

HIGHLINE ELECTRIC ASSOCIATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
March 19, 2020

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 March 19, 2020.

ROLL CALL

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

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| Mike Bennett | Merlin Prior |
| Steve Oestman | Ted Carter |
| Aaron Sprague | |

Directors present via video conference were:

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| Leo Brekel | David Kinnison |
| Jim Lueck | Merl Miller |
| Pam Stieb | Brad Stromberger |

Manager Dennis Herman was present in person and Attorney Bryson Fredregill was present via video conference. Attorney Fredregill recorded the minutes of the meeting.

AGENDA APPROVED

The Agenda was revised and approved as revised.

MINUTES APPROVED

The minutes of the February 20, 2020 meeting were approved as presented.

Republican River Water Conservation District Presentation

Rod Lenz, President of the Republican River Water Conservation District gave a presentation on the district's efforts to inform development of a tri-state plan (Colorado, Nebraska, and Kansas) that allows for Colorado to meet its compact obligations with regard to outflows in the Republican River Basin. The plan involves retirement of 25,000 acres of irrigated agricultural land. The district supports a retirement plan that still allows for use within the basin. Lenz presented graphs of pumping within the basin from 1940 to 2018. Lenz discussed potential mitigation and efficiency measures. He discussed various roles the district can play in the process, including participation in a groundwater management task force, taking the lead in development of a comprehensive groundwater management plan, or directly using its statutory authority to enforce compliance.

MANAGER'S REPORT

Manager Herman presented graphs of cumulative kWh purchased and kWh sold through February 2020. Herman also presented graphs of operating revenue, expenses, operating margins, and cash & investments through February.

Herman presented and reviewed the Ormat summary for February. Highline recognized a monthly savings of \$2,838.94.

Herman reported that Governor Polis has appointed Megan Gilman to replace Frances Koncilja on the Colorado PUC. Due to the new commissioner, the hearing scheduled for the combined United/La Plata docket has been suspended. Herman reported that a response from FERC on Tri-State's filing is due in the last week of March.

Herman lead a discussion to follow-up on a couple of items that arose during Highline's recent strategic planning session, including whether to have a meal at the annual meeting and Highline's current schedule for replacing fleet vehicles.

Herman reported that Tri-State has purchased a combination of EVs and PHEVs to loan to member systems.

Herman also solicited advice from the board regarding postponement or cancellation of the Highline Annual Meeting, scheduled for March 24, 2020. The venue for the meeting canceled due to the Colorado Public Health Order 20-23 limiting public gatherings. The board received advice from legal counsel indicating that because there is no contested director election, all annual meeting matters requiring member action could be handled at a later date, including the 2021 Annual Meeting. It was properly moved, seconded, and carried to cancel the 2020 Annual Meeting, to make all handouts available on an individual basis, and to make all reports available to the membership upon request.

Herman reported on Highline's business continuity plan and remote participation in meetings of the board of directors going forward.

OPERATIONS AND SAFETY REPORT

Rance Ferguson presented the Operations Report. Ferguson reported that one of Highline's linemen is applying for the 2020 Bolivia International Project. He reported that four Highline Employees have passed their written and practical tests for digger derrick certification. Ferguson updated the board on the activities of the Holyoke, Sterling, and Ovid crews.

Ferguson presented the Outage Report and Safety Report. There were no lost-time accidents.

MEMBER SERVICES REPORT

Tad Huser presented the Member Services Report. He reported on new services and energy efficiency rebates. He reported on attendance at community meetings and Revolving Loan Fund activity.

ENGINEERING REPORT

Alex Astley presented the Engineering Report. He reported on various engineering projects, including repairs to LTC controls at a couple of substations, planning for the interstate substation rebuild project, and research for non-standard recloser installations. He updated the board on AMI implementation. 6,000 meters are currently deployed. Astley reported on activities to prepare the PLCC system for load control. He also updated the

board on the status of the Sterling-Atwood 69 kV line and AMI tower development.

CORPORATE SERVICES REPORT

The Board reviewed the Corporate Services Report as written by Jim Jackson. Jackson reported on interest rates, CFC investments, and the Tri-State capital credit allocation. He presented the Form 7 and the check register.

CONSENT AGENDA

The Consent Agenda contained the following items:

- a. HEA Policy Review
 - i. Policy 1-8 Safety
 - ii. Policy 1-10 Use of Association Owned Vehicles and Motorized Equipment
 - iii. Policy 5-1 Contributions
- b. Safety Committee Report Approval
- c. New Members and Membership Refunds
- d. Subordination Agreements or Release of Liens
- e. Estate Capital Credit Refunds

The board removed twenty subordination agreements and one estate refund from the Consent Agenda for separate consideration. The revised Consent Agenda was approved by unanimous consent.

After further discussion, it was properly moved, seconded, and carried to approve the twenty subordination agreements and one estate refund that were pulled from the Consent Agenda, pending legal review.

POLICY 2-1 Employment

Manager Herman presented a revised Policy 2-1. It was properly moved, seconded, and carried to approved Policy 2-1 as presented.

WEED SPRAYING BID DISCUSSION AND APPROVAL

Rance Ferguson presented three bids for weed spraying at the Highline substations. Ferguson recommended the contract be awarded to Grass Roots Inc. It was properly moved, seconded, and carried to award a three-year substation weed spraying contract to Grass Roots Inc under the terms presented.

EV CHARGING STATION PROPOSAL

Manager Herman presented a proposal to install a Level 2 charging station at the Highline headquarters. The headquarters provides a convenient location on US 385 in close proximity to the hotel and restaurants. Herman is recommending the Level 2 charger at this time in order to avoid peak pricing concerns associated with a Level 3 charger. The estimated project cost is \$16,623.75, which will be reimbursed by Tri-State. The board directed Herman to move forward with the proposal as recommended.

FORM 990 QUESTIONNAIRE

Herman presented the Form 990 Questionnaire. He explained that Highline Services LLC is categorized as a related organization.

TRI-STATE

Director Brekel presented the Tri-State meeting report and reported on his attendance at the regular meeting of the Tri-State Board of Directors. He reported that the PUC has suspended the hearing in the combined United/La Plata matter. Brekel also reported on his attendance at the Tri-State contract committee meeting. He discussed the long-term financial forecast. Rates are projected to remain flat through 2025.

Manager Herman reported on his attendance at the Tri-State contract committee meeting. The committee agreed on a methodology for calculating exit charges based on the mark to market method theory. The committee will continue to work to complete its recommended methodology.

Director Stieb exited the meeting.

WESTERN UNITED

Ted Carter reported that there was no meeting of the Western United Board of Directors. Western United borrowed money to enable it to stock up in anticipation of the effects of the COVID-19 Pandemic.

NRECA ANNUAL MEETING

Leo Brekel reported on his attendance at the NRECA Annual Meeting.

CREA

Jim Lueck reported on his attendance at the regular meeting of the CREA Board of Directors. Lueck reported on bills that may affect Highline, including HB20-1225.

MEETING ATTENDANCE

The directors discussed attendance at upcoming meetings. Most meetings are cancelled or postponed due to the COVID-19 Pandemic.

RUS LOAN UPDATE

The board discussed an offer letter for a RUS loan in the amount of \$39 million. It was properly moved seconded and carried to authorize the President to execute the offer letter.

PUBLIC COMMENT

There was no public comment.

ADJOURNMENT

There being no further business to come before the meeting, the meeting was adjourned at 12:21 p.m.

Meslin R. Prevost

SECRETARY

[Signature]

PRESIDENT

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