

HIGHLINE ELECTRIC ASSOCIATION  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
September 19, 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 September 19, 2019.

ROLL CALL

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

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

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

AGENDA APPROVED

The Agenda was revised and approved as revised.

MINUTES APPROVED

The minutes of the August 22, 2019 meeting were presented and approved as presented.

NREA GRASSROOTS

The board received a presentation from James Dukesherer of the Nebraska Rural Electric Association. He discussed NREA's Grassroots Program and its focus on legislator education, relationship building, and advocacy. He discussed the 2019 Nebraska legislative session and legislation affecting cooperative associations. He also discussed anticipated issues for the 2020 legislative session, including the broadband task force and net metering.

MANAGER'S REPORT

Manager Herman presented graphs of Cumulative kWh Purchased and kWh Sold through August 2019. Herman discussed the effect of lower than budgeted irrigation sales. Herman also presented graphs of Expenses, Operating Margins, and Cash & Investments. He also discussed plans to use \$1.3 million in deferred revenue to help maintain financial ratio goals. Herman presented and reviewed the Ormat summary for August. Highline recognized savings of \$29,367.42 in August and \$52,845.42 Y-T-D.

Herman discussed past practices for booking Non-Qualified Equity Allocations from CoBank and the need for correction. He presented multiple options for correction including under-allocation of the previously allocated amount over the course of 8 years or under-allocation in a single year. Herman recommended under-allocation in a single year and it was the consensus of the board to follow Herman's recommendation.

Herman provided an update on potential renovation of the Ovid office. Staff will get bids for three possible scenarios and bring them back to the board.

Herman presented 20 questions circulated by NRECA that were asked of Tri-County Electric Cooperative in South Carolina. The board reviewed Highline's answers to the 20 questions.

Herman discussed plans to develop a sick leave bank policy to replace Highline's current Policy 2-13.

Herman updated the board on the status of the mowing contract for the Platte Substation.

Herman also reported that due to the Tax Cuts and Jobs Act of 2017, government grants, including FEMA storm funding, rural economic development grants, and broadband grants must now be considered non-member income for the IRS 85-15 test. NRECA is working on a legislative solution.

Herman also presented strategic planning options and the results of the CAMU Survey.

#### OPERATIONS REPORT

Rance Ferguson presented the September Operations Report. He reported on recent storm damage. He reported that Highline anticipates delivery of its new one-man bucket truck in late November or early December. He provided an update on the construction of the Riverview solar project. He also reported on the activities of the Holyoke, Sterling, and Ovid crews.

Ferguson presented the Safety Committee Report and reported on safety training. There were no accidents. Ferguson presented the outage report.

#### MEMBER SERVICES REPORT

Tadius Huser presented the September Member Services Report. Huser reported on new services, rebates, meeting attendance, renewable energy and load control activity.

#### ENGINEERING REPORT

Alex Astley presented the September Engineering Report. He reported on the progress with the construction work plan and the environmental report. He reported on security upgrades at the Sterling office, preparations for software upgrades, and network security review and maintenance. He also updated the board on AMI meter installation, ongoing staking, and AMI tower progress.

#### CORPORATE SERVICES REPORT

Jim Jackson presented the August Corporate Services Report. The Cushion of Credit balance was \$568,484.94 as of 8/30/19. HEA paid \$1,658.57 in fees on \$130,890.11 worth of credit card payments in August. Jackson presented the Form 7, cash flow, and check register.

#### POLICY 1-19

Manager Herman presented revised Policy 1-19. It was properly moved, seconded, and carried that Policy 1-19 be approved as presented.

#### POLICY 2-3

Manager Herman presented Policy 2-3. It was properly moved, seconded, and carried that Policy 2-3 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 list of proposed estate capital credit refunds. It was properly moved, seconded, and carried that the proposed capital credit refund be approved as presented.

