

*KIT CARSON ELECTRIC COOPERATIVE, INC.*

*MEETING OF THE BOARD OF TRUSTEES*

*April 24, 2018*

*A meeting of the Board of Trustees of Kit Carson Electric Cooperative, Inc. (KCEC) was called to order by the President, Mr. Bobby Ortega, on Tuesday, April 24, 2018 at 9:06 a.m. in the Marcelino Martinez Room of the headquarters building of the Cooperative, Taos, New Mexico. The following Trustees were present:*

<i>Bob Bresnahan</i>	<i>Present</i>
<i>Cristobal Duran</i>	
<i>Bruce Jassmann</i>	
<i>Ambrose Mascarenas</i>	
<i>Manuel Medina</i>	
<i>Bobby Ortega</i>	
<i>Arthur Rodarte</i>	
<i>Bernie Torres</i>	
<i>Luisa Valerio-Mylet</i>	

*Also, present were: Johnny Valerio, Chief Financial Officer; Richard Martinez, Chief Operating Officer; Carmella Suazo, Administrative Assistant; and Joyce Archuleta, Executive Secretary, who recorded the day's proceedings.*

*Mr. Jassmann led the Board in reciting the Pledge of Allegiance.*

*Mr. B. Torres led the Board in a word of Prayer prayer.*

*The President announced a quorum was present and the Board was ready to proceed with the transaction of business.*

*The agenda was presented. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that the agenda be approved as presented.*

*The minutes for the Board of Trustees regular meeting held March 27, 2018 were presented. It was moved by Mr. Mascarenas, seconded by Mrs. Valerio-Mylet, and unanimously approved, that the minutes be approved as presented.*

*The President introduced Mr. Erich Balzer who had requested to address the Board of Trustees. Mr. Balzer reported that Mr. Reyes attended a meeting of a*

*less than friendly crowd in Angel Fire, he wanted each member of the Board to know the masterful way Mr. Reyes handled the crowd. He addressed all the questions from the crowd and explained the operations of an electric cooperative. He stated that KCEC should be proud that Mr. Luis Reyes was representing and running KCEC.*

*Mr. Reyes reported on the Financials for March 2018. He reported year to date margins were \$839,001. Margins for March 2018 were \$302,584. Wheeling fees paid to PNM and Tri-State were discussed, the President asked if there was a solution to the wheeling fees. Mr. Reyes stated Tri-State is considering joining Southwest Power Pool (SPP) which may result in lower wheeling costs. Once a G & T joins an organized market the G & T is subject to FERC jurisdiction. Mr. Reyes reported the balance on the exit fee as of March was \$28.5 million. He reported crews continue to maintain electric facilities and have an aggressive tree trimming program. Discussion was held on a fire in Penasco close to an employee's residence that burned two poles and damaged fiber and meter bases as well. Mr. Reyes reported employees continue to work on operational efficiencies. Employees are recommending ways to reduce expenses and increase efficiencies. A list of accounts changed from rate 1 to rate 3 was distributed. Mr. Reyes reported discussion was held at the Board Work Session on accounts that had been changed. Balance sheet was reviewed. Mr. Reyes reported there were 53 new connects this year compared to 37 last year. He reported he met with Mr. Larry McGraw, RUS, General Field Representative on a plan to close construction work in progress, and that a Corrective Plan would be sent to RUS. He reported total assets were \$171,683,279. KPA's were reviewed. Year to date TIER was 1.91 and year to date DSC was 1.51. Mr. Reyes reported employees have been active in decreasing expenses and encouraging members to sign up for e-billing to save on postage, toner, paper, etc. He reported that KCEC would assess whether KCEC is right sized and if vacant positions should be filled or eliminated. Mr. Reyes reported that a representative from Eide Bailly would be at the May Board Meeting to present the audit report. Mrs. Valerio-Mylet reported that the Safety Committee met April 10, 2018. She reported that KCEC had 188 days of no lost time accidents as of April 9, 2018. She reported that the Safety Committee met with Mr. Reyes who stressed the importance of safety. Richard Martinez reported the committee would promote safety and the #1 goal is that everyone goes home at the end of the day. He reported he met with all crews after the Safety Committee Meeting regarding the importance of*

CEO Report

*responding to items reported in a timely manner. Following discussion, it was moved by Mr. Medina, seconded by Mr. Bresnahan, and unanimously approved, that the CEO report for March 2018 be approved as presented. A copy of the CEO report is included in the Transfer of Documents and is hereby made a part of the minutes of this meeting.*

*The President reported requests have been received from Estates for retirement of capital credits. It was moved by Mr. Jassmann, seconded by Mr. Duran, and unanimously approved, that payments to these Estates in the amount of \$9,543.57 be approved as presented with the provision that such payment would not impair the financial condition of the Cooperative and that any balance owed would be paid in the future after approval of the Board.*

*Capital Credits  
to Estates*

*Discussion was held on the approval of Resolution No. 4-4-18 Work Plan Extension. Mr. Reyes recommended approval of Resolution as follows:*

*Approval of  
Resolution No.  
4-4-18 Work  
Plan Extension*

**WHEREAS**, Kit Carson Electric Cooperative, Inc. (KCEC) received a loan from the Rural Utilities Services (RUS) in connection with its 2013-2016 Four Year Work Plan; and

**WHEREAS**, The Federal Financing Bank Guaranteed Loan designated "AV8" from RUS was in the amount of \$33,099,000; and

**WHEREAS**, The Loan remains with unadvanced funds in the amount of \$8,974,000.00 that will automatically terminate on September 30, 2018; and

**WHEREAS**, KCEC has special equipment costs and closed work orders where upon inspection by its engineering consultant will significantly decrease the balance in reserve. Also, the remaining balance will be utilized to complete projects as reflected on Exhibit A and finance the construction work in progress in the amount of \$5,028,074 as of March 31, 2018; and

**WHEREAS**, the 2013-2016 Four Year Work Plan extension was approved at the KCEC regular Board Meeting held April 24, 2018; and

**NOW THEREFORE, BE IT RESOLVED**, the Board of Trustees of Kit Carson Electric Cooperative, Inc. respectfully requests an extension of the loan advanced period of the AV8 loan until September 30, 2019, in accordance with 7 CFR 1714.56.

