

HIGHLINE ELECTRIC ASSOCIATION  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
May 17, 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 May 17, 2018.

ROLL CALL

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

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

Manager Farnsworth and Attorney Fredregill were also present. Attorney Fredregill recorded the minutes of the meeting. Directors Leo Brekel, David Kinnison, and Brad Stromberger were not present at the meeting.

AGENDA

The Agenda was revised and approved as revised.

MINUTES APPROVED

The minutes of the April 19, 2018 meeting were approved as presented.

MANAGER'S REPORT

Manager Farnsworth presented graphs of kWh Purchased, kWh Sold, Operating Revenue, Expenses, Operating Margins, Cash and Investments through April 2018. Farnsworth noted that where the Operating Margins graph indicated that April operating margins were \$156,514 better than budget, April's operating margins were, in fact, worse than budget by the same amount. Farnsworth presented and reviewed the Ormat summary for April 2018. Highline recognized savings of \$4,339.98 in April and \$48,730.45 Y-T-D. Farnsworth reported on a project with URNRD to coordinate 15 Sensus meters with URNRD's water meters as part of the Sensus buildout. This will allow Highline to provide daily meter data to URNRD during the 2018 irrigation season. Farnsworth reported that the closing date for transfer of Highline's 115 kV assets to Tri-State pursuant to Tri-State's Board Policy 109 is set for June 29, 2018. Farnsworth reported on the 2018 Pedal the Plains. It was properly moved, seconded, and carried to sponsor the 2018 Pedal the Plains in the amount of \$500.00.

Farnsworth reported on the Highline Riverview Solar Project. Highline is working on completion of a Member Generation Contract with Tri-State and a Power Purchase Agreement with Microgrid.

ENGINEERING REPORT

Trent Loutensock presented the May Engineering Report. He reported on the status of construction projects, substation

testing, and the AMI project. Highline is currently very active with tower site acquisition and installation.

#### OPERATIONS REPORT

Rance Ferguson presented the May Operations Report. Ferguson reported on the acquisition of a bucket truck for Sterling. Custom Truck had offered \$12,000.00 for Sterling's old bucket truck, but the Ovid Crew, which has been using Sterling's old bucket truck, requested that they be allowed to continue to use Sterling's old truck and trade in Ovid's old bucket truck instead. While Custom Truck will not take the Ovid's old truck, they advised that Highline could expect approximately \$5,000.00 if it were sold outright. It was properly moved, seconded, and carried to authorize movement of Sterling's old bucket truck to the Ovid Crew.

Ferguson reported on substation switching, contractor activity, installation of the Alvin East Monopole, hotline school, and the activities of the Holyoke, Sterling, and Ovid crews.

Ferguson presented the safety committee report. There were no accidents. The Safety Committee discussed an employee's close call with a tow rope. Ferguson presented the outage report.

#### MEMBER AND CORPORATE SERVICES REPORT

Dennis Herman presented the May Member and Corporate Services Report. The Cushion of Credit balance was \$3,050,444.85 as of 4/30/18. Highline had \$8,500,000 in CFC investments as of 5/10/18. Highline paid \$1,494.08 in fees on \$130,999.07 worth of credit card payments in April. Herman reported on new services and rebates. He presented the Form 7, cash flow, and check register.

#### POLICY 1-11

Manager Farnsworth presented Policy 1-11. It was properly moved, seconded and carried to approve Policy 1-11 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.

Belke, Steve  
Hess, Daniel  
Johnson, Mischelle  
Knowlton, Bryce "Rowe"  
Lineberger, Randy  
Sawyer, Jon  
Seidel, Miranda  
Young, Edward  
Gavora, Jena  
Smith, Steve D

Heskett, Ernest  
Hinojosa, Manuel Angel  
Kaus, Jeremy & Mandy  
Lange, Laurie  
Pennington, Megan  
Schellenger, Dan  
Weisgerber, John  
Austin, Wilma A  
Norred, Shelly L  
Sonneman, Tamela

