

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 Hugo, Colorado on Tuesday, May 27, 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	Luanna Naugle	Wayne Parrish
Robert Bledsoe	Marvin Thaller	Jim Michal
Dave Ritchey	Terry Tagtmeyer	Dan Mills

Also present were General Manager Tim Power, Chief Financial Officer Ron Baxa, Operations Manager Darrin Laverenz, Operations Superintendent Paul Norris, Member Service Specialist Ben Orrell, and Attorney Jeff Cure. Kristie Constance was also in attendance as a guest.

Approval of Minutes: It was unanimously approved to accept the minutes for the regular meeting of the Board on April 22, 2014.

Next Meeting Date: Without objection, the date for the next regular meeting of the Board was confirmed June 24, 2014 at 4:00 p.m. in Stratton, Colorado.

Public Comments: Kevin Kelso, of Dreyer and Kelso, PC, PA, joined the meeting via teleconference to review the December 2013 Audit Report. Mr. Kelso reviewed, among other things, the topics of materiality, compliance with debt requirements, a redesigned auditor's report, changes implemented since the prior audit review, and a comprehensive review of the financial statements included in the report.

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

Emergency Items: None.

2013 Financial Audit: After discussion the following resolution was unanimously approved:

“BE IT RESOLVED: That the audit for the fiscal year ending December 31, 2013 conducted by Dryer and Kelso is hereby accepted by the Board of Directors as presented.”

Designation of RUS Online Administrator for KC Electric: Mr. Power explained that the USDA web site for submitting reports to RUS requires the Association's Board of Directors to reapprove Mr. Power as the Certifier of reports and approve Mr. Baxa as the Security Administrator for the Association. After discussion, the following resolutions were unanimously approved:

“BE IT RESOLVED: That Timothy J. Power, the General Manager of the Corporation, be the Certifier on behalf of the Corporation, who shall be responsible for submitting and certifying to the Rural Utilities Service, an agency of the United States Department of Agriculture delivering Rural Development Utilities Programs, any and all data required by RDUP Form 674.”

“BE IT RESOLVED: That Ronald J. Baxa, the CFO and Office Manager of the Corporation, be the Security Administrator on behalf of the Corporation, who shall give access to the Corporation's data, as appropriate, to other employees, officers, or contractors of the Corporation, for the purpose of complying with RDUP Form 674.”

“BE IT RESOLVED: That both shall comply with the Instructions for RDUP Form 674 in regard to use of the government's data collection system.”

Operational Policies: Up for review was Policy #205, Wellness Program for Directors; Policy #409, Wellness Program; Policy #410, Employment Applications, and Policy #411, Temporary Assignment. There were no changes recommended. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That Policies #205, #409-#411 are approved as presented.”

Unit #5 Truck Replacement: Mr. Norris presented bids for a new pickup box delete and bids to purchase and install a new service body. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That KC Electric management is hereby authorized to purchase a 2015 Chevy 2500 box delete from Vince’s GM Center for \$24,097 (with trade-in) and a new service body purchased from and installed by Auto Truck for \$13,678.”

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 \$29,907.80.”

Inventory of Work Orders: After review and discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That Inventory of Work Orders #405, in the amount of \$347,264.79, is hereby approved.”

General Manager’s Report: Mr. Power reported on the following: the progress of the Mountain View territory swap, with help from Mr. Laverenz; a recent USDA Rural Development proposed rule on compliance with the National Environmental Policy Act (NEPA) and the possible affect it will have on RUS borrowers; the Association’s recent deregistration from the compliance registry of the North American Electric Reliability Corporation (NERC); a need for consistency in how to handle requests for information coming from individual Directors of the Association.

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

- a. Mr. Baxa presented a slideshow of the financial report for April 2014.
- b. Mr. Norris reported there were no First Reports of Injury, Near Misses, or Safety Committee activities in April. A recap was given of the safety meetings held in Hugo and Stratton. He also noted that CREA hired a new regional compliance representative, Mike McKenzie, who made his first visit to the Association in May.
- c. Mr. Laverenz reported on a series of outages that occurred in April and May throughout the service territory.
- d. Mr. Orrell referenced his report in the Board packet which summarized activities of Member Services for April 2014, and stated there have been nearly 700 votes cast so far for the director positions. He also asked the Board of Directors who would be attending the pre-annual meeting dinner.

CREA Report: Mr. Mills reported that it was a long legislative year with over 600 bills introduced, but nothing passed that would cause real damage to electric coops. He also mentioned that increasing regulations may necessitate the hiring of additional personnel at CREA, thus increasing dues for members.

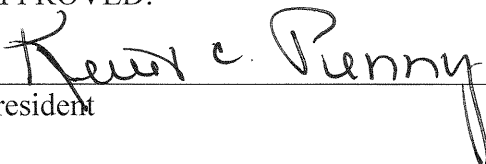
WUE Report: Mr. Mills noted that WUE continues to have very strong sales, has pared back the number of board meetings from nine to six, and increased the per diem \$100.

Tri-State G&T Report: Mr. Bledsoe referenced his report in the packet and reported the following: Tri-State is looking closely at the impact of the proposed NEPA rule previously discussed; two new advisory councils for the Tri-State board have been created; Tri-State was not successful in its bid to serve the city of Fountain; Tri-State continues to research the possibility of a utility scale solar generation plant that distribution members could subscribe to.


Miscellaneous Business: At 8:15 p.m. it was unanimously approved to enter Executive Session to discuss board compensation. Mr. Cure and Mr. Power were included in Executive Session. The Board exited Executive Session at 8:40 p.m.

Adjournment: Mr. Penny declared the meeting adjourned at approximately 8:40 p.m.

APPROVED:



President



Secretary-Treasurer