HIGHLINE ELECTRIC ASSOCIATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
May 18, 2017

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 May 18, 2017.

ROLL CALL

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

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

Manager Farnsworth and attorney Williamson were also present. Attorney Williamson recorded the minutes of the meeting.

AGENDA

The Agenda was revised and approved as revised.

MINUTES APPROVED

The minutes of the April 20, 2017 meeting were approved as presented.

The minutes of the March 21, 2017 meeting held immediately after the 2017 annual meeting were approved as presented.

MANAGER'S REPORT

Manager Farnsworth presented graphs of kWh Purchased and kWh Sold for April 2017. Farnsworth presented and reviewed the Ormat summary for April 2017. Highline recognized savings of $4,696.00 in April and $32,891.72 Y-T-D. Farnsworth reported on the re-organization of the Department of Agriculture and RUS. Farnsworth will invite Dan Hughes from Nebraska, and Jerry Sonnenberg, Jon Becker and Cory Gardner all from Colorado to attend an HEA Board of Directors meeting. Farnsworth reported that Highline will again donate $100.00 to the area 4-H Councils, FFA Chapters, and Fire Departments and that HEA will apply for matching funds from CoBank. HEA will donate to Pedal the Plains again.

Farnsworth reported that he has negotiated the swap of land with Don and Joyce Lebsack by which Highline will transfer 2.1 acres to the Lebsacks in exchange for 6.6 acres from the Lebsacks. Highline will also vacate the current easement across Lebsack's property in favor of a new easement from the Lebsacks.

It was properly moved, seconded and carried to authorize Manager Farnsworth to execute the necessary documents to contract for and close on the exchange of the property.

OPERATIONS REPORT

Manager Farnsworth presented the May Operations Report as prepared by Rance Ferguson. Farnsworth discussed HEA's reporting of the death of Golden Eagles on HEA's lines. He reported on the status of line crew projects.

Farnsworth presented the safety committee report. There were no accidents. He presented the outage report.

ENGINEERING REPORT

Trent Loutensock presented the May Engineering Report. He reported on the status of construction projects, the Sedgwick transformer, the AMI project, load control, the new mobile substation, and the BNN pipeline project.

MEMBER AND CORPORATE SERVICES REPORT

Dennis Herman presented the May Member and Corporate Services Report. The Cushion of Credit balance was $2,166,458.17 as of 4/30/17. HEA had $6,025,000 million in CFC investments as of 5/11/17. HEA paid $1,209.61 in fees on $112,200.72 worth of credit card payments in April. Herman reported on new services and rebates. He presented the Form 7, cash flow, and check register. The Highline Annual Meeting will be March 20, 2017.

POLICY 2-7

Manager Farnsworth presented Policy 2-7. It was properly moved, seconded, and carried that Policy 2-7 be approved as presented.

POLICY 2-15

Manager Farnsworth presented Policy 2-15. It was properly moved, seconded, and carried that Policy 2-15 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

It was properly moved, seconded, and carried that the list of new members listed below be accepted as members of Highline.

Campa, Maria
Cole, Morgan
Dilehay, Rozella
Edson Farms, LLC
Hart, Gregory F
Koberstein, Robert L
Lady Hunters Company
Lenhart, Alexis
Michael, Arron
Smith Revocable Trust Darrell D
Stimmel, Herb
Timm, Victoria
Walmsley, Jenna
Christopher, Galen
Depue, Mary
Dobie Creek, LLP
Garcia, Henry
Keneipp, Amanda
Kounkel, Jeff
Laso, Tina
McCormick Fam Trust
Shelly, Gilda Gene
Sterling Clover, LLC
Stumpff, Robert
Wagner Estate, Grace E

SUBORDINATION AGREEMENTS CONTRACTS AND RELEASE OF LIENS

It was properly moved, seconded, and carried that the following Subordination Agreements, Contracts, and Releases be approved:

Contract & Lien Releases

Stanley Willmon-4
Richard & Ruth Beckler & Jimmy L. Spahr-3
Jimmy Spahr-2
Jeffrey Wallin-3

Subordination Agreements

Dustin L. Schneller & Rena D. Schneller-3
Aaron Schlachter & Kendra Schlachter
Ramirez Farms, Raymond J. Ramirez, Gillermo Ramirez & Roxie K. Ramirez -2
Deer Creek Farms Ltd.

ESTATE CAPITAL CREDIT REFUNDS

It was properly moved, seconded, and carried that the following capital credit refunds be approved:

Jesus Gonzales	$ 716.68
Burton E. Nass	1,872.74

POLICY 3-3

Manager Farnsworth presented revised Policy 3-3. It was properly moved, seconded, and carried that Policy 3-3 be approved as presented.

POLICY 6-1

Manager Farnsworth presented Policy 6-1. It was properly moved, seconded, and carried that Policy 6-1 be approved as presented.

