

Colorado 39 - Kit Carson
K.C. Electric Association, Inc.

MINUTES OF REGULAR MONTHLY MEETING

OF

THE BOARD OF DIRECTORS OF K.C. ELECTRIC ASSOCIATION, INC.

The regular monthly meeting of the Board of Directors of K.C. Electric Association, Inc., a Colorado cooperative corporation, was held pursuant to a previous executive order of President Kevin Penny, such order being ratified and approved by the Members of the Board of Directors, in the Hugo office of the Association in Hugo, Colorado, on Tuesday, March 29, 2011 at the hour of 4:00 p.m. This meeting was held in accordance with the Call and Waiver of Notice which is attached hereto and specifically made a part of these Minutes together with the Certificate of Posting of Regular Meeting in the offices of the Association. The meeting was called to order by President Kevin Penny who did request Secretary-Treasurer Terry Tagtmeyer to call the roll of the Members of the Board of Directors. Thereupon, Mr. Tagtmeyer did call the roll of the Members of the Board of Directors and did report that the following Members were present:

Luanna Naugle	Kevin Penny
Robert Bledsoe	Dan Mills
James Lewis	Terry Tagtmeyer
James Michal	Marvin Thaller
Dave Ritchey	

Mr. Tagtmeyer also reported that General Manager Timothy Power, Member Services Manager Ben Orrell, Operations Manager Larry Shutte, Office Manager Chance Briscoe, and Richard D. Thomas, Attorney for the Association, were also present. President Penny introduced Maye Gene Lee and Sue Dutro of Hugo, Colorado who work at the Hugo office of the Association.

Thereupon, President Penny did declare a quorum of Directors present, the meeting duly called and duly convened in accordance with the Bylaws of the Association and in accordance with the previous executive order of President Penny as heretofore entered, and did declare the meeting was ready to proceed with all the business to be brought before a regular monthly meeting of the Members of the Board of Directors of the Association as provided for in the Bylaws, the Call and Waiver of Notice, the Notice of Regular Meeting, and the meeting Agenda. Thereupon, President Penny did order the meeting to proceed in accordance with the meeting Agenda which was prepared, posted, and previously mailed to each of the Members of the Board of Directors as provided for by statute and the Bylaws of the Association. Secretary-Treasurer Terry Tagtmeyer requested Mr. Thomas to record the Minutes of this meeting.

1. Consider Minutes of the Regular Monthly Meeting of the Board of Directors held on Tuesday, February 22, 2011: President Penny requested Secretary-Treasurer Terry Tagtmeyer to read the Minutes of the regular monthly meeting of the Board of Directors held on Tuesday, February 22, 2011, at 3:00 p.m. in the Stratton office of the Association in Stratton, Colorado. Thereupon, and upon motion by Mr. Bledsoe and seconded by Mr. Ritchey, the following resolution was unanimously passed and adopted by the Members of the Board of Directors:

“BE IT RESOLVED: That the Minutes of the regular monthly meeting of the Members of the Board of Directors of K.C. Electric Association, Inc., held in the Stratton office of the Association in Stratton, Colorado on Tuesday, February 22, 2011, at 3:00 p.m., copies of which were mailed to each of the Members of the Board of Directors, are, by these presents, ratified and approved.”

President Penny did request Terry Tagtmeyer, as Secretary-Treasurer of the Association, to make the February 22, 2011, Minutes of the regular monthly meeting of the Board of Directors a part of the permanent records of this Association.

2. Consider Next Meeting Date: President Penny informed the Members of the Board of Directors that the next scheduled monthly meeting date of the Board of Directors is Tuesday, April 26, 2011, at 4:00 p.m. in the Stratton office of the Association in Stratton, Colorado. After this matter was fully discussed by the Board of Directors, President Penny, by executive order, ratified and approved by the Board of Directors did declare that the next regular monthly meeting of the Board of Directors of K.C. Electric Association, Inc., will be held on Tuesday, April 26, 2011, at 4:00 p.m., in the Stratton office of the Association in Stratton, Colorado.

3. Consider Public Comments: President Penny requested Members of the Board of Directors and anyone present being members of the Association and the general public to present any comments they may have regarding the operation of K.C. Electric Association, Inc., or related thereto; there being no public comments, President Penny requested the meeting to proceed in accordance with the meeting agenda.

