

*KIT CARSON ELECTRIC COOPERATIVE, INC.*

*MEETING OF THE BOARD OF TRUSTEES*

*May 29, 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, May 29, 2018 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>Bob Bresnahan</i>	<i>Present</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>David Torres</i>	
<i>Luisa Valerio-Mylet</i>	

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

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

*Mrs. Valerio-Mylet led the Board in a word of prayer. Mrs. Valerio-Mylet asked for a moment of silence for Mr. Reyes' sister in-law, Theresa Reyes and retired KCEC employee Pablo Chavez.*

*The President recommended that a contribution be made by the Board, from Trustee donation monies and KCEC to the family of Pablo Chavez.*

*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 requested that Jean Nichols and Alan Siegel, Mas Comunidad in Penasco, NM be added to the agenda after the approval of minutes. It was moved by Mr. Torres, seconded by Mr. Rodarte, and unanimously approved, that the agenda be approved as amended.*

*The minutes for the Board of Trustees regular meeting held April 24, 2018 were presented. It was moved by Mr. Rodarte, seconded by Mr. Mascarenas, and unanimously approved, that the minutes be approved as presented. Mr. Medina joined the meeting at 9:13 a.m.*

*Minutes for  
April 24, 2018  
Regular  
Meeting*

*The President introduced Jean Nichols and Alan Siegel, Mas Comunidad in Penasco, NM. Alan Siegel reported that they operate a not for profit and are being billed the commercial rate for internet services. They requested that Kit Carson Internet provide service for a lower adjusted rate. Jean Nichols reported currently they are billed \$110.00 per month, however; they hadn't received bills then received a bill in the amount of \$1,110.00 for 10 months of service. They operate from grants; therefore, they could afford the residential rate. She stated that one of KCEC's goals is commitment to helping communities. She reported they would also be applying for a solar grant. Mr. Reyes stated that he would review the account. The President thanked them for addressing the Board and understood the situation.*

*Jean Nichols &  
Alan Siegel,  
Mas Comunidad*

*Mr. Reyes reported on the Financials for April 2018. Margins for April 2018 were (\$323,946). Distributed charts reflecting decrease in kWh usage and the cost of power, however; selling less kWh due to low load growth. Mr. Reyes reported that KCEC is continuing with tree trimming, which is a good investment since the County is under a fire watch due to the drought. He reported year to date margins were \$515,294. Mr. Reyes reported year to date margins for Kit Carson Internet were \$396,000 and year to date margins for Kit Carson Energy, Inc. were \$280,000. Balance sheet was reviewed. Mr. Reyes reported there were 71 new connects this year compared to 54 last year. Mr. Reyes reported there is no growth but there is still the same number of miles of line that need to be maintained. He reported total assets were \$171,207,055. Mr. Rodarte asked for a report on the power suppliers and how the decreased usage impacts financials. Mr. Reyes reported that the power supply has two components the cost of power is less however; the Exit fee is reflected in the fuel adjustment; the monthly fuel adjustment has increased due to decrease in kWh usage. Mr. Reyes reported the balance of the exit fee as of last month was \$28.5 million. Mr. Reyes reported KCEC is active in Strong at H.E.A.R.T. economic development for Town of Taos area. He reported there would be more snow making at Taos Ski Valley in 2019. Also, the construction of 54 condos scheduled for 2018 was pushed to 2019. Chevron load continues to decrease. KPA's were reviewed. Year to date TIER was 1.42, year to date DSC was 1.26 and year*