*It was moved by Mr. Duran, seconded by Mr. Mascarenas, and unanimously approved, to Approve Resolution No. 4-4-18 Work Plan Extension as presented.*

*Discussion was held on the approval of proposed bylaw amendments for members consideration at KCEC Annual Meeting. The first amendment would be*

*Approval of  
Proposed Bylaw  
Amendments for*

that "No business of the Cooperative shall be conducted at Districted meetings. District meetings shall be held solely for electing Trustees. Elections shall take place at the time determined by Board policy in the respective Districts on the dates set forth below as follows:" This was presented at the 2015 Annual Meeting but was not voted upon. The second proposed amendment is to amend the bylaws regarding no Trustee shall serve more than two terms of four years each. This was acted upon in 2009, however; KCEC received a legal opinion that no quorum was present, therefore, the vote on proposed amendment was forced and unlawful. It was moved by Mr. Medina, seconded, by Mrs. Valerio-Mylet and unanimously approved that the proposed bylaw amendments be presented to the membership at the KCEC Annual scheduled for June 9, 2018.

Annual Meeting

The President reported donation totals and correspondence were in the packet and may be reviewed at leisure.

Donations &  
Correspondence

Mr. Jassmann presented Payables for the Electric and Internet Divisions. The Payables Committee met on April 10, 2018. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved, that the payables for March 2018 be approved as presented.

Payables  
Committee

Mr. Duran reported that he attended the NMRECA meetings March 29 & 30, 2018. Discussion was held on letter that was sent to NMRECA regarding KCEC's issues and goals. Mr. Duran reported that NMRECA dues would increase next year, dues would increase by \$3,000.00 over the next three years. G & T dues didn't increase. He reported that he voted against the increase. Mr. Duran reported discussion was held on splitting the Secretary/Treasurer position to two positions. He reported that if KCEC's goals and issues were not addressed and KCEC did withdraw from NMRECA, if KCEC would request to return to NMRECA, KCEC would have a waiting period of three years. Mr. Duran reported the NMRECA Annual Meeting would be held May 22-24, 2018 in Ruidoso, NM.

NMRECA  
Board Meeting

Mr. Reyes reported on Kit Carson Internet financials. He reported KCI had 6,300 subscribers. He reported more customers are using the call center, this has alleviated KCI CSR's to take more calls. Mr. Reyes reported year to date margins were \$351,000. Mr. Reyes reported KCI is working with REDINET to extend KCI's service area further south.

Broadband  
Committee &  
Economic  
Development

Mr. Mascarenas reported the Solar Solar

Solar

*Committee met on April 20, 2018. He reported contracts for El Rito solar project were signed. They will start conducting soil samples for the job. Mr. Mascarenas reported on the Eagle Nest solar project, all equipment should be delivered by May 7, 2018 and installed for the ground breaking on July 23, 2018. Mr. Mascarenas reported on the Questa Solar Project located across Lupe Young's property in El Rito. He reported that they were working with Taos County to streamline the process. Mr. Reyes reported that Questa property owner wants to donate property for a solar array. Mr. B. Torres asked if contract had been signed with Lupe Young. Mr. Reyes reported that the contract was signed contingent on planning and zoning approval. Code currently states that array must be 1,000 ft from fence line, code would need to be changed or a variance must be approved.*

*Committee*

*Mr. Reyes reported the Bylaw & Policy Committee met on April 12, 2018, 2018. He reported the Committee reviewed KCEC Policy 3.6, Sick Leave. Recommended changes. He reported that Capital Credit policies were discussed. KCEC could not waive the \$15.00 service charge but could waive the deposit. It was moved Mr. Rodarte, seconded by Mr. Medina, and unanimously approved, that KCEC Policy 3.6, Sick Leave be approved with recommended changes.*

*Bylaw & Policy Committee*

*Mr. B. Torres asked for clarification on the list provided for the accounts changed from rate 1 to rate 3. Mr. Reyes reported that KCEC had requested a list of business licenses from Taos County, Town of Taos and Taos Ski Valley received a list of business licenses, from there research was performed on the accounts to determine if they should be changed. Mr. Medina asked when the letter from KCEC to NMRECA be discussed. Mr. Reyes reported a response was expected prior to the NMRECA Annual Meeting. Mr. Duran reported it would be discussed in June.*

*Board Member Concerns*

*There being no further business to come before the Board, it was moved by Mr. Jassmann, seconded by Mr. B. Torres and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. meeting be adjourned until May 29, 2018 at 9:00 a.m. the date and time of the next Board meeting. Unless changed and, thereupon, the President declared the meeting adjourned at 10:08 a.m.*

*Meeting Adjourned*

**April 24, 2018 Regular Board Meeting**

*The following Trustees were present at the end of the meeting:*

*Bob Bresnahan, Cristobal Duran, Bruce Jassmann, Ambrose Mascarenas, Manuel Medina, Bobby Ortega, Arthur Rodarte, Bernie Torres and Luisa Valerio-Mylet.*



Secretary

Approved this 29 day of May 2018



President