in fees on \$240,190.52 worth of credit card payments in January. Jackson presented the Form 7, cash flow report, and check register. Jackson discussed the financial effects of the Tri-State allocation and Highline's deferred revenue plan.

CONSENT AGENDA

The Consent Agenda was revised with the removal of Policy 6-5 Net Metering and the removal of one estate refund application. The revised Consent Agenda contained the following items:

- a. Policy 1-2 Board of Directors (no recommended revisions)
- b. Policy 1-4 Board of Director - Manager Relationship (no recommended revisions)
- c. Safety Committee Report
- 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.

ESTATE REFUND

Attorney Fredregill presented an estate refund application and recommended approval contingent upon the provision of additional supporting documentation from the applicant. It was properly moved, seconded, and carried to approve the estate refund contingent upon the provision of additional supporting documentation from the applicant.

APPROVAL OF BY-LAW AMENDMENTS

Herman presented amendments to the By-Laws regarding electronic participation of board members in board meetings, joint membership clarification, gender language, director nomination petition deadline, and electronic voting by members. Herman reported that the amendments were published after board recommendation of said amendments occurred at the November and December 2021 meetings. Herman reported that Highline received no comments on the proposed amendments. It was properly moved, seconded, and carried to approve the amendments as presented.

Pam Stieb exited the meeting.

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

Leo Brekel entered the meeting.

DISCUSSION WITH NREA EXECUTIVE COMMITTEE

Rick Nelson, Pat Hecox, Greg Strehle, and Kevin Thomas entered the meeting.

The NREA Interim General Manager, and Executive Committee members discussed the goals and current activities of NREA, including the

strategic plan, general manager search, management turnover, and legislation monitoring and participation.

REMOTE BOARD MEETING ATTENDANCE

Manager Herman sought direction from the board on development of a remote director participation policy. The board discussed the circumstances under which it would authorize remote participation and the details that should be addressed by the policy. President Bennett tabled further discussion of the parameters of a policy until next meeting to give board members time to consider.

NEBRASKA REGISTERED AGENT

Manager Herman presented his recommendation to name CT Corporation System as Highline's registered agent for the state of Nebraska. It was properly moved, seconded, and carried to approved CT Corporation System as Highline's registered agent for Nebraska.

APPROVAL OF ACCELERATED DEPRECIATION SCHEDULE

Herman presented his recommendation to accelerate the depreciation schedule of Highline's current phone system so that it is fully depreciated by the end of 2023. Highline will migrate to a hosted solution by the beginning of 2024. It was properly, moved, seconded, and carried to accelerate depreciation of the current phone system as recommended.

WILDFIRE MITIGATION PLAN

Herman proposed development of a wildfire mitigation plan. Options for plan development include utilizing a consulting firm through Federated Rural Electric Insurance or developing a plan internally. Herman discussed internal development with staff and recommends that Highline utilize its staff for plan development. The board discussed ways in which implementation of a wildfire mitigation plan would impact operations and service. The board consented to utilization of staff to develop the plan, which will be presented for board approval at a later date.

FACILITY UPGRADE

It was properly moved, seconded, and carried to go into executive session for confidential discussion regarding a facility upgrade, with the following in attendance: All directors present at the meeting, all managers present at the meeting, Manager Herman, and Attorney Fredregill. It was properly moved, seconded, and carried to exit executive session.

It was properly moved, seconded, and carried to authorize upgrade of a Highline substation and authorize the General Manager to negotiate a member service under the terms discussed in executive session.

SERVICE RELEASE AGREEMENT

Herman presented a request for service where the anticipated load will not recover the costs of extension and where such service may be more economically served by a neighboring utility. It was properly moved, seconded, and carried to authorize the General Manager to execute all documents necessary to allow for service by the neighboring utility, provided such service is determined by the General Manager to be the most economical solution.

TRI-STATE

Leo Brekel reported on his attendance at the regular meeting of the Tri-State Board of Directors. He discussed strategic planning, ongoing regulatory dockets, RTO evaluations, 2021 financials, and Rate Committee updates.

CREA

Jim Lueck reported on his attendance at the regular meeting of the CREA Board of Directors. He discussed bills under consideration, including SB22-118, SB22-90, HB22-1152, and HB22-1218. Lueck also discussed his attendance at the CREA Annual Meeting. He discussed a presentation from Colorado Attorney General Phil Wiser.

NREA

Merlin Prior reported on his attendance at the regular meeting of the NREA Board of Directors. He reported only one bill under consideration affects cooperatives.

WESTERN UNITED

Ted Carter reported on his attendance at the regular meeting of the Western United Board of Directors. Western United is enjoying record breaking sales and is maintaining an expanded inventory to meet demand. Four new members have joined Western United. The St. George warehouse is scheduled to be completed in May.

MEETING ATTENDANCE

The directors discussed attendance at upcoming meetings.

GENERAL MANAGER EVALUATION

Herman presented a preliminary list of his 2022 goals.

FERC UPDATE

Herman presented an update on FERC litigation relevant to Highline.

PUBLIC COMMENT

There was no Public Comment.

ADJOURNMENT

There being no further business to come before the meeting, the meeting was adjourned at 4:23 p.m.



SECRETARY



PRESIDENT