*CEO Report*

to date OTIER was 1.41. He reported Springer Electric and Southwestern Electric are merging. First quarter review of budgets reflects KCEC is 6% under budget. Mr. Reyes reported that US Forest Service had moved into KCEC Command Center for the fire season. Contract is for three months with the option to extend for six months. Mr. Reyes reported KCEC received a letter from El Prado Water & Sanitation District thanking KCEC for assisting during water failures. Mr. Reyes reported District Five Candidate interviews have been tentatively scheduled for Thursday, June 7, 2018. Mr. Reyes reported there had been a formal complaint filed with the New Mexico Public Regulation Commission. A member from Angel Fire purchased a sense meter and is claiming KCEC had over billed consumer \$58,000 back to 2000. KCEC follows American National Standard Institute. Mr. D. Torres reported that the Safety Committee met May 10, 2018. He reported that KCEC had 210 days of no lost time accidents as of May 10, 2018. Mr. D. Torres requested that Mr. Reyes review the workman's comp premiums, what would the premiums be if KCEC withdraws from NMRECA based on KCEC's experience modifier. He reported that Federated Insurance suggested there should be an arbitration clause due to the cost of litigation. Mr. Reyes reported there would need to be a bylaw change binding arbitration. Mr. D. Torres reported that Safety Incentive monies that were budgeted haven't been used. Mr. Reyes reported Kachina Lodge had filed Bankruptcy. KCEC has filed a motion in Federal Court regarding deposit and ability to disconnect within 30 days. Mr. B. Torres reported injuries are very costly to the organization. He stated the Safety Committee has done a good job. Following discussion, it was moved by Mr. Bresnahan, seconded by Mr. B. Torres, and unanimously approved, that the CEO report for April 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. Rodarte, seconded by Mr. Mascarenas, and unanimously approved, that payments to these Estates in the amount of \$13,380.47 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.

Mr. Reyes reported that Andy Spillum, Eide Bailly would be present at the June 26, 2018 Board meeting. He reported that CoBank, CFC and RUS have approved KCEC's Corrective Plan. The President made

a motion to table Eide Bailly report until June 26, 2018 Board Meeting. It was moved by Mr. Mascarenas, seconded by Mr. Rodarte and unanimously approved that report from Eide Bailly be tabled until the June 26, 2018. Mr. Reyes discussed the letter from RUS approving KCEC's Corrective Action. He reported KCEC met renewable resources requirements for 2017. Mr. Reyes reported on the stimulus notes, all monies have been accounted for. There were different contracts, what started with two contracts ended with six contracts. He reported everything had been accounted for properly with no unapproved disbursements.

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

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

Mrs. Valerio-Mylet reported that she attended the NMRECA meetings held in Ruidoso, NM, May 22-24, 2018. She reported that Valerie Espinoza, NMPRC District 3 Commissioner, Patrick Lyons, NMPRC District 2 Commissioner and Sandy Jones, NMPRC District 5 Commissioner were all speakers at the meeting. Mrs. Valerio-Mylet reported that economic development is a big concern. Mr. D. Torres reported there was discussion on the influence of KCEC withdrawing from NMRECA. Mrs. Valerio-Mylet reported they don't want KCEC to withdraw. Mr. B. Torres stated Keven Groenewold, CEO, NMRECA seemed concerned with KCEC withdrawing. He stated the KCEC Board needs to evaluate the pros & cons of withdrawing from NMRECA. The President reported that the election to consider expanding the Executive Board by splitting the Treasurer and Secretary position, was voted down 12 to 5. This shows a lack of interest to work with KCEC. Existing officers re-elected to positions at a vote of 12 to 5. The President recommended a face to face meeting with committee, not a teleconference meeting to discuss KCEC concerns, issues and solutions. The President recommended prior to the meeting, the KCEC Board should meet to discuss KCEC's strategy. He also recommended that Mr. Reyes research the cost to obtain workman's comp insurance from another company. Mr. Medina recommended KCEC work with Jemez Mountain Electric to possibly obtain insurance together for a possible decrease since Jemez and KCEC are two of the largest cooperatives in NMRECA Board Meeting

*New Mexico. Mr. Reyes reported KCEC provided a one-year notice and recommended a meeting be scheduled to discuss issues and solutions. The next monthly NMRECA Meetings would be held June 28 & 29, 2018.*