4. Presentation of Check Register for February 2011: President Penny called the Board's attention to the Check Register for February 2011, as set forth under tab 1 of the meeting packet. After the monthly Check Register for February 2011 had been fully reviewed, item by item and then as a whole by the Board of Directors and after staff had answered all questions of the Board of Directors regarding items set forth in the Check Register, President Penny, by executive order, ratified and approved by the Board of Directors, did declare that the consideration of the monthly Check Register for the month of February 2011 was an information item only and that no further Board action was necessary regarding the Check Register for February 2011.

5. Ratification of Prior Emergency Additions and Announcements: President Penny requested the Board of Directors to consider the approval and ratification of the Board of Directors of the prior Board action on February 22, 2011, in certifying Robert Bledsoe as our delegate to the Tri-State Annual Meeting. Thereupon and upon motion by Mr. Mills and seconded by Mr. Thaller, the following resolution was unanimously passed and adopted by the Members of the Board of Directors:

“BE IT RESOLVED: That the matter of the prior certification of Robert Bledsoe as the delegate of K.C. Electric Association, Inc. to the Tri-State Annual Meeting, such certification being made as an emergency addition

to the Association meeting on February 22, 2011 is by these presents ratified and approved by the Members of the Board of Directors.”

6. Consider Emergency Additions and Announcements: President Penny introduced May Gene Lee who requested that K. C. Electric Association, Inc. consider donating the unpaid balance of the early retirement of Vernon Barker deceased, which balance in the Association’s Policy is to be held as retired Capital Credits. After this matter was fully discussed the Board did determine that the requested donation for the benefit of the VFW or Gift of Life at the hospital was with cause but that the Policy of the Association did not provide for such a donation. President Penny by executive order ratified and approved by the Board of Directors did order the matter to be taken under advisement. There being no further emergency additions to the meeting agenda or announcements, President Penny ordered the meeting to proceed in accordance with the meeting agenda.

7. Consider Operational Policies 101, 201, 422, and 452: President Penny called the Board’s attention to the fact that the Operational Policies 101, 201, 422, and 452, are up for review. President Penny requested General Manager Tim Power to review the operational policies with the Members of the Board of Directors, and thereafter the policies were reviewed item by item, and then as a whole. Thereupon, upon motion by Mr. Thaller and seconded by Mr. Michal, the following resolution was unanimously passed and adopted by the Members of the Board of Directors:

“BE IT RESOLVED: That policies 110 and 422 are approved and policies 201 and 452 are fully repealed.”

8. Consider NRECA 401K Resolution:

WHEREAS, K.C. Electric Association, Inc. (“K.C. Electric”) is participating in the NRECA sponsored defined contribution plan, the 401 (k) Pension Plan (the “401(k) Plan”), and;

WHEREAS, The Board of Directors of K.C. Electric Association, Inc. (“the Board”) elected to change the employer contribution formula effective January 1, 2008 at a meeting held November 27, 2007 at which there was a quorum present, and;

WHEREAS, The Board did not notify NRECA in a timely matter regarding the change in contribution formula.

THEREFORE BE IT RESOLVED that the amendment to the 401 (k) Plan is as follows:

In addition to the Employer Base Contribution of 1% of the Participant’s Base Compensation, K.C. Electric shall add an employer matching contribution. K.C. Electric shall add a 100% matching contribution of 1% to 1% of the Participant’s Base Compensation. All other plan provisions shall remain unchanged.

BE IT FURTHER RESOLVED, that the Board does hereby authorize and direct the General Manager to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in this resolution and that Mr. Tagtmeyer as the Secretary-Treasurer certify a true copy of the above resolution for NRECA.

9. Consider Special Equipment Purchases: President Penny called the Board's attention to the Special Equipment Summary for February 2011 as set forth under tab 2 of the meeting packet for the total amount of \$6,319.94. After the Special Equipment Summary for February 2011 had been fully reviewed, upon motion by Mr. Mills and seconded by Mr. Lewis, the following resolution was unanimously passed and adopted by the Members of the Board of Directors:

"BE IT RESOLVED: That the Special Equipment Summary in the amount of \$6,319.94 as set forth under tab 2 of the meeting packet is, by these presents, hereby approved and staff is authorized to pay the same."

