

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 23rd, 2017 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	Dan Mills	Dave Ritchey
Terry Tagtmeyer	Luanna Naugle	Wayne Parrish
Bob Bledsoe	Marvin Thaller	

Jim Michal arrived at 5:00 PM
Marvin Thaller left the meeting at 5:55 PM

Also present were General Manager David Churchwell, Operations Manager Paul Norris, Member Service/IT Specialist George Ehlers, Chief Financial Officer Bo Randolph, and Attorney Jeff Cure.

Approval of Minutes: It was unanimously approved to accept the minutes for the regular meeting of the Board of Directors on April 25, 2017.

Next Meeting Date: Without objection, the date for the next regular meeting of the Board was confirmed for June 27, 2017 at 4:00 p.m. in Stratton, Colorado.

Public Comments: Kevin Kelso, of Kevin S. Kelso, CPA, P.C., P.A. joined the meeting via teleconference to review the 2016 Audit Report. Mr. Kelso reviewed, among other things, the topics of materiality, compliance with debt requirements, auditor's report, and a comprehensive review of the financial statements included in the report.

Executive Session: At 5:00 PM it was unanimously approved to enter Executive Session to discuss the 2016 audit. Mr. Cure and Mr. Kelso was included in the Executive Session. The Board exited Executive Session at 5:05 PM.

Disbursements Report: The Disbursements Report of the Association for April 2017 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:

Resolution authorizing the amendment and restatement of the RS and 401(K) pension plan: Mr. Churchwell presented a resolution of the Board of Directors authorizing the amendment and restatement of the retirement security and 401(K) pension plan. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That a resolution of the Board of Directors authorizing the amendment and restatement of the retirement security and 401(K) pension plan is hereby approved.”

Operational Policies: Up for review were Policy #503, Vandalism Reward; Policy #504, Donations and Contributions; Policy #505, Member Complaints and Related Matters; and Policy #438, Bloodborne Pathogen Exposure Plan. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That Policy #503, #504, #505, and #438 are approved as presented.”

2016 Financial Audit: After discussion the following resolution was unanimously approved:

“BE IT RESOLVED: That the audit for the fiscal year ending December 31, 2016 conducted by Kevin S. Kelso, CPA, P.C., P.A. is hereby accepted by the Board of Directors as presented.”

Two Year Audit Agreement: Mr. Churchwell presented a two-year audit agreement with Kevin S. Kelso, CPA, P.C., P.A. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That K.C. Electric will engage Kevin S. Kelso, CPA, P.C., P.A. for the audit of the financial statements of K.C. Electric Association for the years ending in December 31, 2017 and 2018.”

Employee Appreciation Resolution: Mr. Churchwell presented a resolution of appreciation for the exceptional commitment displayed by K.C. employees in restoring power after the March 24th storm. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That a resolution of appreciation to K.C. Electric Association employees for exemplary service is hereby approved:

Power Quality Meter Quotes: Mr. Churchwell and Mr. Norris presented quotes for a three-phase power quality analyzer. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That management is hereby authorized to purchase a three-phase power quality analyzer from Western United Electric Supply Corporation for \$5,800.”

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

“BE IT RESOLVED: That the Inventory of Work Orders #430 in the amount of \$262,071.48 and #431 in the amount of \$25,587.10 is hereby approved.”

General Manager’s Report: Mr. Churchwell reported on the following: the most recent Tri-State Board meeting, RUS efficiency initiatives and community scale solar. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That community scale solar discussions will be tabled indefinitely.”

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

- a. Mr. Randolph presented a slideshow of the financial report for April 2017, and gave an update on the costs associated with the March 24 storm that damaged our system.
- b. Mr. Norris reported there was 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 discussed the first responder training that K.C. and MVEA hosted recently at the Hugo fairgrounds.
- c. Mr. Norris discussed maintenance and construction projects completed in April, annual pole testing and storm cleanup. Mr. Norris gave an update on the mutual aid crews that we sent to Kansas.
- d. Mr. Ehlers referenced his report in the Board packet which summarized activities of Member Services and IT for April. Mr. Ehlers discussed the agenda for the June annual meeting and an electrical safety demonstration he gave at the Burlington grade school.

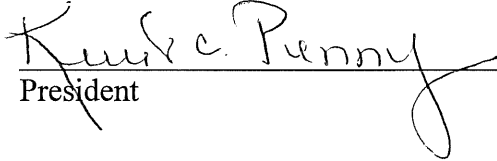
CREA Report: Mr. Mills referenced his report in the packet and discussed the 2017 Colorado legislative session.

WUE Report: Mr. Mills referenced his report in the packet and reported that sales continue to remain strong and are higher than budget. WUE will be expanding in the Utah and Idaho market in the near future.

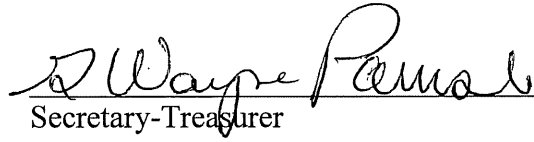
Tri-State G&T Report: Mr. Bledsoe referenced his report in the packet and discussed Tri-State's asset retirement obligations and Tri-State contract committee activities.

Adjournment: Mr. Penny declared the meeting adjourned at approximately 8:30 p.m.

APPROVED:



President



Secretary-Treasurer