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 & Lien Releases

Ballyneal LLC  
Ballyneal Golf, Ltd. - Partial

Subordination Agreements

Mer-Dell Enterprises, Inc. - 3  
Gail L. Haynes & Cynthia A. Haynes  
Brophy Farms LLLP

ESTATE CAPITAL CREDIT REFUNDS

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

Merle F. Jackson                      \$2,967.00

DISCUSSION WITH NREA GM

Kim Christiansen, General Manager for NREA, presented on topics concerning NREA and its members. She discussed the ways in which NREA adds value for its members, including collaboration, job training, education, communication, and government relations. She also discussed ways in which NREA is considering adding value in the future, including cyber security, IT support, ongoing education, joint resource development, and revival of the NREA Foundation.

Executive Session

It was properly moved, seconded, and carried to go into executive session for attorney-client privileged discussion and legal advice related to potential bylaw and policy changes, to receive confidential information for negotiations related to the potential acquisition of real property, and for discussion of confidential member information, with the following in attendance: All directors present at the meeting, Rance Ferguson, Dennis Herman, Trent Loutensock, Manager Farnsworth, and Attorney Fredregill. Elise Pocock was present for portions of the executive session. It was properly moved, seconded and carried to come out of executive session.

President Bennett recessed the meeting for lunch at 12:05 p.m. and reconvened at 12:48 p.m.

POLICY 4-1 EQUITY AND CREDIT MANAGEMENT

Manager Farnsworth presented a revised Policy 4-1. It was properly moved, seconded, and carried that Policy 4-1 be approved as presented.

Possible Acquisition of Land

Farnsworth presented an offer for sale of 5.12 acres of land. It was properly moved, seconded, and carried to authorize Manager Farnsworth to negotiate the purchase of 5.12 acres of land under the terms discussed in executive session.

#### BAD DEBT WRITE-OFF

Manager Farnsworth presented a proposed list of bad debts to be written off. It was properly moved, seconded and carried to write-off \$10,764.03 as presented.

#### RRWCD Well Retirement Discussion

Manager Farnsworth reported on a request for retirement of 13 irrigation wells that were recently purchased by the Republican River Water Conservation District (RRWCD). Of these 13 wells, three will be needed for RRWCD compliance needs in approximately three years. Farnsworth discussed several options regarding the treatment of the wells, including retirement and rebuild, change of the wells to an augmentation rate, and charging the minimum charge for unused irrigation service that stays in service. The consensus of the board was that an augmentation rate was most appropriate given the circumstances.

#### Public Comment

Lynn Fortkamp presented a complaint to the board regarding charges he received for an underbilling. The board agreed to discuss the matter further and advise Manager Farnsworth of their decision on the matter.

#### TRI-STATE

Manager Farnsworth presented the Tri-State report with information provided by Director Brekel from his attendance at the most recent regular meeting of the Tri-State Board of Directors. He reported that the Tri-State Board discussed and tabled Policy 115. He reported that Xcel has decided to exit the Mountain West Transmission Group. As a result of the Finance and Audit Committee's review of Board Policy 503, the equity capitalization ratio goal was modified to allow more flexibility to retire additional patronage capital in the future, and a new goal formalizing the process of deferring revenue was approved. Farnsworth presented slides on topics including 2017 energy use, member sales volume, and renewable energy.

#### CREA

Jim Lueck reported on his attendance at the regular meeting of the CREA Board of Directors. He reviewed legislation from the 2018 session.

#### WESTERN UNITED ELECTRIC

Ted Carter reported on his attendance at the regular meeting of the Western United Board of Directors. Western United has two new members.

NREA

Manager Farnsworth reported on the most recent meeting of the Nebraska Rural Electric Association. Revenue and expenses are both better than budget. Total assets are down. The issues opposed by NREA in the Nebraska legislature failed, and the issues supported by NREA passed.

MEETING ATTENDANCE

The directors discussed attendance at upcoming meetings.

ADJOURNMENT

There being no further business to come before the meeting, the meeting was adjourned at 2:38 p.m.



SECRETARY



PRESIDENT