

HIGHLINE ELECTRIC ASSOCIATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
November 16, 2023

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 November 16, 2023.

ROLL CALL

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

Leo Brekel	Pam Stieb
Mike Bennett	Brad Stromberger
Merlin Prior	Lisa Schilke
David Carlson	Aaron Sprague
Jim Lueck	Steve Oestman
Ted Carder	

Director Leo Brekel entered later in the meeting. Manager Dennis Herman and Attorney Bryson Fredregill were present in person. Staff members Jim Jackson, Rance Ferguson, Alex Astley, Elise Pocock, and Tadius Huser were present in person or via video conference. Attorney Bryson Fredregill recorded the minutes of the meeting.

AGENDA APPROVED

The agenda was adopted as presented.

MINUTES APPROVED

The minutes of the October 19, 2023, Regular Meeting of the Board of Directors were presented. It was properly moved, seconded, and carried to adopt the minutes as presented.

MANAGER'S REPORT

Manager Herman presented the Manager's Report. He presented graphs of kWh Purchased, kWh Sold, Operating Revenue, Billing Summary, Expenses, Operating Margins, and Cash & Investments through October 2023.

Manager Herman presented Policy 3-2 Consumer Services Inquires in response to a question from the September meeting regarding problem-solving procedures for members.

Herman discussed the motivation for recent solicitation of director information, which will be used to introduce directors to the membership through articles in Colorado Country Life.

Herman provided an update on the ongoing cost of service study and presented timing options for the anticipated rate increase. The board directed Herman to delay specific changes to tariff rates until Highline has received the final cost of service study results. This will mean any rate increase will likely become effective late first quarter to mid second quarter of 2024.

Herman reported that several departments are working together to improve the process of estimating irrigation bills through new reporting, streamlining workflow, and utilization of AMI data.

Herman reported on the blood drive through Melissa Memorial Hospital.

Herman presented proposed Christmas bonuses. It was properly moved, seconded, and carried to approve the bonuses as presented.

Herman presented a request from Progressive 15 for a letter of support regarding the Xcel Energy Resource Plan.

Herman led a discussion regarding the new Tri-State Rate design and its impact on Highline's load control program. With feedback from the board, it was decided that 50% of the increased benefit of the load control program attributable to the change in Tri-State's rate design will be passed on to program participants in 2024. Proposed changes to the program will be brought before the Highline board for final approval at a later date.

OPERATIONS AND SAFETY REPORT

Operations Manager Rance Ferguson presented the Operations and Safety Report. He reported on substation switching, work on the Atwood Substation, the Trailblazer rebuild, and crew activity.

Ferguson presented the Safety Report. There were no accidents in October. He also presented the outage report.

MEMBER SERVICES REPORT

Member Services Manager Tadius Huser presented the Member Services Report. He discussed new services, rebates, RLF loan activity, renewable systems, and EV charging station activity. He reported on his attendance at a Tri-State G&T conference.

ENGINEERING REPORT

Engineering Manager Alex Astley presented the Engineering Report. He reported on project work in engineering, information technology, metering, staking, and communications. He provided status updates on the following large projects: Sterling-West Plains Transmission Line, Atwood Substation Construction, Lamar 69 kV Substation Upgrades, and Chase Transformer.

CORPORATE SERVICES REPORT

Corporate Services Manager Jim Jackson presented the Corporate Services Report. Jackson presented CFC Commercial Paper Investments as of October 30, 2023. Highline paid \$3,213.74 in fees on \$234,012.33 worth of credit card payments in October. Jackson presented the balance sheet, Form 7, cash flow report, and check register.

CONSENT AGENDA`

The Consent Agenda contained the following items:

- a. Policy 3-4 Prepayment and Deposit Requirements for Certain Irrigation Services (no recommended changes)
- b. Policy 4-3 Reserves for Depreciation (no recommended changes)
- c. Policy 7-1 Account Records (no recommended changes)
- d. New Members and Membership Refunds
- e. Subordination Agreements or Release of Liens

f. Estate Capital Credit Refunds

The Consent Agenda was approved by unanimous consent.