10. Consider Inventory of Work Orders for February 2011: President Penny called the Board's attention to the Inventory of Work Orders #375, as set forth under tab 2 of the meeting packet for the total amount of \$58,758.66 of which \$46,524.33 is subject to loan funds. After the work order for inventory #375 had been fully reviewed by the Board of Directors, upon motion by Mr. Thaller and seconded by Mr. Michal, the following resolution was unanimously passed and adopted by the Board of Directors:

"BE IT RESOLVED: That the Inventory #375 for February 2011 as the total amount of \$58,758.66 of which \$46,524.33 is subject to loan funds as set forth under tab 2 of the meeting packet is hereby approved and staff is authorized to pay the same."

11. General Manager's Report for February 2011: President Penny requested General Manager Tim Power to give his Manager's Report for February 2011. Thereupon, General Manager Tim Power gave a brief report to the Board of Directors on the following topics:

a. Cost of Service Study Presentation, review of Document entitled Cost of Service Presentation with slide program- used 2009 and added other additional information as basis for Cost of Service Study – done until we hear from Tri-State, showed Board the meter, meter socket – Mr. Power explained the pilot project will be conducted – does show collections and its operator – Mr. Shutte – reviewed Tantalus Project List of events set forth in meeting packet.

b. Key Account Visit Updates – General Updates with consumers regarding the Operations of Tri-State introducing rate changes for electricity.

c. CREA Managers Meeting Update – Legislative Update.

d. ECM Meeting Update – Information Western United – helping our present ordering and supplies and working with Western United - discussed renewable energy sources.

e. AMI Update – pilot – approached by other company.

f. Cost of Electricity - Comparison Chart.

g. Ben's Award – Colorado County Life

1st – Safety

2nd – Wildlife in Kit Carson

Certificate of Safety Accreditation

h. Web site – Based on K.C. Electric Association, Inc. identification

After General Manager Power had completed his General Manager's Report for the February operations of the Association, President Penny by executive order, ratified and approved by the Board of Directors did accept the General Manager's Report for February 2011 and did declare that no further Board action was necessary regarding the General Manager's Report for February 2011.

12. Consider the Financial Report for February 2011: President Penny requested Office Manager Briscoe to give the Board of Directors the Financial Report of February 2011. Office Manager Briscoe called the Board's attention for February 2011, Notes to Form 7 Income Statement of which were set forth under tab 3 of the meeting packet. Office Manager Briscoe thereafter discussed the Income Statement Note and presented a slide program supporting the Income Statement.

After Mr. Briscoe had completed his Financial Report for February 2011, President Penny by executive order, ratified and approved by the Board of Directors did accept the Financial Reports and did declare that no further Board action was necessary regarding these reports.

13. Consider Safety Report for February 2011: President Penny requested Mr. Norris to present his Safety and Loss Control Report for February 2011 to the Board of Directors. Mr. Norris called the Board's attention to the Safety and Loss Control Report for February 2011, as set forth under tab 4 of the meeting packet and thereupon discussed the following with the Members of the Board of Directors:

Accident Report:

Employee 45 – Shoulder injury

Loss Prevention Activities:

2-2-11 – Annual CPR and AED training at the Stratton facility.

2-3-11 – Annual CPR and AED training at the Hugo facility.

Loss Control Committee Activities – None

After Mr. Norris had completed his Safety and Loss Control Report for February 2011, President Penny, by executive order, ratified and approved by the Board of Directors, did accept the Safety and Loss Control Report for February 2011, and did declare that no further Board action was necessary regarding this report.

14. Operations (Work) Report for the month of February 2011: President Penny requested Mr. Shutte to present his Operations (Work) Report for the month of February 2011. Mr. Shutte called the Board's attention to the Operations (Work) Report for the month of February 2011, as set forth in the meeting packet under tab 5 and thereafter discussed the Operations (Work) Report item by item and then as a whole. In addition he called the Board's attention to the outages recorded and the daily demand readings. Report on two outages, cause for outages corrected.

