

HIGHLINE ELECTRIC ASSOCIATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
December 15, 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 December 15, 2022.

ROLL CALL

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

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| Mike Bennett | Aaron Sprague |
| Steve Oestman | Merlin Prior |
| Leo Brekel | Ted Carter |
| David Carlson | |

Directors present via videoconference were:

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| Pam Stieb | Jim Lueck |
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Manager Dennis Herman and Attorney Bryson Fredregill were present in person. Staff members Jim Jackson, Rance Ferguson, and Alex Astley were present in person. Staff member Tadius Huser was present via videoconference. Director Brad Stromberger was absent. Directors Carlson and Carter entered the meeting during the Manager's Report. Attorney Bryson Fredregill recorded the minutes of the meeting.

AGENDA APPROVED

The agenda was revised to remove Policy 1-18 Code of Ethics & Conflict of Interest and Policy 2-2 Employee Benefits from the Consent Agenda for separate consideration. The agenda was further revised to add consideration of the contract for the Atwood Substation Project to Emergency Business. The agenda was approved as revised.

MINUTES APPROVED

The minutes of the November 17, 2022, regular meeting of the board of directors were presented. It was properly moved, seconded, and carried to approve the minutes as presented.

MANAGER'S REPORT

Director Carlson entered the meeting.

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 2022. Herman discussed variances from budget.

Director Carter entered the meeting.

Herman reported that Ormat did not run in November.

Herman presented a request for support from NRECA International. He reported that Highline typically supports the program through lineman participation.

Herman presented an updated legal billing summary for Highline's participation in FERC legal proceedings.

Herman presented the CREA director compensation survey.

Herman reported on the status of the Tri-State FERC dockets. Answers were filed in response to the motion to strike and exceptions in the CTP docket.

The board discussed delegating the initial board applicant review to a committee. President Bennett appointed a committee consisting of Directors Prior, Stieb, Oestman, Carter, and Bennett to review applicants for the board vacancy.

Herman requested that the board consider rescheduling the January regular meeting of the board of directors to avoid conflicting with the Tri-State CEO meeting scheduled for the same day. It was properly moved, seconded, and carried to move the January regular meeting of the board of directors to January 25, 2023, at 9 a.m.

OPERATIONS AND SAFETY REPORT

Operations Manager Rance Ferguson presented the Operations and Safety Report. Ferguson reported on substation activity, including replacement of a 69 kV transformer at the Iliff Substation. Ferguson updated the board on the outages and the loss of three poles during the December 2nd windstorm. Ferguson updated the board on the rebuild progress of a line out of the Alvin Substation. Ferguson reported that contractors have been working on the line north of the Sterling office, and Highline should be able to put the Atwood Substation back into service soon. Ferguson reported on crew activities.

MEMBER SERVICES REPORT

Member Services Manager Tadius Huser presented the Member Services Report. He discussed new services, rebates, renewable systems, RLF and RESP loan activity, and EV charging station activity. He reported that Highline will be participating in an NRECA consortium bid for the Department of Energy Grid Resilience and Innovation Partnerships Program. Three the five projects proposed by Highline were selected by NRECA for inclusion in the bid.

ENGINEERING REPORT

Engineering Manager Alex Astley presented the Engineering Report. He reported on engineering activity, including modification to capacitor bank construction specifications. He reported on IT's preparations for the 2023 cyber audit, including configuration and testing of data backup systems. Astley reported that all Highline services are metered by AMI. Astley reported on large projects, including repair of the Iliff transformer, the Sterling-West Plains Transmission Line rebuild, the Atwood Substation Project, and AMI implementation.

CORPORATE SERVICES REPORT

Corporate Services Manager Jim Jackson presented the Corporate Services Report. Jackson presented CFC Commercial Paper

Investments as of November 30, 2022. Highline paid \$2,754.33 in fees on \$189,072.48 worth of credit card payments in November. Jackson presented the Form 7 and discussed equity after retirement of capital credits. Jackson also presented the cash flow report, check register, and inventory report.

CONSENT AGENDA

The Consent Agenda contained the following items:

- a. Revised Policy 2-4 Wages and Salary Administration
- b. New Members and Membership Refunds
- c. Subordination Agreements or Release of Liens
- d. Estate Capital Credit Refunds

The Consent Agenda was approved by unanimous consent.

POLICY 1-18 CODE OF ETHICS & CONFLICTS OF INTEREST

General Manager Herman presented a revised Policy 1-18 Code of Ethics & Conflicts of Interest. It was properly moved, seconded, and adopted as presented.

