

*KIT CARSON ELECTRIC COOPERATIVE, INC.*

*MEETING OF THE BOARD OF TRUSTEES*

*June 30, 2015*

*A meeting of the Board of Trustees of Kit Carson Electric Cooperative, Inc. was called to order by the President, Mr. Bobby Ortega, on Tuesday, June 30, 2015 at 9:07 a.m. in the Marcelino Martinez Room of the headquarters building of the Cooperative, Taos, New Mexico. The following Trustees were present:*

<i>Peter Adang</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>Jerry Smith</i>	
<i>David Torres</i>	
<i>Luisa Valerio-Mylet</i>	

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

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

*Mr. Mascarenas led the Board in a word of 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. Jassmann, seconded by Mr. Smith, and unanimously approved, that the agenda be approved as presented.*

*The minutes for the Board of Trustees regular meeting held May 27, 2015 were presented. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that the minutes for May 27, 2015 be approved as presented.*

*The minutes for the Board of Trustees Re-Organization Meeting held June 13, 2015 were presented. It was moved by Mr. Duran, seconded by Mr. Smith, and unanimously approved, that the minutes for June 13, 2015 be approved as presented. Mrs. Valerio-Mylet abstained as she was not present for the Re-Organization Meeting.*

*Minutes for Re-Organization Meeting, June 13, 2015*

*The President introduced Mr. Chris Weathers and Ms. Julie Martinez with the Taos Alive Coalition. A presentation was made to the Board on alcohol and drug abuse. Mr. Weathers reported that Taos Alive Coalition is working to approve legislation to include a twenty five cent per drink increase in the state alcohol tax. Mr. Weathers requested KCEC support the Alcohol Taxes Save Lives and Money Resolution. Following discussion it was moved by Mr. Duran, seconded by Mr. Torres, and unanimously approved that KCEC support the Taos Alive Coalition Alcohol Taxes Save Lives and Money Resolution.*

*Taos Alive Coalition*

*Mr. Reyes presented the CEO's report for May 2015. Financials for May 2015 were reviewed. Margins for the month of May were at (\$220,510). Year to date margins were at (\$59,025) compared to \$848,661 last year. Mr. Reyes reported that the operating revenue last year was \$17,422,954 compared to this year \$16,650,460. He reported the cost of power last year was \$9,387,095 and this year was \$9,650,539. He reported the two major factors related to the cost of power increase were the two mil adder for the Global Settlement and the change in electric load profile from a high load factor to middle and lower load factor. Discussion was held on unbundling rates and a low increase discount. Mr. Reyes reported year to date TIER was 0.96 and year to date DSC was 1.05 and year to date OTIER was 1.02. The Balance sheet was reviewed. Total assets were at \$132,977,930. Mr. Ortega asked Mr. Reyes to address the plans for financing of the Broadband, Mr. Reyes reported KCEC has been in contact with CoBank and RUS, he stated both CoBank and RUS will finance KCEC, their concern is that KCEC will adjust rates to make sure KCEC meets the debt recovery. Mr. Reyes reported that KCEC is still negotiating with Centurylink on access to four routes. A contract has been sent to Taos Net and WISP. Discussion was held on service level agreements. Discussion was held on the strategic session held at SMU. The President recommended that the Board meet with senior management in the near future. Mr. David Torres reported the Safety Committee met June 10, 2015. He reported that there was one accident that resulted in two lost time accidents. Mr. Torres reported that Federated Insurance would be conducting inspections at the end of July. He reported that KCEC was reaching out to local*

*CEO Report*

Fire Departments for training in working around and near downed power lines. He reported KCEC was at 7 days with no lost time accidents and no near misses. Mr. Torres reported the Safety Committee is still working on a Safety Incentive Program and Safe Haven Program. The Safety Report was in the Board packet for review. Following discussion it was moved by Mr. Jassmann, seconded by Mr. Mascarenas, and unanimously approved, that the CEO report for May 2015 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. Rodarte, and unanimously approved, that payments to these Estates in the amount of \$10,522.38 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.

The President reported that Committee Appointments are the same as last year except for the creation of a new By-Law and Policy Committee. The President distributed Committee Appointments for 2015/2016 as follows:

**Bid Committee**

Ambrose Mascarenas, Chairperson  
Cristobal Duran  
Bruce Jassmann  
Manuel Medina  
Luisa Mylet

**Employee Relations/Evaluation Committee**

Bobby Ortega, Chairperson  
Peter Adang  
Cristobal Duran  
Ambrose Mascarenas  
Manuel Medina  
Arthur Rodarte  
Jerry Smith

**Finance/Audit**

Bruce Jassmann, Chairperson  
Virgil Martinez  
Ambrose Mascarenas  
Manuel Medina  
David Torres

**Safety Committee**

*David Torres*  
*Jerry Smith – Alternate*

**NRECA**

*Jerry Smith*  
*Cristobal Duran – Alternate*

**Tri-State**

*Arthur Rodarte, Representative*

**Payables**

*Bruce Jassmann, Chairperson*  
*Chris Duran*  
*Manuel Medina*  
*Bobby Ortega*

**Solar Committee**

*Ambrose Mascarenas, Chairperson*  
*Bruce Jassmann*  
*Luisa Mylet*  
*Arthur Rodarte*  
*David Torres*