#### SUBORDINATION AGREEMENTS CONTRACTS AND RELEASE OF LIENS

Attorney Fredregill presented a list of proposed subordination agreements and contract and lien releases. It was properly moved, seconded, and carried that the proposed subordination agreements and contract and lien releases be approved as presented.

#### RIVERVIEW SOLAR UPDATE

Manager Herman reported on the status of the Riverview Solar Project, including subsidiary contracting, financing, construction, and notice to Tri-State.

#### POLICY 1-4 BOARD OF DIRECTORS - MANAGER RELATIONSHIP

Manager Herman presented a revised Policy 1-4. It was properly moved, seconded, and carried to approve Policy 1-4 as presented.

#### WESTERN UNITED

Ted Carter reported on his attendance at the regular meeting of the Western United Electric Board of Directors. Sales are good. Intermountain Rural Electric Cooperative is changing to labor only contracts and will be buying more from Western United.

#### POLICY 2-4a EMPLOYEE COMPENSATION - DEFERRED COMPENSATION PLAN

Manager Herman presented a revised Policy 2-4a. It was properly moved, seconded, and carried to approve Policy 2-4a as presented.

Vice President Lueck recessed the meeting at 12 noon for lunch and reconvened at 12:54 p.m.

2020-2023 CONSTRUCTION WORK PLAN AND RUS BORROWER'S ENVIRONMENTAL REPORT

James Ziebarth presented the executive summary of the CWP for the planning period from 2020 to 2023, including a summary of costs and summary of projected consumers. Ziebarth presented a comparison of investment in utility plant and investment per kWh sold. Ziebarth also presented a comparison of the proposed 2020-2023 CWP with the 2011-2015 CWP. The proposed 2020-2023 CWP contemplates total distribution costs of \$25,519,552 and transmission costs of \$8,137,142 for a total CWP of \$33,656,694.

Alex Astley Presented the RUS Borrower's Environmental Report. He discussed the process of producing the report, which involved mapping work plan projects and comparing them to known rivers, streams, ponds, floodplains, wetlands, endangered species habitats, historic/cultural resources, Native American tribal lands, scenic vistas, and flight paths. As part of the report, Highline documented how it would avoid impacting/damaging the foregoing areas.

Ziebarth and Astley presented a Resolution Approving the 2020-2023 Construction Work Plan and Environmental Report. It was properly moved, seconded, and carried to adopt the resolution as presented.

MEMBER CAPITAL CREDIT REQUEST

It was properly moved, seconded and carried to go into executive session for confidential discussion and to receive privileged legal advice regarding a member request for early retirement of capital credits, with the following in attendance: all directors present at the meeting, Manager Herman, Attorney Fredregill, and Elise Pocock. It was properly moved, seconded, and carried to exit executive session.

TRI-STATE

Leo Brekel reported on his attendance at the regular meeting of the Tri-State Board of Directors. He reported that the Tri-State board approved a resolution directing the Contract Committee to review methodologies for valuing members' wholesale power contracts and to make a recommendation to the board before the annual meeting in April 2020. Brekel updated the board on the Responsible Energy Plan. He reported on the addition of Mico to Tri-State membership, which makes the latter eligible for FERC regulation. Tri-State also announced its participation in the SPP Western Energy Imbalance Service. Brekel reported on Tri-State's financial performance through July and the possibility of using deferred revenue. Brekel reported that Tri-State does not plan to impose a rate increase in 2020. The board has placed a moratorium on buyout requests until the contract committee has completed its valuation work.

CREA

Director Lueck reported on his attendance at the regular meeting of the CREA Board of Directors. Lueck discussed a presentation the board received from Colorado House Representative Chris Hansen and another on retail choice. He also discussed the crane certification program. Lueck discussed the possibility of

upcoming legislation regarding community choice aggregation, regional trade organizations, wildfire liability protection, and electronic voting.

NREA

Manager Herman and Director Prior reported that they have been appointed to the Policy and Resolutions Committee for NREA.

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 3:20 p.m.



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SECRETARY



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PRESIDENT