POLICY 2-11 PROBLEM SOLVING PROCEDURE

Herman presented a revised Policy 2-11 Problem Solving Procedure. It was properly moved, seconded, and carried to adopt the policy as presented.

CAPITAL CREDIT RETIREMENT

Herman and Jackson discussed RUS covenants, CFC covenants, CoBank covenants, and Highline policy with respect to capital credit retirements. Herman and Jackson proposed two retirement options, differing as to inclusion of estate refunds in calculating the retirement cap pursuant to Highline policy. It was properly moved, seconded, and carried to adopt the proposed retirement plan whereby Highline would retire capital credits in the approximate amount of \$1,664,318.19 representing approximately 100% of 2001 Tri-State capital credits, 9.41% of 2002 Tri-State Capital Credits, and 57.62% of 2007 Highline capital credits.

VEHICLE PURCHASE

Herman presented a proposed plan to replace Highline Vehicle #5 with a Jeep PHEV in order to test the viability of hybrid technology in Highline's service territory. The board directed Herman to proceed with the proposal.

RLF APPLICATION

Herman presented a request from Revolving Loan Fund borrower, The Big Easy, Inc., for additional funds in the amount of \$44,000.00 for roof repairs on a property securing the original loan. It was properly moved, seconded, and carried to approve the loan as requested, provided the borrower provides certification upon request of continuing insurance adequate to cover replacement of said roof.

2024 BUDGET

Herman presented the revised 2024 Budget and discussed variances from prior drafts, including in the areas of rate increase, deferred revenue, payroll, margins, and capital credits.

Director Leo Brekel entered the meeting.

The board discussed budget items, including mapping update expense, concrete repairs, rate increase, rate design, and load control.

President Bennett recessed the meeting for lunch at 12:10 pm and reconvened at 12:57 pm.

2024 BUDGET CONTINUED

Herman recommended the recognition of enough deferred revenue in 2023 in order to continue to meet loan covenants. This determination will be made once the 2023 books are closed. It was properly moved, seconded, and carried to adopt the budget with a 3.4% **rate(?)** increase.

MICROWAVE UPDATE

Dan Kafka entered the meeting.

Dennis Herman, Alex Astley, and Dan Kafka presented a proposed microwave network upgrade project, designed to better secure said network against disruption. Staff recommended the entry level program. The upgrade will be implemented with the participation of Y-W Electric Association, Inc. The board discussed the initial and ongoing cost of implementation and utilization. It was properly moved, seconded, and carried to approve the upgrade as recommended.

Kafka exited the meeting.

TRI-STATE

Leo Brekel reported on his attendance at the regular meeting of the Tri-State G&T Board of Directors. Tri-State and United Power agreed to terms of settlement for the lawsuit in Adams County, pending final approval of a written settlement agreement. Brekel updated the board on topics discussed at the meeting, including partial requirements process, resource availability, and a fiduciary duty presentation. Brekel reviewed Tri-State's September financials. Brekel reported on La Plata Electric Association Inc.'s lawsuit against Tri-State.

CREA

Jim Lueck reported on his attendance at the Regular Meeting of the Colorado Rural Electric Association Board of Directors. He discussed the 2024 CREA Budget, which includes a 5.8% rate increase.

WESTERN UNITED

Ted Carter reported on his attendance at the Western United Regular Meeting of the Board of Directors. He discussed sales, margins, backlogs, and transformer lead times.

TRI-STATE CONTRACTS COMMITTEE

Herman reported that he has been asked to chair the Tri-State Contracts Committee.

EXECUTIVE SESSION

It was properly moved, seconded, and carried to go into executive session for confidential discussion regarding FERC matters, with all directors and staff present at the meeting, Dennis Herman, and Attorney Fredregill attending. 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 2:38 p.m.



SECRETARY



PRESIDENT