

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

ROLL CALL

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

Mike Bennett	Aaron Sprague
Merl Miller	Steve Oestman
Jim Lueck	Ted Carter
Merlin Prior	Leo Brekel
David Carlson	Pam Stieb
Brad Stromberger	

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

AGENDA APPROVED

The agenda was revised to remove Policy 3-7 Scholarships from the Consent Agenda for separate consideration. The Agenda was approved as revised.

MINUTES APPROVED

The minutes of the October 20, 2022, regular meeting of the board of directors were presented. The minutes were revised to correct misspellings of the word "lightning." The minutes were approved as revised.

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 October 2022. Herman discussed variances from budget and presented the Ormat report, which showed a year-to-date net benefit of \$10,352.86.

Aaron Sprague reported on RRWCD matters. The RRWCD will be holding meetings to consider modification of the compensation structure for well retirements.

Herman reported that CREA will be taking a more supportive position on Xcel's proposed resource adequacy bill. Herman also updated the board on the status of Tri-State's matters before FERC and the cost of Highline's participation in said matters. Herman reported that CREA dues will be increasing 6.2%, which is driven in part by increased costs to produce Colorado Country Life.

Engineering and operations are working on a plan to repair a transformer that is experiencing an internal arcing fault as indicated by dissolved gas analysis. Herman reported that staff is

reviewing Inflation Reduction Act and Infrastructure Investment and Jobs Act programs for opportunities that could benefit Highline. Highline is working with CREA to submit comments on the USFWS proposed rulemaking regarding incidental eagle takes.

Herman proposed that Highline provide Christmas bonuses to all employees in the net amount of \$200.00. It was properly moved, seconded, and carried to provide Christmas bonuses as presented.

Herman also reported on Highline's return to NRECA's health insurance plan, consideration of sharing an IT FTE with Mid-West Electric, and the status of the CFC Integrity Fund.

OPERATIONS AND SAFETY REPORT

Operations Manager Rance Ferguson presented the Operations and Safety Report. Ferguson reported on substation activity, including coordinated efforts with WAPA to make repairs at the Julesburg Substation. Ferguson also reported on personnel matters, including safety training and the advancement of Ben Kafka to Journeyman Lineman. Ferguson reported that the contractor has begun work on the Sterling substation to West Plains Substation rebuild. Ferguson also provided an update on crew activities.

MEMBER SERVICES REPORT

Member Services Manager Tadius Huser presented the Member Services Report. He discussed the upcoming director election and reported on new services, rebates, renewable systems, RLF and RESP loan activity, and EV charging station activity.

ENGINEERING REPORT

General Manager Herman presented the Engineering Report. Herman discussed interdepartmental personnel transitions.

CORPORATE SERVICES REPORT

Corporate Services Manager Jim Jackson presented the Corporate Services Report. Jackson presented CFC Commercial Paper Investments as of October 30, 2022. Highline paid \$3,216.59 in fees on \$238,424.45 worth of credit card payments in October. Jackson presented the Form 7 and discussed entries for "Non-operating Margins - Interest" and "Non-Operating Margins - Other." Jackson also presented the cash flow report, check register, and inventory report.

CONSENT AGENDA

The Consent Agenda contained the following items:

- a. Policy 3-5 Procedures for Oversized Loads (no recommended revisions)
- b. Policy 3-6 Use of Community Room (no recommended revisions)
- c. New Members and Membership Refunds
- d. Subordination Agreements or Release of Liens
- e. Estate Capital Credit Refunds

The Consent Agenda was approved by unanimous consent.

POLICY 3-7 SCHOLARSHIPS

General Manager Herman presented a revised Policy 3-7. It was properly moved, seconded, and adopted as presented.

APPOINTMENT OF NREA DELEGATE

General Manager Herman reported that he submitted Merlin Prior as Highline's NREA board delegate. It was properly moved, seconded, and carried to ratify Merlin Prior as Highline's delegate to the NREA Board of Directors.

DIRECTOR VACANCY DISCUSSION

General Manager Herman presented a proposed process and timeline for filling the vacancy created by Merl Miller's retirement from the Highline Electric Association Board of Directors.

WILDFIRE MITIGATION PLAN

General Manager Herman presented Highline's proposed Wildfire Mitigation Plan. Herman reported that Operations and Engineering worked together to identify "at risk" areas within Highline's territory. The plan provides protective protocols during high fire risk periods, including setting SCADA-controlled reclosers to one shot during such periods. The plan also requires line patrol prior to energizing lines in at risk areas during high fire risk periods. It was properly moved, seconded, and carried to adopt the plan as presented subject to annual review.

HAXTUN REDL&G

General Manager Herman updated the board on negotiations regarding Highline's proposed support in the form of REDL&G lending of the Haxtun Hospital District Facility Construction Project. Haxtun Hospital District has requested that Highline modify its security requirements to allow for the participation of another lender. The second lender is currently engaged in appraisal of the project, after which Highline will need to determine if it is willing to modify its security requirements for the project.

DISCUSSION ON 2022 CAPITAL CREDIT RETIREMENT

Jim Jackson presented the staff proposed 2022 capital patronage retirement. Jackson presented the relevant loan covenants and Highline policy goals. It was properly moved seconded and carried to retire 46.54% of 2001 allocated Tri-State capital credits and 100% of 2006 allocated Highline Electric Association capital credits, which amounts will be inclusive of estate retirements.

2023 BUDGET DISCUSSION

The Board reviewed and discussed revisions to the 2023 budget. The budget as presented accounts for the wage increase, medical insurance increase, and 240 million kWh in irrigation sales. Manager Herman recommended that there be no rate increase at this time. It was properly moved, seconded, and carried to adopt the budget as presented.

TRI-STATE

Director Leo Brekel reported on his attendance at the regular meeting of the Tri-State Board of Directors. Brekel discussed Tri-State financial results through September 30, 2022, including monthly margins that exceeded budget by approximately \$30,532,000.

Tri-State will be setting aside an additional \$2 million for rate refunds. Brekel reported that Tri-State's asset retirement obligations increased by approximately \$29.3 million. Brekel reported on discussions related to the 2023 budget, which will be considered for adoption at the December regular meeting of the Tri-State Board of Directors.

CREA

Director Jim Lueck reported on his attendance at the regular meeting of the CREA Board of Directors. He discussed CREA's consideration of Xcel's proposed resource adequacy bill.

President Bennett recessed the meeting at 12:05 p.m. and reconvened at 12:52 p.m.

WESTERN UNITED

Director Ted Carter reported that there was no meeting of the Western United Electric Board of Directors.

BASIN ELECTRIC ANNUAL MEETING

Director Leo Brekel reported on his attendance at the Basin Electric Annual Meeting. Basin elected to return an additional \$115 million in bill credits.

TRI-STATE RATE COMMITTEE

General Manager Herman reported on his attendance at the Tri-State Rate Committee meeting. The committee continues to discuss formulary rates and unbundling transmission. Proposals for consideration of a seasonal demand rate failed in committee.

MEETING ATTENDANCE

The directors discussed attendance at upcoming meetings.

EXECUTIVE SESSION

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

PUBLIC COMMENT

There was no Public Comment.

ADJOURNMENT

There being no further business to come before the meeting, the meeting adjourned at 2:06 p.m.

Merle R. Prior

SECRETARY

W. B. ...

PRESIDENT