

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

June 26, 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, June 26, 2018 at 9:01 a.m. in the Marcelino Martinez Room of the headquarters building of the Cooperative, Taos, New Mexico. The following Trustees were present:

Present

*Cristobal Duran
Bruce Jassmann
Ambrose Mascarenas
Manuel Medina
Bobby Ortega
Arthur Rodarte
Bernie Torres
David Torres
Luisa Valerio-Mylet*

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

Mr. Medina 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. The President requested that Carol Miller be added to the agenda after the approval of minutes. 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 May 29, 2018 were presented. It was moved by Mr. Mascarenas, seconded by Mr. B. Torres, and unanimously approved, that the minutes be approved as presented. The President reported that the Re-Organization meeting took place immediately following the Annual Meeting, he stated the Board Officers were re-

elected for a 1-year term. The President requested that the Re-Organization meeting minutes be placed on the agenda for Board meeting to be held July 31, 2018. Mr. B. Torres commented on the Re-Organization Board meeting. He stated the meeting should be more professional and suggested that it be held during the first Board Meeting after the Annual Meeting. Mrs. Valerio-Mylet stated she had always felt the same, meeting was very unprofessional. The President reported he would look into all elements required for meeting. Mr. Duran reported he had addressed it previously, it was held following the Annual Meeting for cost savings since the KCEC Attorney was present during the Annual Meeting.

The President introduced and welcomed Carol Miller. Ms. Miller suggested that in the redevelopment of the website there should be an entire section for members to easily search for information, she stated there is a crisis since KCEC's not able to obtain a quorum for Annual Meetings, and involvement is needed from the young people who utilize social media. Ms. Miller stated that the agendas for Board Meetings are not listed on the website. If KCEC wants to have the engagement and a plan that includes young people, KCEC needs to use social media. Ms. Miller stated it is very frustrating to her on some of the discrepancies on voting during the last series of bylaw amendments, term limits, spousal/spouse language. Different rules have been used at different meetings on determining if a vote was valid and whether there was a quorum. It should be listed on the website which set of rules would be used, why and what the differences would be, Mason vs Roberts Rules of Order, etc. Ms. Miller stated that in her contact with members they feel like it doesn't matter if they attend the meetings, even if they vote for something it may not be considered passed because of a technical determination made at the meeting. She stated we either have rules or we don't, they should be the same set of rules. The President stated older members valued electricity because they never had it. That generation is fading. He stated that term limits needed to be addressed. The decision was to re-introduce term limit language. The Board sought counsel's advice on what occurred at the 2009 Annual Meeting and a Legal Opinion was provided that there was not a quorum present. There was a quorum call made at the meeting which determined there was not a quorum at that time. Mr. Medina stated that KCEC has had trouble obtaining a quorum for the Annual Meeting. He stated that since he was elected as Trustee to the KCEC Board, 17 Trustees had been replaced. He feels that people vote who they want on the Board. Mr. Reyes reported that KCEC must compete with other activities that are being held at the time of the Annual Meeting. He stated KCEC has been

*Carol Miller
Annual Meeting
and other
Concerns*

trying to engage the millennial groups to get involved, but that has been very difficult. Mr. Reyes stated members need to take responsibility for what changes they want, they need to attend the meetings. He encouraged Ms. Miller to continue to participate with KCEC and the goal was to obtain quorums for Annual Meetings. Ms. Miller stressed that the young people need leadership opportunities. The President thanked Ms. Miller for her comments to the Board. Mr. D. Torres encouraged Ms. Miller to continue her involvement. He stated the electric industry is changing. KCEC is at the cutting edge, the community needs to be engaged in change. Once again, the President thanked Ms. Miller for her feedback. Mr. C. Duran left the meeting at 9:45 a.m. Mr. B. Torres stated we need to applaud people that get involved and encourage members to attend meetings to acquire a quorum. The President requested that Erin Sanborn provide an update on millennial meetings at the end of the Board meeting.

