

*KIT CARSON ELECTRIC COOPERATIVE, INC.*

*MEETING OF THE BOARD OF TRUSTEES*

*March 28, 2017*

*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, March 28, 2017 at 9:15 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>Virgil Martinez</i>	
<i>Ambrose Mascarenas</i>	
<i>Manuel Medina</i>	
<i>Bill Norris</i>	
<i>Bobby Ortega</i>	
<i>Arthur Rodarte</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. Reyes was late as he was taking care of a member concern.*

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

*Mrs. Mary Mascarenas led the Board in a Prayer 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. The President reported new business would be reported and the CEO report would be presented once Mr. Reyes joined the meeting. It was moved by Mr. Rodarte, seconded by Mr. Duran, and unanimously approved, that the agenda be approved as amended.*

*The minutes for the Board of Trustees regular meeting held February 24, 2017 were presented. It was moved by Mr. Mascarenas, seconded by Mr. Norris, and*

*unanimously approved, that the minutes be approved as presented.*

*Regular Meeting*

*The President reported requests have been received from Estates for retirement of capital credits. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved, that payments to these Estates in the amount of \$8,861.19 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 appointment of NMRECA Voting Delegate and Alternate for 2017 Annual Meeting scheduled to be held May 23 thru May 25, 2017 at the Lodge at Sierra Blanca and Ruidoso Convention Center. The President appointed Mr. Duran as Voting Delegate and Mrs. Valerio-Mylet as Alternate Voting Delegate.*

*Appoint 2017 NMRECA Voting Delegate and Alternate*

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

*Donations & Correspondence*

*Mr. Duran reported he attended the NMRECA meeting on March 2 & 3, 2017. He reported that NMRECA had created a link to track bills which passed and impact the cooperatives. Mr. Duran reported that the next NMRECA Board Meeting is scheduled for Good Friday, April 14, 2017; the Committee Meetings are scheduled for Thursday, April 13, 2017.*

*NMRECA Board Meeting*

*Mr. Reyes presented the CEO's report for February 2017. Financials for February 2017 were reviewed. Mr. Reyes reported that Patronage Capital & Operating Margins for the month was \$45,649 less than the budgeted amount of \$750,222. Mr. Reyes reported that year to date operating margins were \$645,788. Operating margins for 2016 were \$464,146. Mr. Reyes reported that most of operation expense was less than last year. Administrative and General Expenses were higher due to legal fees relative to the rate case. Mr. Reyes reported year to date margins were \$611,751 compared to \$388,321 last year. He reported that the fuel adjustment would be a credit on the next month's bill. Mr. Rodarte stated that the cost of power was \$2.2 million this month; he asked if that was the average. Mr. Reyes reported the cost of power has three components \$1.75 million was Guzman Energy, Tri-State was \$239,000 for wheeling fees and Public Service Company of New Mexico (PNM) was \$181,000. PNM balances and wheels for KCEC. Mr. Valerio reported the winter power bills*

*CEO Report*



were higher. Mr. Reyes reported that usage during winter was less this year compared to last year. The Balance sheet was reviewed. Mr. Reyes reported there were 19 new services compared to 13 new services last year. Mr. Reyes reported total assets and liabilities were \$149,208,236. The KPA's were reviewed. Year to date TIER was 2.05, year to date DSC was 1.58 and year to date OTIER was 2.11. Mr. Reyes reported that the system continues to be maintained to prevent outages. He reported that the outage last week was due to snow and trees on the line. Trees were outside of the right of way. Mr. Richard Martinez reported that he was at the outage locations and a majority of the trees were green, not dry trees. The President reported there would be Executive Session for discussion on personnel matters. Mr. Torres reported the Safety Committee met March 17, 2017. He reported that KCEC was at 102 days of no lost time accidents. Following discussion it was moved by Mr. Medina, seconded by Mr. Duran, and unanimously approved, that the CEO report for February 2017 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. Mr. Reyes reported that David Spradlin's NRECA position is open.

Mr. Reyes reported that the Broadband Committee met on March 22, 2017. He reported that there are over 4,600 customers. Mr. Reyes reported that financials would be reviewed in Executive Session. He reported two months of positive financials. Mr. Reyes reported that one of the issues was customer service and employees not returning telephone calls and being rude during outages. The President recommended that a service standard be implemented on returning calls. Mr. Reyes reported that during the spring and summer there should be more activity. He stated they are working with people who missed the 2014 application deadline and would like to get connected and are working on affordable options to pay for broadband. Mr. Reyes reported that drops are being done in-house since KCT has climbers and bucket trucks. KCT is still utilizing local contractors, J&D Electric, Ward Communications and Triple R. He reported that the backbone is 100% complete. Mr. Reyes reported that Thomas "Chuby" Tafoya specializes in bores, if boring is needed they will use "Chuby" and Alex Herrera, H Excavation will still be working in the Angel Fire area. Mr. Virgil Martinez stated that now is the time to trim trees even if 20' away from easement. Mr. Rodarte asked about pole testing. Mr. Reyes reported that there has been \$35,000 expensed for pole testing and poles have been changed out over the years. He reported that tree trimming is being completed in-house; KCEC is not using contractors. Mr. Reyes



reported that KCEC does wood chipping and tree trimming for nonprofit businesses/organizations and for public safety. Mrs. Valerio-Mylet reported that she had received a call reporting trees and limbs that need to be cleaned up in the Pot Creek area. Mr. Reyes reported that Star2Star phone system is being tested.

Mr. Reyes reported the Solar Committee met on March 23, 2017. He reported that by 2022 the Solar Plan is to derive 100% daytime solar. Guzman Energy has been in contact with developers. Bids for review by the Bid Committee should be submitted by April 3, 2017. Mr. Reyes reported that local labor would be used to complete solar projects. He reported he would seek help from the Board to find local properties for the solar projects. It is difficult to find properties that have three phase service close by. The President left the meeting. It was moved by Mr. Mascarenas, seconded by Mr. Medina, and unanimously approved, that the Solar Committee report be approved as presented. Solar Committee

Mr. Duran presented Payables for the Electric and Internet Divisions. The Payables Committee met on March 10, 2017. Mr. Duran recommended approval. It was moved by Mr. Rodarte, seconded by Mrs. Valerio-Mylet, and unanimously approved, that the payables for February 2017 be accepted as presented. Payables Committee

The Vice President called for a recess at 9:56 a.m. Recess

Meeting was reconvened by the order of the President at 10:10 a.m. Mr. Jassmann joined the meeting. Meeting Reconvened

It was moved by Mr. Duran, seconded by Mr. Norris and unanimously approved, that the Board go into Executive Session at 10:12 a.m. Executive Session

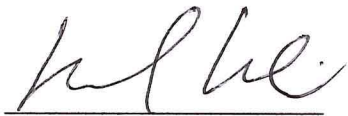
Meeting was reconvened at 10:38 a.m. No action was taken. Meeting Reconvened

There being no further business to come before the Board, it was moved by Mrs. Valerio-Mylet, seconded by Mr. Martinez and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. meeting be adjourned until April 25, 2017 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 10:40 a.m. Meeting Adjourned

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

***March 28, 2017 Meeting of the Board of Trustees***

*Robert Bresnahan, Cristobal Duran, Bruce Jassmann,  
Virgil Martinez, Ambrose Mascarenas, Manuel Medina,  
Bill Norris, Bobby Ortega, Arthur Rodarte, David Torres  
and Luisa Valerio-Mylet.*



*Secretary*

Approved this 25 day of April, 2017



*President*