

HIGHLINE ELECTRIC ASSOCIATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
October 15, 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 October 15, 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 |
| Leo Brekel | Pam Stieb |
| Aaron Sprague | Jim Lueck |

Directors present via video conference were:

Brad Stromberger
David Kinnison
Merl Miller

Manager Dennis Herman and Attorney Levi Williamson were present in person. Attorney Williamson recorded the minutes of the meeting.

AGENDA APPROVED

The Agenda was revised and approved as revised.

EMPLOYEE COMMITTEE

The employee committee addressed the Board regarding their requests. Their requests included a wage increase and to receive all of Christmas Eve off. The employees left the meeting.

MINUTES APPROVED

The minutes of the September 17, 2020 meeting were approved as presented.

MANAGER'S REPORT

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

The Board discussed the format of Manager Herman's performance review. The Board would like to see the NRECA consultant's written evaluation.

Herman reported on the status of the various Tri-State FERC dockets. It was properly moved, seconded, and carried to authorize Manager Herman to use the previously authorized FERC legal budget for any legal fees related to Tri-State's regulatory and litigation matters.

Herman reported on the status of proposed legislation that would allow RUS borrowers to refinance RUS debt to current interest rates, his discussions with Y-W Electric regarding shared services, and the Imagination Library program.

Herman reported that employees would like Highline to allow flextime. Herman reported that he is investigating implementing a Health Reimbursement Account for employees' accrued sick leave. Highline would not have to pay the 7.65% payroll tax on the accrued sick leave that Highline pays under the current accrual policy. The consensus of the Board was to give employees just over 52% of that total tax savings, or 4% of the employees' accrued sick leave.

Herman reviewed the CAMU rate survey. Herman discussed options for in person and remote meetings for the 2021 Annual Meeting. He reported on the Tri-State rebate program for irrigation energy audits.

OPERATIONS AND SAFETY REPORT

Rance Ferguson presented the Operations Report. He reported on annual substation testing, annual training, and line crew activities.

Ferguson presented the Outage Report and Safety Report. There was one accident with no injuries.

MEMBER SERVICES REPORT

Tad Huser presented the Member Services Report. He reported on new services and energy efficiency rebates. He reported on the EV loaner program, Highline's updated website, the status of the EV charging station, RLF activity, and the Ovid remodel.

ENGINEERING REPORT

Alex Astley presented the Engineering Report. He reported on Tri-State metering at the West Plains Substation and substation testing. He reviewed activities in the IT, metering, staking, and communications departments. He reported on the status of the AMI towers and the Interstate Substation upgrades.

CORPORATE SERVICES REPORT

Jim Jackson presented the Corporate Services Report. Jackson reported on interest rates, CFC investments, and credit card fees. Highline drew down \$9.1 million from its RUS/FFB loan. He presented the September Form 7, cash flow, and check register.

CONSENT AGENDA

The Consent Agenda contained the following items:

- a. HEA Policy Review
 - i. Policy 2-8 Gifts and Gratuities
 - ii. Policy 2-9 Transitional Duty
 - iii. Policy 2-14 Whistleblower
- b. Safety Committee Report Approval
- c. New Members and Membership Refunds

- d. Subordination Agreements or Release of Liens
- e. Estate Capital Credit Refunds

The Consent Agenda was approved by unanimous consent.

COMMUNITY SOLAR

Manager Herman reported on the status of negotiations for a solar land lease. The landowner asked for different payment terms. It was properly moved, seconded, and carried to authorize Manager Herman to execute an agreement on the terms discussed.

COST OF SERVICE STUDY

The Board discussed the cost of service study presented at the October meeting.

President Bennett recessed the meeting at 11:57 a.m. for lunch and reconvened the meeting at 12:46 p.m.

David Kinnison and Brad Stromberger left the meeting.

2021 PRELIMINARY BUDGET

Manager Herman estimates that Highline will realize approximately \$1 million margins in 2020. He would like to defer most, or all, of the 2020 margin. Manager Herman presented the 2021 preliminary budget.

KRTA

Manager Herman reviewed the executive summary of the 2019 KRTA.

PAY EQUITY ANALYSIS

Manager Herman reviewed the new Colorado law regarding pay equity. He recommends engaging Employers Council to perform a pay equity audit. It was properly moved, seconded, and carried to authorize a pay equity audit.

TRI-STATE

Leo Brekel presented the written Tri-State Board Report. He reported that due to FERC's soft cap on energy sales of \$1,000.00/MWH, Tri-State might have to refund some of the proceeds of the recent sales at prices up to \$1,700/MWH. Tri-State will not increase the wholesale rate for 2021. The Tri-State Board approved policies related to partial requirements members.

CREA

Jim Lueck reported that there was no meeting of the CREA Board of Directors.

WESTERN UNITED

Ted Carter reported on his attendance at the regular meeting of the Western United Board of Directors. Carter reported on the new building in Utah. Sales are down compared to last fiscal year.

MEETING ATTENDANCE

The directors discussed attendance at upcoming meetings.

It was properly moved, seconded, and carried to appoint Leo Brekel as the delegate to the Basin Electric Annual Meeting.

It was properly moved, seconded, and carried to appoint Leo Brekel as the delegate to the special Tri-State Membership Meeting in December.

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 Williamson. It was properly moved, seconded, and carried to come out of executive session.

PUBLIC COMMENT

There was no public comment.

ADJOURNMENT

There being no further business to come before the meeting, the meeting was adjourned 1t 3:15 p.m.



SECRETARY



PRESIDENT