Mr. Reyes reported on the Financials for May CEO Report 2018. Margins for May 2018 were 109,380. Year to Date margins were \$622,739 compared to \$425,102 last year. He reported tree trimming expense continues to be higher, as crews are concentrating on tree trimming. Forest Service officials have announced closures. Balance sheet was reviewed. Mr. Reyes reported total assets were \$170,074,561. He reported new services for this year were 71 compared to 68 last year. He reported that Taos Ski Valley is building a new quad chairlift, remodeling the Phoenix at the Bavarian and installing new snowmaking pipe. He reported the Don Fernando Hotel was scheduled to open at the end of July, that was a 500 kW load that would rebuild the kWh base once it opens. Mr. B. Torres left the meeting, and Mr. C. Duran returned to the meeting at 9:51 a.m. Mr. Reyes reported that kWh usage continues to decrease. He reported that Ute Park fire crews did a great job to ensure electric lines were not damaged. Mr. Medina left the meeting and Mr. B. Torres returned at 9:53 a.m. KPA's were reviewed. Year to date TIER was 1.41, year to date DSC was 1.28 and year to date OTIER was 1.39. Mr. Jassmann joined the meeting at 9:56 a.m. Mr. D. Torres reported that the Safety Committee met June 11, 2018. He reported that KCEC had 18 days of no lost time accidents as of June 10, 2018. Unfortunately, accidents were reset due to an on the job injury. Following discussion, it was moved by Mr. Duran, seconded by Mr. Mascarenas, and unanimously approved, that the CEO report for May 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. Jassmann, and unanimously approved, that payments to these Estates in the amount of \$11,786.51 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

The President welcomed Mr. Andy Spillum, Eide Bailly. Mr. Spillum presented the 2017 Audit. Lengthy discussion was held. Mr. Reyes recommended the approval of the 2017 Audit. Following discussion, it was moved by Mr. Jassmann, seconded by Mrs. Valerio-Mylet and unanimously approved that, resolution No. 5-6-18 be approved as follows:

Acceptance of
2017 Audit –
Resolution No.
5-6-18

BE IT RESOLVED, that the Audit Report for the year ending December 31, 2017 as prepared by Eide Bailly, Certified Public Accountants, be accepted in the form presented.

The President acknowledged the accounting department staff and thanked them for their efforts.

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 June 11, 2018. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Mascarenas, and unanimously approved, that the payables for May 2018 be approved as presented.

Payables

Mr. Duran reported the NMRECA Meetings would be held June 28 & 29, 2018. He reported that the KCEC Withdrawal Committee met with NMRECA to discuss the withdrawal notice, he reported that KCEC would now have to wait for a response from NMRECA. The President reported that the Withdrawal Committee was KCEC's Executive Committee, which represents all the districts for the exception of District Three, therefore Mr. Rodarte had been appointed to the Committee. Mr. Duran reported other cooperatives had requested a copy of the packet that was presented by KCEC at the meeting. There was no objection by NMRECA to share the packet, it would also be shared with the NMRECA Board.

NMRECA
Board Meeting

The President reported that the Broadband Committee did not meet. The President scheduled the

Broadband
Committee &

next Broadband Committee Meeting for July 18, 2018 at 3:00 p.m. He also scheduled an Employee Relations Committee meeting for July 16, 2018 at 12:00 p.m.

Mr. Reyes reported the Solar Committee met on June 15, 2018. He reported the Eagle Nest Solar Project would be complete by the end of July and operational sometime in August. He reminded the Board that the Ribbon Cutting Ceremony was scheduled to be held July 25, 2018. Guzman Energy and Syncarpha would attend the Ribbon Cutting Ceremony.

Mr. Reyes reported the Bylaw & Policy Committee met on June 13, 2018. He reported the Committee had reviewed the Bylaws and Policies that had already been reviewed and approved and selected the next policies that would be discussed. The next meeting would be held July 11, 2018 at 9:00 a.m.

Erin Sanborn reported that the Millennial meetings have been placed on the back-burner, there is currently not an avenue for their input. She reported that Michael Santistevan would set a date for the next Millennial meeting. Mr. Jassmann reported on a letter he had received from the Southwest Area Incident Management Team #1, thanking KCEC for going over and beyond with providing technical support during the Ute Park Fire. KCEC's dedication, positive attitude and cooperation was greatly appreciated. KCEC's efforts saved the SW Area Incident Management Team at least \$1,500 per day. Mr. Rodarte suggested that the letter received be circulated to the public. He also suggested that Consumer Advisory Committee meetings be held in the different districts.

There being no further business to come before the Board, it was moved by Mr. Duran seconded by Mr. B. Torres and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. meeting be adjourned until July 31, 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 10:58 a.m.

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

Cristobal Duran, Bruce Jassmann, Ambrose Mascarenas, Bobby Ortega, Arthur Rodarte, Bernie Torres, David Torres and Luisa Valerio-Mylet.

June 26, 2018 Regular Board Meeting



Secretary

Approved this 31 day of July 2018



President