*Mr. Reyes reported on Kit Carson Internet. He reported KCI had over 6,400 subscribers. He reported organizational changes are being made and management is assessing the organization to determine the right size. Issa Abudi Consulting from Blanca, Colorado has been assessing network strengths and weaknesses. KCI has combined a team with Daniel Trujillo being the lead for electric, internet and propane systems. Daniel Trujillo proposed a reorganization chart and offered recommendations to improve work flow and efficiencies. Mr. Reyes reported that KCI is researching programs for internet services for low income housing, or other businesses like libraries open to the public. He reported churches, food pantries also request free or discounted rates. Mr. Jassmann joined the meeting at 10:38 a.m. Mr. Andrew Gonzales, KCI Manager reported that KCI has had profit for four consecutive months. He reported that KCI was considering video surveillance which would be cloud based. Telephone service has also been serviced by consultant. Mr. Gonzales reported that consultant was on site for four weeks and would now be able to remote in for maintenance. Mr. Medina asked if KCI was still servicing Wildblue customers, Mr. Gonzales reported there was still 12 Wildblue customers outside of KCI's service territory.*

*Broadband  
Committee &  
Economic  
Development*

*Mr. Mascarenas reported the Solar Committee met on May 17, 2018. He reported Eagle Nest Solar Project ground breaking was scheduled to be held July 25, 2018. Guzman Energy and Syncarpha would attend the groundbreaking. Mr. Mascarenas reported on the Taos Solar Project; core samples were obtained. He reported three sites are being considered a site for battery storage in the future. Questa Solar Project is moving forward. Mr. Jassmann reported that he had been at the Eagle Nest Solar Project site, all posts were in the ground and 4,032 panels would be installed. Mr. Reyes reported Eagle Nest would be operational by August 1, 2018. He reported on the Taos site. One project is three megawatts and another project is one megawatt. Taos County has agreed to recommend to Taos County Planning proposed changes to the Land Use Code. El Rito solar contract was signed. Questa solar drawings have been completed. KCEC would need approval from County Planning & Zoning for projects to be completed this year.*

*Solar  
Committee*

*Mr. D. Torres reported the Bylaw & Policy Committee met on May 9, 2018. He reported the*

*Bylaw & Policy*

*Committee reviewed KCEC Policy 1.15, Scholarships. Committee Recommended language changes. It was moved by Mr. Mascarenas, seconded by Mr. Jassmann and unanimously approved that KCEC Policy 1.15, Scholarships be approved with recommended changes. KCEC Policy 1.7 Cooperative Elections was reviewed. Recommended changes. It was moved Mr. Bresnahan, seconded by Mrs. Valerio-Mylet, and unanimously approved, that KCEC Policy 1.7 Cooperative Elections be approved with recommended changes. KCEC Policy 1.3, Chief Executive Officer Relationship was e-mailed to the Board for review. The President recommended item III, Expectations/Delegations, should align or mirror the evaluation form. The President suggested the Bylaw Committee review and make a recommendation to the Board. Discussion was held on scholarship eligibility requirements; i.e. applicants must reside in KCEC service territory. The President requested the Chairman of the Kit Carson Electric Education Foundation attend a future Board Meeting.*

*The President reported the KCEC Annual Meeting notices were mailed, he stated the Board should be prepared for questions relative to the proposed Bylaw amendments. Mr. D. Torres will not attend the Annual Meeting. Mr. Reyes reported lunch will be provided by KCEI and KCI. Mr. Jassmann reported that he attended the NMRECA Annual Meeting in Ruidoso, NM. He reported Ed Rougemont didn't want KCEC to leave. There are pros & cons of what KCEC would lose if they withdrew from NMRECA. Mr. Medina stated perhaps NMRECA needs a new General Manager and proposed Keven Groenewold not be part of the committee that will meet with KCEC. Mrs. Valerio-Mylet stated that next year NMRECA would have their 75<sup>th</sup> year anniversary. Mr. D. Torres reported that during an outage, he received several calls from members that could not contact the dispatch center. Mr. Reyes reported there was a problem with calls transferred from command center to dispatch.*

*There being no further business to come before the Board, it was moved by Mr. Medina, seconded by Mrs. Valerio-Mylet and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. meeting be adjourned until June 26, 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 11:10 a.m.*

*Meeting of the Board of Trustees May 29, 2018*

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

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

  
*Secretary Vice President*

*Approved this 26 day of June 2018*

  
*President*