JULESBURG TRANSFORMER AGREEMENT

Manager Farnsworth presented the proposed agreement with the Town of Julesburg for sharing the Julesburg Transformer owned by Highline. Farnsworth reported that under the terms of the agreement, Highline might use an existing Highline transformer to replace the Julesburg transformer if it fails. Julesburg would not pay Highline for that replacement transformer. If Highline purchases a new transformer to replace the Julesburg transformer, Julesburg and Highline would split the purchase price 50/50.

It was properly moved, seconded and carried to approve the agreement as presented.

ILIFF FRANCHISE

Manager Farnsworth presented the Iliff Franchise agreement and resolution negotiated with and approved by the Town of Iliff. It was properly moved, seconded and carried to approve the franchise as presented.

SOLAR RMI RFP

Manager Farnsworth presented the bids for the RMI solar project. Tri-State recently revised Policy 115, lowering the credit to HEA for energy purchased by HEA from solar projects. Farnsworth reviewed the options available to HEA to finance DIY solar kits for members.

Farnsworth led a discussion regarding HEA Policy 6-4, which gives HEA members a rebate up to $4,000 for installing renewable distributed generation behind the meter. The Board will reconsider the policy if a community solar project becomes viable in Highline's territory.

Farnsworth reported that a consultant is talking to the North Sterling Irrigation District about investigating the viability of a community-hydro project on the North Sterling Reservoir dam.

BAD DEBT WRITE-OFF

Dennis Herman presented a proposed list of bad debts to be written off. It was properly moved, seconded and carried to write-off $13,075.81 as presented.

MEMBER GUARANTEE

Manager Farnsworth reported that BNN, a subsidiary of Tallgrass Energy, is requesting that Highline accept a guarantee from Tallgrass Energy in place of a cash deposit for its new account. Farnsworth presented the proposed parental guarantee agreement, which was revised by attorney Williamson.

It was properly moved, seconded and carried to accept the Tallgrass Energy parental guarantee in place of a cash deposit.

President Bennett recessed the meeting at 12:04 p.m. and reconvened at 12:50 p.m.

TRI-STATE

Leo Brekel reported on his attendance at the regular meeting of the Tri-State Board of Directors. The Tri-State Board approved a new stand-by rate that will go into effect in July. Margins are better than budgeted. Brekel reviewed Tri-State's Long-term Financial Forecast. The forecast projects a 4.91% rate increase for 2018.

Brekel presented a summary of Tri-State members' price paid per kWH for the first quarter of 2017. Farnsworth presented an analysis of the effect of Tri-State's projected rate increases on Highline's future rates.

CREA

Jim Lueck reported on his attendance at the regular meeting of the CREA Board of Directors. He reviewed legislation from the 2017 session.

WESTERN UNITED ELECTRIC

Ted Carter reported on his attendance at the regular meeting of the Western United Board of Directors. Western United is expanding its business in Utah. The Western United Board is considering reducing the number of Board meetings from six per year to 4 per year. Carter asked for feedback from the other Highline Directors. The consensus of the Board was that Western United should continue with six meetings per year but hold two of the six meetings via telephone or video conference.

NREA

Merlin Prior reported on his attendance at the NREA Legislative Committee meeting and the regular meeting of the NREA Board of Directors. The NREA General Manager is no longer employed by NREA. NREA received a refund from Federated of more than $80,000.00. CFC will hold financial workshops for co-op directors in Kearney, NE. NREA will hire a new Job Training & Safety employee. The former NREA employee that is accused of embezzling money from NREA was indicted on criminal charges. NREA hired an internal employee to be interim GM until a permanent GM can be hired. NREA received funds from its insurance carrier for the embezzlement.

TRI-STATE CONTRACT COMMITTEE

President Bennett reported on his attendance at the Tri-State Contract Committee meeting. The committee continues to discuss the 5% limit on purchasing energy from sources other than Tri-State. The committee is also discussing the Tri-State capital credit refund schedule. Bennett presented the results from polling questions answered by the committee members.

EXECUTIVE SESSION

It was properly moved, seconded and carried to go into executive session to discuss confidential personnel matters with the following in attendance: All directors, Farnsworth and attorney Williamson. It was properly moved, seconded and carried to come out of executive session.

MEETING ATTENDANCE

The directors discussed attendance at upcoming meetings.

EMERGENCY BUSINESS

Manager Farnsworth presented a corporate resolution for the sale of CHS stock. It was properly moved, seconded and carried to approve the resolution as presented.

It was properly moved, seconded and carried to appoint Pam Stieb to the Revolving Loan Fund committee.

PUBLIC COMMENT

There was no Public Comment.

ADJOURNMENT

There being no further business to come before the meeting, the meeting was adjourned at 3:07 p.m.

SECRETARY

PRESIDENT

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