POLICY 2-2 EMPLOYEE BENEFITS

General Manager Herman presented Policy 2-2 Employee Benefits. Herman discussed PTO practices. Further consideration of the policy was tabled until the next meeting.

VEHICLE BID DISCUSSION AND APPROVAL

Ferguson presented the responses to bid solicitation for replacement of five Highline vehicles. Trans West was the only respondent. Trans West is anticipating fulfillment in approximately six months. It was properly, moved, seconded, and approved to accept the bid from Trans West as presented.

UPDATE ON IRA AND IIJA FUNDING OPPORTUNITIES

Manager Herman presented Highline's submission of projects to be included in the NRECA consortium for IRA and IIJA funding opportunities. NRECA is including Highline's recloser project, volt/var project, and an AMI project in the consortium bid. Highline is also monitoring funding opportunities related to cybersecurity.

HAXTUN REDL&G

General Manager Herman updated the board on Highline's proposed REDL&G lending support of the Haxtun Hospital District Facility Construction Project. Legal counsel is working on debt security structure. An appraisal is also expected soon.

GENERAL MANAGER EVALUATION DISCUSSION

Manager Herman presented the board's 2022 General Manager Goals and a summary of his responsive actions. President Bennett established January 15, 2023, as the deadline for return of general manager evaluation forms. Bennett will compile the results, and the general manager's evaluation will occur at the January 2023 board meeting.

TRI-STATE

Director Leo Brekel reported on his attendance at the regular meeting of the Tri-State Board of Directors. He reported that the Tri-State board approved the 2023 Operating Budget and a capital credit retirement of \$10 million. He reported that coal fleet generation was at 90% availability and 58% of total power supply. The Tri-State board also approved a waiver of Board Policy 503, Section A-1, allowing for a 2023 debt service ratio of 1.1. The budget also anticipates the use of \$46 million in deferred revenue, resulting in a net margin of \$1.6 million for the year. The Tri-State board received a presentation from the Southwest Power Pool on its regional transmission organization.

Manager Herman reported on his attendance at the Tri-State Rate Committee meeting. The Tri-State board is seeking to implement a new rate by mid-2023. Herman anticipates that the recommended rate will be protested, which may delay implementation. Herman discussed how the recommended rate may affect tilt and Highline's cost of power. It is Herman's belief that the Rate Committee will recommend no direct assignment of transmission costs.

President Bennett recessed the meeting at 12:05 p.m. and reconvened at 1:02 p.m.

Jim Jackson exited the meeting.

CREA

Director Jim Lueck reported on his attendance at the regular meeting of the CREA Board of Directors. He reported that PSCo was receptive to CREA's comments on its proposed resource adequacy bill. CREA acquired Rocky Mountain Utility Exchange.

WESTERN UNITED

Director Ted Carter reported that the next meeting of the Western United Electric Board of Directors will occur on January 26, 2023. Western United has \$241 million in year-to-date sales and will retire \$2.2 million in capital credits.

NREA

Directors Prior and Brekel reported on their attendance at the NREA quarterly and annual meetings. Prior reported that the anticipated legislative topics may include net metering, EV charging, mobile generators, transmission lines, public information, and merger potential. The ACRE auction generated over \$4,000.00 in revenue. There was discussion regarding the potential of nuclear power as a clean energy resource.

MID-WEST ELECTRIC CONSUMERS

Director Lueck and Manager Herman reported on their attendance at the Mid-West Electric Consumers Annual Meeting. Herman reported

that there was discussion about climate change and historic flows in the Missouri Basin.

MEETING ATTENDANCE

The directors discussed attendance at upcoming meetings.

EMERGENCY BUSINESS

Manager Herman reported that the contract for the Atwood Substation Project is out for bid and Highline is awaiting the results. The project includes replacement of a transformer, fuse protection, foundations, and low side recloser. The original work plan estimate for the labor portion of the project was for under \$500,000.00, and Herman anticipates that the amount Highline will pay the contractor will remain below \$500,000.00. Herman asked for the authority to accept the low bid, with final ratification at the January 2023 meeting. It was properly moved, seconded, and carried to authorize the general manager to accept the low bid for the Atwood Substation Project.

PUBLIC COMMENT

There was no Public Comment.

ADJOURNMENT

There being no further business to come before the meeting, the meeting adjourned at 1:37 p.m.



SECRETARY



PRESIDENT