**Broadband Committee**

*Bobby Ortega, Chairperson*  
*Cristobal Duran*  
*Manuel Medina*  
*Arthur Rodarte*  
*Jerry Smith*  
*David Torres*

**By-Law And Policy Committee**

*Peter Adang, Chairperson*  
*Bruce Jassmann*  
*Virgil Martinez*  
*Luisa Mylet*  
*David Torres*

*The President reported that Andy Spillum, 2014 Audit Eide Bailly, Certified Public Accountants had presented Approval to the Board the 2014 Audit on June 26, 2015. It was moved by Mr. Rodarte, seconded by Mr. Smith and unanimously approved that the Audit Report for the year ending December 31, 2014 as prepared by Eide Bailly, Certified Public Accountants, be accepted in the form presented.*

*The President reported donation totals and Donations & correspondence are in the packet and may be reviewed at Correspondence leisure.*

*The President called for a recess at 10:05 Recess*

a.m.

Meeting was reconvened by the order of the President at 10:17 a.m. Meeting Reconvened

Mr. Jassmann presented Payables for the Electric and Internet Divisions. The Payables Committee met on June 10, 2015. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved, that the payables for May 2015 be accepted as presented. Payables Committee

Mr. Smith reported that the 2015 NMRECA Annual Meeting was held June 3, 4 & 5, 2015, in Taos at the Sagebrush Inn, and the July 2015 NMRECA Meeting was held last week. He reported that all who attended the 2015 NMRECA Annual Meeting were happy, and the meeting was a success. Mr. Smith reported that next year's Annual Meeting would be held in Ruidoso, NM. The NMRECA Board will be planning a strategic planning meeting in October at the NMRECA Meeting in Las Cruces, NM. NMRECA Board Meeting

Mr. Rodarte reported he attended the Tri-State Board Meeting held June 2 & 3, 2015. He reported that discussion was held on the rate design issue and reported that the rate Committee would be discussing the rate design at the next meeting. Mr. Rodarte reported that staff will begin to review the 2016 budget at the next meeting. In August, staff will make its formal presentation of the budget and rates to the Board. In September, staff will seek Board action on the budget, rate design and the 2016 rates and cost of service. Mr. Rodarte reported that Tri-State has joined the Southwest Power Pool. Mr. Reyes reported that Tri-State's Rate Design Regional Road Show will be held August 7, 2015 in Santa Fe, NM at the La Fonda Hotel. The President recommended that KCEC send a letter requesting to be placed on the Agenda for the July Board meeting to discuss PPA Capacity Credit and recognition of FERC issue. Next month's Board meeting will be held July 7 & 8, 2015. The Member Manager's Meeting will be held July 14 & 15 in Tabernash, CO. Tri-State Board Meeting

Mr. Reyes reported the completion on the construction. Atlantic Engineering Group (AEG) contract ends today. Mr. Reyes reported that on July 17, 2015 KCEC would be celebrating the lighting of the \$64 million Fiber- To-The-Home Stimulus project, this would be in conjunction with the Taos Fiestas. Mr. Reyes reported KCEC would be offering a 30/30 package. He reported that a list of compatible routers. Routers would also be available through Kit Carson Telecom for lease Broadband

or purchase. Mr. Reyes reported that for the July 17, 2015 celebration, remotes would be set up from outlining areas to show network conferencing capabilities. Also, a gaming tent and media room demonstrations are scheduled.

It was moved by Mr. Smith, seconded by Mr. Jassmann, and unanimously approved, that the Board go into Executive Session at 10:47 a.m. Executive Session

The meeting was reconvened at 11:17 a.m. No action taken during Executive Session. Meeting Reconvened

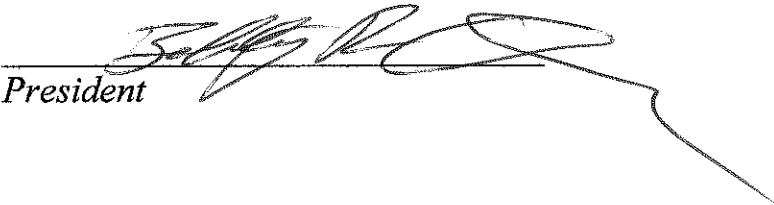
There being no further business to come before the Board, it was moved by Mr. Smith, seconded by Mr. Duran, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until July 28, 2015 at 9:00 a.m. the date and time of the next Board meeting. Unless changed and, thereupon, the President declared the meeting adjourned at 11:18 a.m. Meeting Adjourned

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

Peter Adang, Cristobal Duran, Bruce Jassmann, Ambrose Mascarenas, Manuel Medina, Bobby Ortega, Arthur Rodarte, Jerry Smith, David Torres and Luisa Valerio-Mylet.

  
Secretary

Approved this 28 day of July, 2015

  
President