

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 Hugo, Colorado on Tuesday, May 24th, 2016 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	Robert Bledsoe	Dave Ritchey
Wayne Parrish	Luanna Naugle	Jim Michal

Also present were General Manager David Churchwell, Operations Manager Paul Norris, Member Service Specialist Ben Orrell and Chief Financial Officer Bo Randolph.

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

Next Meeting Date: Without objection, the date for the next regular meeting of the Board was confirmed for June 28, 2016 at 4:00 p.m. in Stratton, Colorado.

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

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

Emergency Items: None.

2015 Financial Audit: After discussion the following resolution was unanimously approved:

“BE IT RESOLVED: That the audit for the fiscal year ending December 31, 2015 conducted by Kevin S. Kelso, CPA, P.C., P.A. is hereby accepted by the Board of Directors as presented.”

Operational Policies: Up for review were Policy #205, Wellness for Directors; Policy #407, Confidentiality of Personnel Files, Employees Rights, and HIPAA; Policy #409, Wellness Program; Policy #410, Employment Applications, and Policy #411, Temporary Assignment. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That Policies #205, #407, #409, #410 and #411 are approved as presented.”

PURPA Waiver: Mr. Churchwell presented a resolution approving participation in a waiver petition with Tri-State Generation and Transmission for qualified facilities. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That the resolution approving participation in a waiver petition with Tri-State Generation and Transmission is hereby approved.”

Window Replacement Hugo Office: Mr. Churchwell presented a quote to replace windows in the Hugo front office. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That management is hereby authorized to hire Champion Window Company of Colorado Springs, LLC to replace the windows in the Hugo front office for \$ 12,965.00.”

Rules and Regulations: Mr. Churchwell presented a revised version of K.C. Electric Association's Operating Rules and Regulations. After discussion the following resolution was unanimously approved:

"BE IT RESOLVED: That K.C. Electric Association's Operating Rules and Regulations are approved as presented."

Special Equipment Purchase: 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 \$ 6,762.82."

General Manager's Report: Mr. Churchwell reported on the following: the most recent Tri-State Board meeting, solar opportunities, personnel changes, CREA Managers meeting 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 April 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. Mr. Norris reported on a high voltage demonstration for the boy scouts at their annual Camporee and a farm safety demonstration conducted in Cheyenne Wells.
- c. Mr. Norris discussed maintenance and construction projects completed in April, and the progress of the line rebuild project for the new compressor station north of Stratton.
- d. Mr. Orrell referenced his report in the Board packet which summarized activities of Member Services for April. Mr. Orrell discussed K.C.'s upcoming 70th Annual Meeting and the preparations involved.

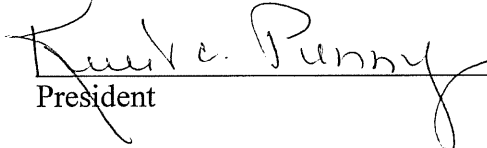
CREA Report: Mr. Mills referenced his report in the packet and reported that the CREA Board of Directors will be having a work session this month prior to their monthly Board meeting.

WUE Report: Mr. Mills referenced his report in the packet and reported that sales are steady and the facility expansion in New Mexico is complete and operational. Mr. Mills passed around pictures of WUE's new facility in New Mexico.

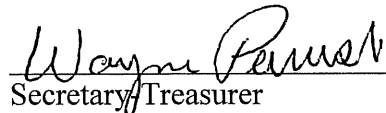
Tri-State G&T Report: Mr. Bledsoe referenced his report in the packet.

Adjournment: Mr. Penny declared the meeting adjourned at approximately 7:50 p.m.

APPROVED:



President



Secretary/Treasurer