

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, June 27th, 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

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

Approval of Minutes: It was unanimously approved to accept the minutes for the regular meeting of the Board of Directors on May 23, 2017.

Next Meeting Date: Without objection, the date for the next regular meeting of the Board was confirmed for July 25, 2017 at 4:00 p.m. in Hugo, Colorado.

Public Presentations and Member Comments: President Penny presented Mr. Tagtmeyer with his NRECA Director Gold certificate.

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

IRS form 990 review: Mr. Churchwell reviewed the 2016 IRS form 990 which was completed by Kevin S. Kelso, CPA, P.C., P.A. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That the 2016 IRS form 990 is hereby approved as presented.”

Board Officers and Delegates: Mr. Penny appointed Mr. Cure as temporary chair of the meeting. Mr. Cure requested nominations for Board President. A motion was made to nominate officers by a slate of individuals. After discussion, 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 K.C. Electric for a term of one year, Dan Mills is elected to serve as the Vice President of the Board of Directors of K.C. Electric for a term on one year, Wayne Parrish is elected to serve as the Secretary/Treasurer of the Board of Directors of K.C. Electric for a term of one year, and Dave Ritchey is elected to serve as the Assistant Secretary/Treasurer of the Board of Directors of K.C. 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 director for Tri-State G&T. A motion was made to nominate Tri-State, CREA, and WUE directors and alternate directors as well as the Association’s safety committee Board representative by a slate of individuals. After discussion, the following resolution was unanimously approved:

“BE IT RESOLVED: That Bob Bledsoe is elected to serve as the Association’s director and Terry Tagtmeyer to serve as the Association’s alternate director to serve on Tri-State G&T’s Board of directors for a term of one year, Dan Mills is elected to serve as the Association’s director and Jim Michal is elected to serve as the Association’s alternate director to serve on CREA’s and WUE’s board of directors for a term of one year, and Marvin Thaller is elected to

serve as the Board's representative on the Association's safety committee for a term of one year."

Operational Policies: Up for review were Policy #118, Whistleblower Protection; Policy #502, Disclosure of K.C. Electric and Member Information, and Policy #506, Structures and Obstruction Hazards. After discussion, the following resolution was unanimously approved:

"BE IT RESOLVED: That Policy #118, #502, and #506 are approved as presented."

PCI Compliance: Mr. Churchwell presented information regarding PCI compliance including a quote from NISC for interactive voice response for member credit card transactions. After discussion, the following resolution was unanimously approved:

"BE IT RESOLVED: That management is hereby authorized to purchase interactive voice response services from NISC for \$1,500."

Hugo Substation Transformer Replacement: Mr. Norris presented quotes to replace damaged substation transformers at the Hugo substation. After discussion, the following resolution was unanimously approved:

"BE IT RESOLVED: That management is hereby authorized to purchase three 1,667 kVA transformers from Solomon Electric for \$163,950.

CFC Uncommitted Line of Credit: Mr. Churchwell presented a new line of credit product that CFC is offering to members. After discussion, the following resolution was unanimously approved:

"BE IT RESOLVED: That the uncommitted line of credit agreement with National Rural Utilities Cooperative Finance Corporation (CFC) for \$3,000,000 is approved as presented.

CARE 527 Contribution: Mr. Churchwell presented a letter from CARE requesting the Board to consider donating to the CARE 527 membership account. After discussion, the following resolution was unanimously approved:

"BE IT RESOLVED: That the Association will donate \$2,000 to the CARE 527 membership account for 2017 and will annually review CARE 527 contributions."

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 \$3,268.42."

General Manager's Report: Mr. Churchwell reported on the following: the most recent Tri-State Board meeting, K.C. 2017 annual meeting, results of the Tri-State member survey, and the NRECA region 7 & 9 meeting.

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

- a. Mr. Randolph presented a slideshow of the financial report for May 2017, and discussed the CFC forum and KRTA training that he recently attended.
- 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. K.C. received a no lost time accident award from Federated Rural Electric Insurance Exchange. Through the end of 2016, K.C. employees have worked 183,008 hours since our last lost time accident which occurred on July 29, 2013.
- c. Mr. Norris discussed maintenance and construction projects completed in May which included transmission hardware tightening. Contract tree trimmers will arrive soon and will be working on the west side of our system.

- d. Mr. Ehlers referenced his report in the Board packet which summarized activities of Member Services and IT for May. Mr. Ehlers continues to work with NISC to ensure our computer network is protected from unauthorized access.

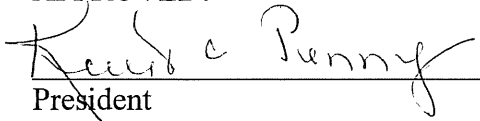
CREA Report: Mr. Mills referenced his report in the packet and discussed the recent CREA Board meeting held in Cortez Colorado.

WUE Report: Mr. Mills referenced his report in the packet and reported that sales continue to remain strong. Year-end numbers should elapse any they have seen in the past.

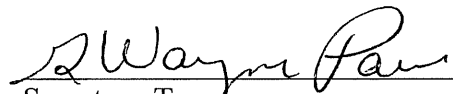
Tri-State G&T Report: Mr. Bledsoe referenced his report in the packet and discussed Tri-State's extensive cybersecurity efforts to ensure their networks are protected.

Adjournment: Mr. Penny declared the meeting adjourned at approximately 7:12 p.m.

APPROVED:



President



Secretary-Treasurer