

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

A regular meeting of the Board of Directors of K.C. Electric Association was held in Stratton, Colorado on Tuesday, February 23rd, 2016 at the hour of 4:00 p.m. The meeting was called to order by Vice President Dan Mills. The following Members were present and constituted a quorum:

Dan Mills	Terry Tagtmeyer	Robert Bledsoe
Dave Ritchey	Wayne Parrish	
Jim Michal		

Marvin Thaller arrived at 4:02 p.m. and Luanna Naugle arrived at 4:05 p.m.

Also present were General Manager David Churchwell, Operations Manager Paul Norris, Member Service Specialist Ben Orrell, Chief Financial Officer Bo Randolph, Apprentice Lineman Caleb Brent and Attorney Jeff Cure.

Approval of Minutes: It was unanimously approved to accept the minutes as corrected for the regular meeting of the Board of Directors on January 26, 2016.

Next Meeting Date: Without objection, the date for the next regular meeting of the Board was confirmed for March 22, 2016 at 4:00 p.m. in Hugo, Colorado.

Public Comments: Mr. Norris introduced Mr. Caleb Brent, the Association's newest apprentice lineman. After introductions Mr. Brent returned to work.

Disbursements Report: The Disbursements Report of the Association for January 2016 was reviewed and, after the Board had an opportunity to review and ask questions, Vice President Mills declared the Disbursements Report as an informational item requiring no Board action.

Emergency Items: Mr. Churchwell presented three emergency items to the agenda which included; Tri-State Delegate certification, bucket truck bid and Flexnet BS M400B quote.

Tri-State Delegate Certification: The Board reviewed the Certification of Election form and Credential Sheet for the Tri-State annual meeting. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That Wayne Parrish will be the voting delegate and Terry Tagtmeyer will be the alternate voting delegate for the 2016 Tri-State Annual Meeting.”

Bucket Truck Bid: Mr. Norris presented a quote for a replacement one-man bucket truck for the Stratton office. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That management is hereby authorized to purchase a one-man bucket truck from ETI for \$ 88,553.75.”

Flexnet BS M400B: Mr. Norris presented a quote from National Rural Telecommunications Cooperative for a Flexnet base station M400B. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That management is hereby authorized to purchase a Flexnet base station M400B from NRTC for \$ 25,687.00.”

Operational Policies: Up for review were Policy #110, Depreciation of Plant; Policy #111, Investments and Loans; and Policy #113, Budget and Commitment of Funds. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That Policy #110, #111 and #113 are approved as presented.”

2016 Capital Credit Discount Rate: Mr. Randolph presented the 2016 capital credit discount rate. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That the 2016 discount capital credit rate will be 5.58%.”

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 \$ 9,487.41.”

General Manager’s Report: Mr. Churchwell reported on the following; the most recent Tri-State Board meeting, Tri-State proposed bylaw changes, PURPA, Tri-State policy changes and gave an update on the Clean Power Plan.

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

- a. Mr. Randolph presented a slideshow of the financial report for December 2015 and January 2016.
- b. Mr. Norris reported there were no First Report of Injury and no Near Misses in the past month. A recap was given of the safety meetings held in Stratton and Hugo.
- c. Mr. Norris discussed maintenance and construction projects completed in January and the progress of the new compressor station north of Stratton.
- d. Mr. Orrell referenced his report in the Board packet which summarized activities of Member Services for January. Mr. Orrell discussed his plans for K.C.’s upcoming 70th annual meeting.

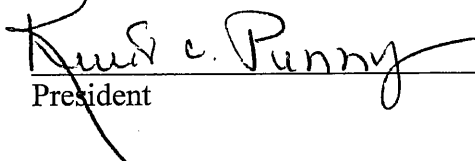
CREA Report: Mr. Mills referenced his report in the packet and discussed CREA’s upcoming annual meeting. Mr. Mills congratulated Mr. Bledsoe for receiving the Director Gold certification from NRECA.

WUE Report: Mr. Mills referenced his report in the packet and reported that progress continues to be made on the facility expansion in New Mexico. Sales continue to be strong despite the downturn in the oil industry.

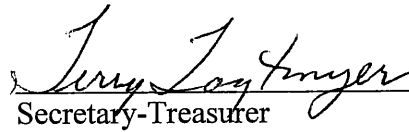
Tri-State G&T Report: Mr. Bledsoe referenced his report in the packet and mentioned that the Tri-State board will be discussing their 2016 financing plan, external auditor report and several policies changes at their March Board meeting. Mr. Bledsoe invited everyone to plan on attending the 2016 Tri-State annual meeting which will be held in April.

Adjournment: Mr. Mills declared the meeting adjourned at approximately 7:00 p.m.

APPROVED:



President



Secretary-Treasurer