

MINUTES OF REGULAR MONTHLY MEETING  
OF  
THE BOARD OF DIRECTORS OF K.C. ELECTRIC ASSOCIATION, INC.

A regular meeting of the Board of Directors of K.C. Electric Association, Inc. was held in Stratton, Colorado on Tuesday, October 28, 2014 at the hour of 4:00 p.m. The meeting was called to order by President Kevin Penny. The following Members were present and constituted a quorum:

Kevin Penny	Terry Tagtmeyer	Marvin Thaller
Dan Mills	Wayne Parrish	Luanna Naugle
Dave Ritchey	Jim Michal	

Also present were General Manager Tim Power, Operations Manager Paul Norris, Chief Financial Officer Ron Baxa, Member Service Specialist Ben Orrell, Attorney Jeff Cure, and employee Tanner Kern. Director Bob Bledsoe arrived at 4:50 p.m.

Approval of Minutes: It was unanimously approved to accept the minutes for the regular meeting of the Board on September 23, 2014.

Next Meeting Date: Without objection, the date for the next regular meeting of the Board was confirmed for November 25, 2014 at 4:00 p.m. in Hugo, Colorado.

Public Comments: There were no public comments at this time.

Disbursements Report: The Disbursements Report of the Association for September 2014 was reviewed and, after the Board had an opportunity to review and ask questions, Mr. Penny declared the Disbursements Report an informational item requiring no Board action.

Introduction of New Employee: Mr. Norris introduced Mr. Tanner Kern as the newest apprentice lineman. Mr. Kern is working out of the Cheyenne Wells office. The Board welcomed Mr. Kern, after which, Mr. Kern returned to work.

Emergency Items: None.

Operational Policies: Up for review were Policy #427, Paydays; Policy #428, Equal Employment Opportunity; and Policy #429, Sexual Harassment. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That Policies #427, #428, and #429 are hereby approved as presented.”

Board Compensation: Mr. Penny declared this would be discussed later in Executive Session.

New Bucket Truck: Mr. Norris presented bids for a new bucket truck, to be purchased in 2015. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That management is hereby authorized to purchase a new bucket truck, consisting of a Ford F-550 from Burlington Ford and a bucket unit from ETI, for a total of \$120,676.”

Line of Credit: Mr. Baxa explained management’s desire to increase the Association’s lines of credit with CFC and CoBank from \$1 million to \$3 million to be prepared for emergency situations and to help manage cash assets. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That management is hereby authorized to increase the lines of credit from CFC and CoBank to \$3 million each.”

NRECA Section 125 Plan: Mr. Baxa explained that, due to new regulatory language, NRECA is requiring the Board to approve the restated 125 Plan. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That the proposed NRECA Section 125 Plan is hereby approved.”

Long-Term Borrowing: Mr. Power discussed the need for long-term borrowing in 2015. Mr. Baxa explained the financial and non-financial differences between borrowing from RUS, CFC, and CoBank. Mr. Power explained that if it was the Board’s desire to borrow from RUS, then management would need to get started on writing and submitting a loan application as soon as possible. After discussion, the following resolution was unanimously passed:

“BE IT RESOLVED: That management is hereby authorized to write and submit a loan application to RUS for financing the latest work plan projects.”

Special Equipment Summary: After review and discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That the Special Equipment Summary is hereby approved in the amount of \$45,492.94.”

General Manager’s Report: Mr. Power reported on the following: the most recent Tri-State rate committee, where it was decided to not consider zonal rates; NRECA’s Region VII Meeting in Omaha; personnel changes at the Association; changes to CREA’s Regional Regulatory Compliance program and how it affects the Association; and his recent resignation from the CREA, which will become effective at year’s end.

Staff Reports: The staff made the following reports and answered Board questions:

- a. Mr. Baxa notified the Board that the Association recently had a NRECA compliance audit and passed with no issues. He informed the Board that he would be sending that audit report, along with the proposed budget and the 2015 group benefits open enrollment form, in the near future. Mr. Baxa also presented a slideshow of the financial report for September.
- b. Mr. Norris reported there were no First Reports of Injury, there was one Near Miss, and no Safety Committee activities in September. A recap was given of the safety meetings held in Hugo and Stratton.
- c. For the Operations report, Mr. Norris reported on a few outages during the month.
- d. Mr. Orrell referenced his report in the Board packet which summarized activities of Member Services for September. He also asked for the Board’s input on a location for the Christmas party. It was decided to have the party at the Claremont Inn in Stratton.

CREA Report: Mr. Mills reported the CREA board did not meet in September.

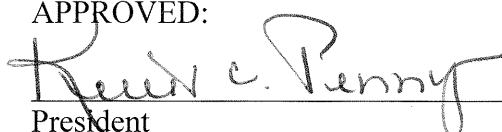
WUE Report: Mr. Mills noted that WUE continues to have very strong sales, is looking at land in New Mexico to build an office/warehouse, and now has six Arizona coops on the board.

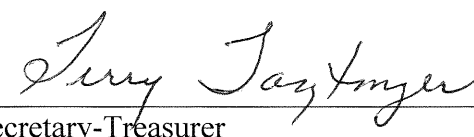
Tri-State G&T Report: Mr. Bledsoe referenced his report in the packet and updated the Board on Tri-State’s refinancing of its debt.

Miscellaneous Business: Mr. Penny then led a discussion on board education that recently took place in Denver. At 6:20 p.m. it was unanimously approved to enter Executive Session to discuss board compensation. Mr. Cure was included in Executive Session. The Board exited Executive Session at 7:14 p.m.

Adjournment: Mr. Penny declared the meeting adjourned at approximately 7:15 p.m.

APPROVED:

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Secretary-Treasurer