

HIGHLINE ELECTRIC ASSOCIATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
January 18, 2018

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 January 19, 2018.

ROLL CALL

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

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

Manager Farnsworth and attorney Williamson were also present. Attorney Williamson recorded the minutes of the meeting. Director Brad Stromberger was absent. Director Sprague entered the meeting after the lunch recess.

AGENDA

The Agenda was revised and approved as revised.

MINUTES APPROVED

The minutes of the December 21, 2017 meeting were approved as presented.

MANAGER'S REPORT

Manager Farnsworth presented graphs of the kWh Purchased and kWh sold for December 2017. Farnsworth presented and reviewed the Ormat summary for December 2017. Highline recognized \$13,143.42 in savings in December and \$106,483.19 in 2017.

Jason Doleshall presented online credit card security training.

Farnsworth reported on his discussion with the Colorado Energy Office regarding electric vehicle charging stations along I-76 in Highline's territory. He reported on Xcel's plan to close two coal plants, replacing the generation with renewable generation. Farnsworth reported on his attendance at the Tri-State Managers' meeting. Tri-State is concerned about Highline's plan to sell DIY solar kits to Highline members. Highline might be able to receive federal funding for avian protection efforts on Highline's system.

Farnsworth and Dennis Herman reported that the proposed remodel of the Holyoke office did not happen in 2017 as budgeted. The \$25,000 budget item for the remodel is not in the 2018 budget. Staff would like to complete the remodel in 2018. Herman presented plans for the remodel. It was properly moved, seconded and carried to amend the 2018 budget to include \$25,000 for the remodel.

ENGINEERING REPORT

Trent Loutensock presented the January Engineering Report. He reported on the status of construction projects, including the Ovid and Crook rebuilds. He reported on Sedgwick transformer warranty issues, the AMI project, and mobile substation testing.

OPERATIONS REPORT

Rance Ferguson presented the January Operations Report. He reported on annual equipment testing, the Federated inspection, and construction crew projects.

Ferguson presented the safety committee report. There were no lost-time accidents. He presented the outage report.

MEMBER AND CORPORATE SERVICES REPORT

Dennis Herman presented the January Member and Corporate Services Report. The Cushion of Credit balance was \$2,533,782.99 as of 12-31-17. HEA had \$12 million in CFC Select Notes as of 1-11-18. HEA paid \$1,529.09 in fees on \$115,169.65 worth of credit card payments in December. Herman reported on new services, rebates and the Ovid daycare REDL&G loan. Ovid put their loan request on hold. Herman presented the Form 7, cash flow, check register.

POLICY 1-1

Manager Farnsworth presented Policy 1-1. It was properly moved, seconded, and carried that Policy 1-1 be approved as presented.

POLICY 1-1a

Manager Farnsworth presented Policy 1-1a. It was properly moved, seconded, and carried that Policy 1-1a be approved as presented.

SAFETY COMMITTEE REPORT

It was properly moved, seconded, and carried that the Safety Committee Report be approved as presented.

APPROVE NEW MEMBERS

It was properly moved, seconded, and carried that the list of new members listed below be accepted as members of Highline.

Armatoski, Paul
7M, LLC
Bornhoft, Bill
Brierly, Amanda
Brophy Farms, LLLP
Cabera, Yolanda
Clark, Brittany
De La Rosa, Miguel
Everhart, Denise Y.
Gap Farms, LLC
Hernandez, John Jr.
Hunt, Kelly
Jacobs, Jeff
Johnson, Chris
Johnson, Suzanne
Mathews, Tod W.
Meisner, Linda
Mitchek Cattle Co #1, LLC
Mills, David

Murphy, Joy
Pratt, Vincent
Rosen, Matthew
Schofield, Nikki
Svacina, Jeff
Taylor, Cheryl

SUBORDINATION AGREEMENTS CONTRACTS AND RELEASE OF LIENS

It was properly moved, seconded, and carried that the following Subordination Agreements, Contracts, and Releases be approved:

Contract and Lien Releases

Joe Weiss
Joje, Inc.
Henry F. Schaffer Trust
Sally R. Schaffer
C&S Farms, Inc.-2

Subordination Agreements

Bruce Gerck & Shirley K. Gerck
George L. Seward & Debra D. Seward-22

ESTATE CAPITAL CREDIT REFUNDS

It was properly moved, seconded, and carried that the following capital credit refunds be approved:

Steve Kurtzer	\$ 567.33
Katherine Percifield	687.70
Thelma L. Waln-Muncy	6,571.28
Bruce D. Woodhams	1,066.78

Assignments:

J-Brack Farm Co., Inc.	\$ 19.30
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2018 BUDGET DISCUSSION

Manager Farnsworth reported that Highline's auditor approved the change in treatment of Tri-State capital credits as approved at the December 2017 Board meeting, which approval confirms said action.

It was properly moved, seconded and carried to go into executive session to receive privileged legal advice from Attorney Williamson regarding the change, with the following in attendance: All Directors present at the meeting, Rance Ferguson, Dennis Herman, Manager Farnsworth and Attorney Williamson. It was properly moved, seconded and carried to exit executive session.

Manager Farnsworth presented an analysis of the projected impacts of the change in treatment of Tri-State capital credits.

VEHICLE BIDS

Ferguson presented bids for four new vehicles. One bid from Bonanza Ford was received for each vehicle. It was properly moved, seconded and carried to accept the Bonanza bid for all four vehicles.

TOWN OF ILIFF RLF

Manager Farnsworth presented documents to refinance the Town of Iliff Revolving Loan Fund loan. It was properly moved, seconded and carried to approve the documents as presented.

SOLAR PROJECT

Manager Farnsworth reported on the status of the solar project. Manager Farnsworth will submit a Tri-State Policy 115 request to Tri-State once all information is ready.

MEMBER REQUEST

Director Kinnison reported that a member asked him to address the Board about capital credits held by a corporation. Specifically, the member desires to receive an early retirement of capital credits held by a corporation due to the death of her husband, a shareholder of the corporation. The Board discussed Policy 4-1, limiting corporations to assigning capital credits upon the dissolution of the corporation. It was noted that corporations can assign capital credits to its shareholders before their death, allowing said shareholders' estates to receive an early retirement upon the shareholder's death.

President Bennett recessed the meeting at 12:10 p.m. for lunch and reconvened at 1:05 p.m. Director Aaron Sprague entered the meeting.

The Board continued discussion of Policy 4-1.

TRI-STATE

Leo Brekel reported on the regular meeting of the Tri-State Board of Directors and the Tri-State Board's strategic planning session. Craig Unit 3 suffered an unplanned outage. Tri-State is discussing how to treat United Power's proposed battery storage. Tri-State should end 2017 on budget. Tri-State is now projecting five years with no rate increases.

CREA

Director Lueck reported that there was no regular meeting of the CREA Board of Directors. CREA is watching proposed legislation that would require Colorado electric generation to be 100% renewable by 2035. CREA does not expect it to pass. Manager Farnsworth reported on proposed legislation.

Western United

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

NREA

Merlin Prior reported that there was no meeting of the NREA Board of Directors.

MEETING ATTENDANCE

The directors discussed attendance at upcoming meetings. Director Oestman will be Highline's Western United delegate and Ted Carter his alternate.

EMERGENCY BUSINESS

Manager Farnsworth presented a resolution to amend Highline's Revenue Deferral Plan. It was properly moved, seconded and carried to approve the resolution as presented.

GENERAL MANAGER EVALUATION

It was properly moved, seconded and carried to go into executive session to discuss the General Manager's evaluation, with the following in attendance: All Directors present at the meeting, Attorney Williamson, and Manager Farnsworth. It was properly moved, seconded and carried to come out of executive session.

PUBLIC COMMENT

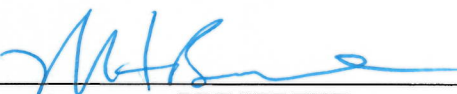
There was no Public Comment.

ADJOURNMENT

There being no further business to come before the meeting, the meeting was adjourned at 2:45 p.m.



SECRETARY



PRESIDENT