

HIGHLINE ELECTRIC ASSOCIATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
January 17, 2019

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 17, 2019.

ROLL CALL

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

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

Manager Farnsworth and attorney Williamson were also present. Attorney Williamson recorded the minutes of the meeting. Director Leo Brekel was absent.

AGENDA

The Agenda was revised and approved as revised.

MINUTES APPROVED

The minutes of the December 20, 2018 meeting were approved as presented.

UNITED POWER

John Parker, United Power CEO, and United Power employees Dean Hubbard and Jerry Marizzo gave a presentation regarding United Power's proposed amendments to the Tri-State Bylaws to allow for partial requirements membership. They left the meeting after their presentation.

RIVERVIEW SOLAR PROJECT

Jon Sullivan, with Pivot Energy, reported on the status of the solar project. Pivot is asking to add a five-year extension to the PPA.

MANAGER'S REPORT

Manager Farnsworth presented graphs of the kWh Purchased and kWh sold for December 2018. Farnsworth presented and reviewed the Ormat summary for December 2018. Highline recognized \$17,249 in savings in December and \$149,680 in 2018.

Aaron Sprague reported on RRWCD matters. Farnsworth reported on ACRE, the DMEA v. Tri-State dispute and Nebraska legislative matters.

ENGINEERING REPORT

Manager Farnsworth presented the January Engineering Report as prepared by Trent Loutensock. Farnsworth reported on the status of the AMI project and cyber security measures at Highline.

OPERATIONS REPORT

Rance Ferguson presented the January Operations Report. He reported on annual equipment testing, line crew projects, and construction crew projects. Ferguson reported that electric contractors are paying linemen \$50.00 per hour, making it difficult for distribution co-ops to hire linemen.

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

MEMBER SERVICES REPORT

Tadius Huser presented the January Member Services Report. Huser reported on new services, rebates and community involvement. Huser reported on the status of member solar net-metering projects and activity with the Revolving Loan Fund. He reported on his discussions with Energy Smart Colorado regarding energy audits. Huser is working on a potential REDL&G loan.

CORPORATE SERVICES REPORT

Dennis Herman presented the January Corporate Services Report. The Cushion of Credit balance was \$5,901,691.04 as of 12-31-18. HEA had \$2.5M million in CFC Select Notes as of 1-11-19. HEA paid \$1,466.51 in fees on \$115,759.68 worth of credit card payments in December. RUS will allow prepayment of FFB notes with cushion of credit funds with no prepayment penalty or premium. Herman will change bill printers due to issues with the new printer. Herman presented the Form 7, cash flow, and check register.

President Bennett recessed the meeting at 12:09 p.m. for lunch and reconvened at 12:45 p.m.

POLICY 5-2

Manager Farnsworth presented Policy 5-2. It was properly moved, seconded, and carried that Policy 5-2 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.

Barkley Ventures, LLC
Barbey, Catrina
Barnard, Eric
Battelle Memorial Institute
Campbell, Nick
Fannie Mae
Fundus, Tara
Fuyivara, Flor
Jacquez, Julio
Japp, Nathan

JL Hay Service
Knuppel, Brent
Krening, Casey
Lee, Nicole
Riemenschneider, Dawn
Russell W. Dilley Trust
Ware, Karina
Yost Settlement Trust

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

Billy R. Lundock
Boerner Bros. Partnership
Boerner Inc.
Douglas A. Denney

ESTATE CAPITAL CREDIT REFUNDS

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

Andersen Farms-Byron Andersen \$	167.11
RJ Atkin Jr.	130.60
Ruth A. Haarberg	293.99
Harold A. Harms	1,175.66
June Jennings	8.64
Jim Muths	968.74
Dennis Palser	674.16
Kim Silvester	7,880.32
Gerald D. Webb	610.21
Donald M. Wisdom	554.64

POLICY 2-13

Farnsworth presented Policy 2-13 for discussion. The Board directed staff to revise Policy 2-13 and bring it back for approval at the next regular meeting of the Board of Directors.