After Mr. Shutte had completed his Operations (Work) Report, President Penny, by executive order, ratified and approved by the Board of Directors, did accept the Operations (Work) Report and did declare that no further Board action was necessary regarding the Operations (Work) Report.

15. Member Services Report for March 2011: President Penny requested Mr. Orrell to present his Member Services Report for March 2011 to the Board of Directors. Mr. Orrell called the Board's attention to the Member Services Report of March 2011, as set forth under tab 6 of the meeting packet, and thereafter discussed the Member Services Report with the Board item by item and then as a whole.

After Mr. Orrell had completed his report President Penny, by executive order, ratified and approved by the Members of the Board of Directors, did accept the Member Services Report and did declare that no further Board action was necessary regarding this report.

16. Consider Reports on CREA and Western United: President Penny requested Mr. Mills to present his report on CREA and Western United Electric Supply Corporation (tabs 7 and 8 – meeting packet).

A. CREA:

1. Mr. Mills called the Board's attention to Colorado Rural Electric Association news and information set forth in the meeting packet under tab 7 calling attention to the most important items set forth therein, dated March 11, 2011 and March 18, 2011.
2. Sonnenberg regards sales law.
3. San Louis top forecast.
4. Be sure of long range forecast – review ramifications.
5. Protection claims of Credits.
6. Letter - on Quality Program.
7. Letter for insurance of Capital Credits.
8. Cap on Renewals – Natural Gas resume.
9. Speaker - Robert Brice – “Power Hungry”

B. Western United Electric Supply Corporation:

1. Sales and Financial Report February 2011
2. Western United Electric Supply Corporation Financial Report.

After Mr. Mills had reported on the Operation of CREA and Western United for the month of February 2011, President Penny, by executive order, ratified and approved by the Board of Directors, did accept the reports and declared that no further Board action was necessary regarding these reports.

17. Tri-State Report for March 2011: President Penny requested Mr. Bledsoe to report on the Operation of Tri-State for the month of March 2011.

- a. Tri-State Financial Condition.
- b. Energy and demand Growth in 2010.
- c. Strategic Planning.
- d. Rate design.
- e. Outside Audit.
- f. Miscellaneous News – Tri-State Operation.

Mr. Bledsoe also reported on Member Sales of Electricity – January and Member Sales of Electricity year to date through January 2011. Mr. Bledsoe also presented a handout entitled Colorado Electric Utilities Cost Comparison.

After Mr. Bledsoe had completed his report, President Penny by executive order, ratified and approved by the Board of Directors did accept the Report of the Operations of Tri-State presented by Mr. Bledsoe and did declare that no further Board action was necessary regarding this report.

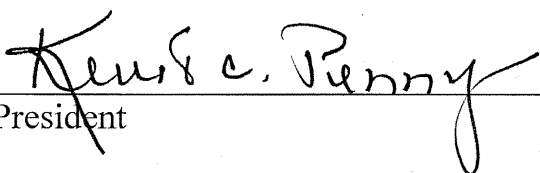
18. Executive Session: President Penny requested an Executive Session to discuss personal communication problem. Thereupon, and upon motion by Mr. Ritchey and seconded by Mr. Thaller, the following resolution was unanimously passed and adopted by the Members of the Board of Directors:

“BE IT RESOLVED: That the Board of Directors of K.C. Electric Association, Inc. go into executive session, with Tim Power, Larry Shutte and Chance Briscoe for the purpose of discussing ‘Personal Communication Problem’.”


President Penny ordered the Board of Directors with Tim Power, Larry Shutte and Chance Briscoe into executive session at 8:06 p.m. on March 29, 2011. The Board of Directors and Tim Power, Chance Briscoe and Larry Shutte came out of executive session at 8:16 p.m. on March 29, 2011.

19. Miscellaneous Business: President Penny called for any and all other business that may come before a regular monthly meeting of the Board of Directors. There being no further business to come before this meeting, President Penny, by executive order, ratified and approved by the Board of Directors, did adjourn this meeting at 8:20 p.m. on Tuesday, March 29, 2011, until the next regular monthly meeting to be held in Stratton, Colorado, on Tuesday, April 26, 2011, at 4:00 p.m.

APPROVED:



President



Secretary/Treasurer