

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

ROLL CALL

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

Mike Bennett	Aaron Sprague
Steve Oestman	Merlin Prior
Lisa Schilke	David Carlson

Directors Brad Stromberger and Leo Brekel attended via video conference. Brekel entered the meeting at 1:00 p.m.

Manager Dennis Herman was present in person. Directors Jim Lueck, Ted Carter, and Pam Stieb were absent. Attorney Levi Williamson attended via video conference. Staff members Jim Jackson, Rance Ferguson, and Tadius Huser were present in person. Staff members Elise Pocock and Alex Astley were present via video conference. Attorney Levi Williamson recorded the minutes of the meeting.

AGENDA APPROVED

The agenda was revised and approved as revised.

MINUTES APPROVED

The minutes of the January 25, 2023, regular meeting of the board of directors were presented. It was properly moved, seconded, and carried to approve the minutes as presented.

The minutes of the February 3, 2023, special meeting of the board of directors were presented. It was properly moved, seconded, and carried to approve 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 January 2023. Herman reported that staff reclassified several 2022 invoices, resulting in a minor impact on 2022 financials.

Herman reported on the status of Highline's applications for IRA and IIJA grants. He also reported that there is additional IRA funding available in the form of tax credits, which are available to Highline as a direct payment. Herman reported that NREA is considering donating to the Cooperative Family Fund in the name of NREA's members.

It was properly moved, seconded, and carried to donate \$2,500 to CARE and \$2,500 to Nebraska Acre.

OPERATIONS AND SAFETY REPORT

Operations Manager Rance Ferguson presented the Operations and Safety Report. He reported on the status of the line rebuild out of the Alvin substation and the transmission line north of the Sterling office. Ferguson reported on maintenance issues on a bucket truck and a Ford recall impacting Highline trucks.

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

MEMBER SERVICES REPORT

Member Services Manager Tadius Huser presented the Member Services Report. He discussed new services, rebates, renewable systems, RLF and RESP loan activity, and EV charging station activity. He reported on his presentation at the Master Irrigator course.

ENGINEERING REPORT

Engineering Manager Alex Astley presented the Engineering Report in person. He reported on projects in the IT, metering, staking, and communications departments. Astley reported on large projects, including repair of the Iliff transformer, the Sterling-West Plains Transmission Line rebuild, and AMI implementation.

CORPORATE SERVICES REPORT

Corporate Services Manager Jim Jackson presented the Corporate Services Report. Jackson presented CFC Commercial Paper Investments as of January 30, 2023. Highline paid \$2,828.25 in fees on \$226,391.05 worth of credit card payments in January. Jackson presented the Form 7, cash flow report, check register, and inventory report.

CONSENT AGENDA

The Consent Agenda contained the following items:

- a. Revised Policy 1-22 IT Cyber Security Policy
- b. Policy 4-2 Depositories
- c. Revised Policy 6-6 AMI Opt-Out
- d. Safety Committee Report Approval
- e. New Members and Membership Refunds
- f. Subordination Agreements or Release of Liens
- g. Estate Capital Credit Refunds

It was properly moved, seconded, and carried to remove Policy 1-22 from the Consent Agenda.

The Consent Agenda was approved by unanimous consent.

POLICY 1-22 IT CYBER SECURITY POLICY

Alex Astley presented revised Policy 1-22, IT Cyber Security. It was properly moved, seconded, and carried to approve Policy 1-22 as presented.

BOARD VACANCY

It was properly moved, seconded, and carried to ratify the action taken by the Board at the February 3, 2023 meeting appointing Lisa Schilke to fill the vacancy on the Board.

DEFERRED REVENUE

General Manager Herman presented information regarding his proposal to defer \$2,000,000 from 2022 revenue. Herman presented a resolution to amend Highline's revenue deferral plan. It was properly moved, seconded, and carried to approve the resolution as presented.

HAXTUN HOSPITAL DISTRICT REDL&G LOAN

General Manager Herman presented a resolution approving a \$1.8 million REDL&G loan to the Haxtun Hospital District. It was properly moved, seconded, and carried to approve the resolution as presented.

TRI-STATE RATE DESIGN COMMITTEE

Dennis Herman reported on his attendance at the meeting of the Tri-State Rate Design Committee. He reviewed the features of the rate approved by the committee for recommendation to the full Board. The committee approved a recommendation to retain future payments for BDP, CTP, and other similar payments as deferred revenue.