POLICY 1-22

Manager Farnsworth presented revised Policy 1-22. It was properly moved, seconded and carried to approve Policy 1-22 as presented.

POLICY 6-7

Manager Farnsworth and Tadius Huser presented Policy 6-7. The Board revised the policy to add language limiting the number of loans to 25 per year.

BYLAW AMENDMENT

Notice of the following proposed amendment to the Highline Electric Association Bylaws was published in the December issue of the Colorado Country Life magazine:

The amendment will add language to Section 3 of Article III of the Bylaws as set forth below in red and will add Section 12 to Article III as set forth below in red.

ARTICLE III

DIRECTORS

Qualification and Tenure

Section 3. *[Paragraph 1 of Section 3 will remain unchanged and is omitted from this Notice]*

No member shall be eligible to become or remain a director who; is not a member of the Cooperative; is employed by or financially interested in a competing enterprise; is a close relative of an incumbent director, or of an employee of the Cooperative; **is an employee of the Cooperative or was an employee of the Cooperative during the three (3) years preceding the date of election or appointment to the Board; is an employee of Western United Electric Supply Corporation, or other electric supply company in which Cooperative is a member, Colorado Rural Electric Association, or Tri-State Generation & Transmission Association, Inc., or other generation and/or transmission company providing or seeking to provide generation or transmission services to Cooperative, or was an employee of such an entity during the three (3) years preceding the date of election or appointment to the Board;** does not reside in the director district he or she is to represent, except notwithstanding that he or she is not receiving service from the Cooperative at his or her primary residential abode, he or she (1) is in substantial permanent occupancy, direction or use of premises served by the Cooperative, and (2) is a permanent and year-round resident within or in close proximity to an area served by the Cooperative.

[Remainder of Section 3 will remain unchanged and is omitted from this Notice]

Former Director as Employee

Section 12. No person shall be eligible to become a Cooperative employee who served as a Director within three (3) years before the proposed hire date.

It was properly moved, seconded and carried to approve the amendment to the Bylaws as published in the December issue of the Colorado Country Life magazine.

REVOLVING LOAN COMMITTEE

Tadius Huser presented an application for a loan from Highline's Revolving Loan Fund. The application is for \$50,000 for a new business, Docupots. After discussion, it was properly moved,

seconded and carried to authorize staff to process the loan and to bring final documents to the Board for approval.

DEFERRED REVENUE

Manager Farnsworth reported that the 2018 budget called for \$1M of deferred revenue to be recognized in 2018. Farnsworth reported that Highline does not need the full \$1M to meet financial ratios. Farnsworth presented a resolution amending Highline's Revenue Deferral Plan to recognize \$300,000 in 2018, \$1.5M in 2019 and \$200,000 in 2020. It was properly moved, seconded and carried to approve the resolution as presented.

RIVERVIEW SOLAR PROJECT

The Board discussed Pivot Energy's request to extend the solar PPA by five years. It was properly moved, seconded and carried to approve a five-year extension to the PPA under the same terms as the original 10-year extension.

TRI-STATE

Manager Farnsworth presented the written report from the Tri-State Board of Directors meeting. Farnsworth discussed issues surrounding United Power's proposed partial requirements membership. Tri-State will hold a special meeting of its members on March 6, 2019.

CREA

Director Lueck reported that there was no regular meeting of the CREA Board of Directors. He reported on his attendance at the legislative phone conference. He reported on bills that CREA is monitoring.

WESTERN UNITED

Ted Carter reported that there was no regular meeting of the Western United Electric Board of Directors. He presented the written financial report.

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 a potential real estate transaction, with the following in attendance: all directors present at the meeting, manager Farnsworth and attorney Williamson. It was properly moved, seconded and carried to come out of execution session.

PUBLIC COMMENT


There was no Public Comment.

ADJOURNMENT

There being no further business to come before the meeting, the meeting was adjourned at 3:00 p.m.



SECRETARY



PRESIDENT