

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, June 24, 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
Robert Bledsoe	Dan Mills	Wayne Parrish
Dave Ritchey	Jim Michal	

Also present were General Manager Tim Power, Chief Financial Officer Ron Baxa, Operations Manager Darrin Laverenz, Member Service Specialist Ben Orrell, Operations Superintendent Paul Norris, and Attorney Jeff Cure. Director Luanna Naugle arrived at 4:05 p.m..

Approval of Minutes: It was unanimously approved to accept the corrected minutes for the regular meeting of the Board on March 25, 2014 and the minutes for the regular meeting of the Board on May 27, 2014.

Next Meeting Date: Without objection, the date for the next regular meeting of the Board was confirmed for July 22, 2014 at 4:00 p.m. in Hugo, Colorado.

Public Comments: Geoff Hier and Jeani Frickey, both representing CREA, presented the CARE program to the Board. They asked for a donation from the Association. No Board action was taken.

Disbursements Report: The Disbursements Report of the Association for May 2014 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.

Operational Policies: Up for review were Policy #412, Standby Duty; Policy #413, Funeral Leave; Policy #414, Holidays; and Policy #415, Sick Leave. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That Policies #412-415 are approved as presented.”

Co-Bank Line of Credit Renewal: CoBank requires the Association to renew its line of credit annually and to authorize those directors and employees which can access the line of credit. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That the Association renews its line of credit with CoBank and authorizes Mr. Penny, Mr. Bledsoe, Mr. Tagtmeyer, Mr. Mills, Mr. Power, and Mr. Baxa to access the line of credit.”

Generator for Hugo Office: Mr. Laverenz explained the need for a larger generator at the Hugo office. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That management gather bids for multiple brands of generators from multiple vendors to present to the Board at a later date.”

Hiring a Lineman: Mr. Power and Mr. Laverenz presented a plan to hire an apprentice lineman in the weeks ahead and to add a journeyman lineman in January 2015, both to be stationed in Hugo. After discussion as to the pros and cons of the plan and the desire of the Board to keep all linemen at the Stratton, Cheyenne Wells, and Flagler offices, the following resolution was unanimously approved:

“BE IT RESOLVED: That management is authorized to immediately hire a lineman (apprentice or journeyman), to be stationed at the Flagler office.”

Discussion on the matter continued after the resolution, and the following resolution was approved with one dissenting vote:

“BE IT RESOLVED: That the previous motion be revisited.”

Management expressed a desire to remove the restriction of locating the new lineman at the Flagler office and leave the decision of where to locate the new lineman up to management. After further discussion, the following resolution was approved with three dissenting votes:

“BE IT RESOLVED: That management is authorized to immediately hire a lineman (apprentice or journeyman), to be stationed at the Stratton, Cheyenne Wells, or Flagler office.”

Board Officers and Delegates: Mr. Penny appointed Mr. Cure as temporary chair of the meeting. Mr. Cure first asked Mr. Penny, Mr. Bledsoe, and Mr. Mills if they each accepted their election to the Board. All responded in the affirmative. Mr. Cure then conducted the nomination and election of the Board President. Mr. Cure requested nominations for President. Mr. Penny was nominated to serve as Board President. No further nominations were made and the following resolution was unanimously approved:

“BE IT RESOLVED: That Kevin Penny is elected to serve as the President of the Board of Directors of KC Electric for a term of one year.”

Mr. Cure relinquished the temporary chair position and returned the meeting to Mr. Penny. Mr. Penny called for nominations to fill the position of Vice President. Mr. Bledsoe was nominated as Vice President. No further nominations were made and the following resolution was unanimously approved:

“BE IT RESOLVED: That Bob Bledsoe is elected to serve as the Vice President of the Board of Directors of KC Electric for a term of one year.”

Mr. Penny then called for nominations to fill the position of Secretary/Treasurer. Mr. Tagtmeyer was nominated as Secretary/Treasurer. No further nominations were made and the following resolution was unanimously approved:

“BE IT RESOLVED: That Terry Tagtmeyer is elected to serve as the Secretary/Treasurer of the Board of Directors of KC Electric for a term of one year.”

President Penny then called for nominations to fill the position of Assistant Secretary/Treasurer. Mr. Mills was nominated as Assistant Secretary/Treasurer. No further nominations were made and the following resolution was unanimously approved:

“BE IT RESOLVED: That Dan Mills is elected to serve as the Assistant Secretary/Treasurer of the Board of Directors of KC Electric for a term of one year.”

Mr. Penny then called for nominations to fill the position of delegate for Tri-State G&T. Mr. Bledsoe was nominated as the delegate. No further nominations were made and the following resolution was unanimously approved:

“BE IT RESOLVED: That Bob Bledsoe is elected to serve as the Association’s delegate to serve on Tri-State G&T’s board of directors for a term of one year.”