President Bennett recessed the meeting at 12:05 p.m. for lunch and reconvened at 1:00 p.m.

Leo Brekel entered the meeting via video conference.

TRI-STATE

Director Leo Brekel reported on his attendance at the regular meeting of the Tri-State Board of Directors. The Tri-State Annual Meeting will be April 4 and 5. Moody's Investors Service affirmed Tri-State's investment-grade ratings, but lowered Tri-State's outlook to negative. Brekel reviewed Tri-State's 2022 year end financials.

CREA

The Board reviewed the meeting minutes from the meeting of the CREA Board of Directors.

NREA

Merlin Prior reported on his attendance at the regular meeting of the NREA Board of Directors and the legislative committee meeting. Nebraska legislators introduced 820 bills this session. Prior reported on bill LB 683, which would create a state broadband office.

MEETING ATTENDANCE

The directors discussed attendance at upcoming meetings.

GENERAL MANAGER GOALS

General Manager Herman reviewed his goals for 2023.

PUBLIC COMMENT

There was no Public Comment.

ADJOURNMENT

There being no further business to come before the meeting, the meeting adjourned at 1:23 p.m.



SECRETARY



PRESIDENT

HIGHLINE ELECTRIC ASSOCIATION

RESOLUTION OF BOARD OF DIRECTORS

- 1) RESOLVED that the Association loan \$1,800,000.00, to Haxtun Hospital District, and that the borrower execute the Association promissory note, deed of trust, and other loan documents evidencing said indebtedness; and
- 2) RESOLVED that the officers of the Association and the General Manager and each of them is authorized in the name and on behalf of the Association, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer, officers, manager, or managers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions.

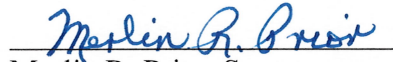
ADOPTED AND APPROVED by a majority vote of the directors present at the regular meeting of the Highline Electric Association Board of Directors on this this 16th day of February, 2023.

Highline Electric Association



Mike Bennett, President

Attest:


Merlin R. Prior, Secretary

RESOLUTION to AMEND REVENUE DEFERRAL PLAN

WHEREAS, Highline Electric Association had stronger than expected irrigation sales in 2022 and anticipates meeting all lender covenants at year end 2022 with this amended revenue deferral plan and we believe it is in our best interest to retain deferred revenue in anticipation of Tri-State Generation and Transmission Association, Inc.’s anticipated rate filing with FERC that includes a rate increase effective January 1, 2024;

AND WHEREAS, the Board of Directors of Highline Electric Association believes that it is in the best interest of the membership for long-term rate stability to amend the current approved revenue deferral plans;

AND WHEREAS, the Board of Directors of Highline Electric Association is not aware of any potential impact on its tax exempt or “cooperative” status;

AND WHEREAS, the Colorado Public Utilities Commission has no jurisdiction over the cooperative’s rate making activities and therefore no approval is necessary.

AND WHEREAS, Highline Electric Association has current RUS approved revenue deferral plans, inclusive of amendments, which provide for the following revenue recognition:

2022 - \$1,000,000
2023 - \$1,400,000
Current Revenue Deferral Plans Total = \$2,400,000

NOW THEREFORE IT BE RESOLVED, that Highline Electric Association wishes to amend their RUS approved revenue deferral plan to provide for the addition of \$2,000,000 into the Revenue Deferral Plan from 2022 revenues and the following amended revenue recognition from the plan:

2024 - \$3,000,000
2025 - \$1,400,000
Amended Revenue Deferral Plan Total=\$4,400,000.

AND BE IT FURTHER RESOLVED, that the cash equivalent of the deferred revenue shall be placed in short term investments with the National Rural Utilities Cooperative Finance Corporation until it is subsequently amortized back into revenue.

AND BE IT FURTHER RESOLVED, that Highline Electric Association will accept the responsibility for implementation of the plan.

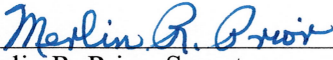
CERTIFICATE OF SECRETARY

I, Merlin R. Prior, certify that I am Secretary of the Highline Electric Association, Board of Directors and that the above and foregoing is a true excerpt from the minutes of a regular board meeting held on the 16th day of February 2023, at which a quorum was present and that the above portion of the minutes have not been rescinded or modified.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Highline Electric Association this 16th day of February 2023.

(SEAL)




Merlin R. Prior, Secretary