

HIGHLINE ELECTRIC ASSOCIATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
July 18, 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 July 18, 2019.

ROLL CALL

Vice President Jim Lueck presided at the meeting. Directors present were:

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| Jim Lueck | David Kinnison |
| Leo Brekel | Merl Miller |
| Steve Oestman | Merlin Prior |
| Pam Stieb | Brad Stromberger |

Manager Herman and Attorney Fredregill were also present. Attorney Fredregill recorded the minutes of the meeting. Directors Mike Bennett, Ted Carter, and Aaron Sprague were absent.

AGENDA

The Agenda was revised and approved as revised.

MINUTES APPROVED

The minutes of the June 20, 2019 meeting were reviewed and approved.

MANAGER'S REPORT

Manager Herman presented graphs of kWh Purchased, kWh Sold, Operating Revenue, Expenses, Operating Margins, and Cash & Investments for June 2019. Herman presented and reviewed the Ormat summary for June 2019. Herman presented a request from CREA to donate to the 2019 CARE Auction. It was properly moved, seconded, and carried to donate an amount up to \$500.00 towards a Ballyneal golf package.

Herman discussed plans for mowing maintenance at the Platte Substation. Herman updated the board on personnel reorganization. Herman also reported that future board meeting minutes will no longer contain specific references to member names for estate refunds and new members.

MEMBER SERVICES REPORT

Manager Herman presented the July Member Services Report. Herman reported on rebates, highlighting the activity in heat pumps and LED bulbs.

OPERATIONS REPORT

Rance Ferguson presented the July Operations Report. He reported that crews are finding a lot of lightning damage from recent storms. Ferguson reported on the replacement of a tie line between the West Plains and Atwood substations. He also updated the board on Colorado 811 rule changes, weed management,

and line crew projects. Ferguson also reported on a transmission outage at the Crete substation.

Ferguson presented the safety committee report. There were no accidents. Ferguson presented the outage report.

CORPORATE SERVICES REPORT

Manager Herman presented the July Corporate Services Report. The Cushion of Credit balance was \$4,680,520.75 as of 6/30/19. HEA paid \$1,567.57 in fees on \$123,889.31 worth of credit card payments in June. Herman reported that prepayment of two FFB notes is scheduled for Friday, July 19, 2019. Herman reported on HEA's new Corporate Services Manager, Jim Jackson.

ENGINEERING REPORT

Alex Astley presented the July Engineering Report. He reported on the progress with the construction work plan. He updated the board on the implementation of a network security package to protect member data and patch vulnerabilities. He updated the board on AMI meter deployment and AMI tower work.

POLICY 1-7

Manager Herman presented Policy 1-7. It was properly moved, seconded, and carried that Policy 1-7 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

Herman presented a list of new members. It was properly moved, seconded, and carried that the list of new members be accepted as members of Highline.

ESTATE CAPITAL CREDIT REFUNDS

Attorney Fredregill presented a proposed estate capital credit refund. It was properly moved, seconded, and carried that the proposed capital credit refund be approved as presented.

RIVERVIEW SOLAR PROEJCT UPDATE

Manager Herman reported on the status of the Riverview solar project. He reported that the Logan County Planning Commission has approved the amended conditional use permit for the project. CoBank has authorized an increase in Highline's line of credit from \$1 million to \$4 million. Management will seek board approval of the increase to the line of credit later in the meeting. CoBank is currently reviewing the Power Purchase Agreement and Interconnection Agreement.

PRELIMINARY DISCUSSION OF 2020-2023 CONSTRUCITON WORK PLAN

James Ziebarth presented the 2020-2023 Construction Work Plan. Ziebarth reviewed the executive summary and then discussed the plan in depth, providing a comparison between the 2020-2023 Construction Work Plan and 2011-2015 Construction Work Plan. Ziebarth presented the annual average number of consumers, annual load factor, and per unit energy loss. The 2020-2023 Construction Work Plan includes expenditures estimated at \$25,602,771 for the distribution system and \$8,137,142 for the transmission system. The board discussed the Construction Work Plan's potential impact on rates.

RESP LOAN SECURITY RECOMMENDATIONS

Manager Herman presented a staff recommendation for the RESP loan program, whereby Highline will request a Lender's Policy for loans over \$10,000.00 but not for loans under \$10,000.00. It was the consensus of the board that Manager Herman proceed with recommended change.

GUATEMALAN CLEAN WATER FUNDRAISER

Manager Herman presented a request from CREA for support in supplying clean water filters to the rural Guatemalan villages that will be electrified by CREA in partnership with the Oklahoma Association of Electric Cooperatives. It was properly moved, seconded, and carried to donate \$500.00 to CREA for the purposes of providing water filters.

AUGUST MEETING DATE CHANGE

Manager Herman requested that the August regular meeting of the board of directors of Highline be moved to August 22, 2019. It was properly moved, seconded, and carried to move the August regular meeting of the board of directors to August 22, 2019.

CREA

Director Lueck reported on his attendance at the regular meeting of the CREA Board of Directors. Lueck presented the minutes and discussed House Bill 19-1210.

WESTERN UNITED

Director Carter was not present to discuss his attendance at the regular meeting of the Western United Board of Directors. Manager Herman reported on the Western United building expansion.

EMERGENCY BUSINESS

Manager Herman presented a request to increase Highline's line of credit with CoBank from \$1 million to \$4 million. Herman also presented documents required to effect the requested increase, including an Incumbency Certificate, Promissory Note, and Certification of Beneficial Owners. It was properly moved, seconded, and carried to authorize increasing Highline's line of credit with CoBank from \$1 million to \$4 million and to

authorize execution of all documents necessary to effect the increase, including those presented.

Vice President Lueck recessed the meeting at 12:00 noon for lunch and reconvened at 12:40 p.m.

TRI-STATE

Director Brekel reported on his attendance at the regular meetings of the Tri-State Board of Directors and Basin Electric Board of Directors. Brekel discussed the circumstances surrounding Tri-State's regulation by FERC. Brekel reported on the Tri-State Contract Committee meetings. Brekel reported that Tri-State and DMEA had reached a settlement in principle in their dispute before the Colorado PUC.

EXECUTIVE SESSION

It was properly moved, seconded and carried to go into executive session for confidential discussion regarding personnel matters 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.

MEETING ATTENDANCE

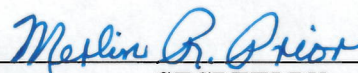
The directors discussed attendance at upcoming meetings.

Public Comment

There was no public comment.

ADJOURNMENT

There being no further business to come before the meeting, the meeting was adjourned at 1:40 p.m.



SECRETARY



PRESIDENT