Mr. Penny then called for nominations to fill the position of delegate for CREA. Mr. Mills was nominated as the delegate. No further nominations were made and the following resolution was unanimously approved:

“BE IT RESOLVED: That Dan Mills is elected to serve as the Association’s delegate to serve on CREA’s board of directors for a term of one year.”

Mr. Penny then called for nominations to fill the position of delegate for Western United. Mr. Mills was nominated as the delegate. No further nominations were made and the following resolution was unanimously approved:

“BE IT RESOLVED: That Dan Mills is elected to serve as the Association’s delegate to serve on Western United’s board of directors for a term of one year.”

Mr. Penny then called for nominations to fill the position of voting delegate for NRECA. Mr. Power was nominated as the voting delegate. No further nominations were made and the following resolution was unanimously approved:

“BE IT RESOLVED: That Tim Power is elected to serve as the Association’s voting delegate for NRECA for a term of one year.”

Mr. Penny then called for nominations to fill the position of alternate delegate for Tri-State G&T. Two directors expressed interest in the position. A vote was cast and Mr. Thaller received more votes than Mrs. Naugle. The following resolution was then unanimously approved:

“BE IT RESOLVED: That Marvin Thaller is elected to serve as the Association’s alternate delegate to serve on Tri-State G&T’s board of directors for a term of one year.”

Mr. Penny then called for nominations to fill the position of alternate delegate for CREA. Mr. Thaller was nominated as the alternate delegate. No further nominations were made and the following resolution was unanimously approved:

“BE IT RESOLVED: That Marvin Thaller is elected to serve as the Association’s alternate delegate to serve on CREA’s board of directors for a term of one year.”

Mr. Penny then called for nominations to fill the position of alternate delegate for Western United. Mr. Ritchey was nominated as the alternate delegate. No further nominations were made and the following resolution was unanimously approved:

“BE IT RESOLVED: That Dave Ritchey is elected to serve as the Association’s alternate delegate to serve on Western United’s board of directors for a term of one year.”

After further discussion, it was decided to wait to appoint an alternate voting delegate for NRECA, as well as voting delegates and alternate voting delegates for CFC and NRTC.

Mr. Penny then called for nominations to fill the position of Board representative of the Association’s Safety Committee. Mr. Ritchey was nominated as the Board representative. No further nominations were made and the following resolution was unanimously approved:

“BE IT RESOLVED: That Dave Ritchey is elected to serve as the Board representative of the KC Electric Safety Committee for a term of one year.”

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 \$56,707.70.”

General Manager's Report: Mr. Power reported on the following: issues that surfaced in the director elections, including ballot design, mail-in ballots, and recounts; the upcoming statewide accountants meeting to be hosted by KC Electric in Stratton; the likely need to borrow long term funds in the months ahead; and a recent member complaint due to another member being disconnected for non-pay.

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

- a. Mr. Baxa explained the Association will be audited this year by NRECA for compliance with plan terms for the retirement and medical plans. He then distributed director hours worked information that needed to be reviewed by the directors prior to preparation of the Association's IRS Form 990. He also presented a slideshow of the financial report for May 2014.
- b. Mr. Norris reported there were no First Reports of Injury, Near Misses, or Safety Committee activities in May. A recap was given of the safety meetings held in Hugo and Stratton.
- c. Mr. Laverenz reported on recent major outages in the Burlington and Hugo areas. A discussion ensued regarding communication issues at various levels. Mr. Power cited the excellent work done by the linemen during the outages, as well as the work by Mr. Norris and Mr. Laverenz.
- d. Mr. Orrell referenced his report in the Board packet which summarized activities of Member Services for May 2014, including a breakdown by town of the members who attended the annual meeting.

CREA Report: Mr. Mills reported on the recent board meeting which took place in Lamar, Colorado.

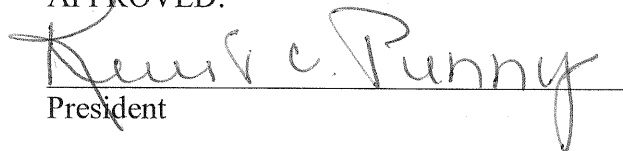
WUE Report: Mr. Mills noted that WUE continues to have very strong sales.

Tri-State G&T Report: Mr. Bledsoe referenced his report in the packet and noted Tri-State is looking closely at refinancing its debt to pay off its RUS loans. This would provide many benefits to Tri-State, including more freedom in how it operates. He also mentioned that, despite his vote against it, the board increased its per diem from \$400 to \$500 per day.

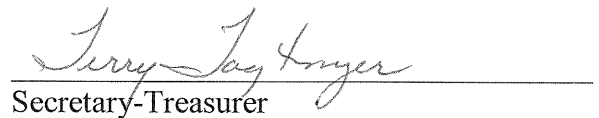
Miscellaneous Business: None.

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

APPROVED:



President



Secretary-Treasurer