

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

October 27, 2020

A virtual 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, October 27, 2020 at 9:05 a.m. in the Marcelino Martinez Room of the headquarters building of the Cooperative, Taos, New Mexico. The following Trustees were present:

Index

<i>Bob Bresnahan</i>	<i>Virtual</i>	
<i>Russ Coyle</i>	<i>Virtual</i>	<i>Present</i>
<i>Cristobal Duran</i>	<i>In Person</i>	
<i>Bruce Jassmann</i>	<i>In Person</i>	
<i>Manuel Medina</i>	<i>In Person</i>	
<i>Bobby Ortega</i>	<i>In Person</i>	
<i>Arthur Rodarte</i>	<i>Virtual</i>	
<i>Bernie Torres</i>	<i>Virtual</i>	
<i>David Torres</i>	<i>Virtual</i>	
<i>Luisa Valerio-Mylet</i>	<i>Virtual</i>	

Also, present were Luis A. Reyes, Jr., Chief Executive Officer, Richard Martinez, Chief Operating Officer, Carmella Suazo, Assistant Manager, and Joyce Archuleta, Executive Secretary (Virtual) who recorded the day's proceedings.

It was declared a quorum was present.

Quorum

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

Pledge of Allegiance

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

Prayer

The agenda was presented. It was moved by Mr. Duran, seconded, by Mr. Medina, and unanimously approved, that the agenda be approved as presented.

Agenda

The minutes for the Board of Trustees regular Board Meeting held September 29, 2020 were presented. It was moved by Mr. Jassmann, seconded by Mr. Rodarte, and unanimously approved, that the minutes be approved as presented.

*Minutes
September 29,
2020, Regular
Meeting*

John Ortega presented information on the Safe and Focused Everyday (S.A.F.E.) app. He reported the app was supported by National Rural Electric Cooperative Association (NRECA) and Federated Rural Electric Insurance Exchange. All Lead Linemen have access to the app. The app allows truck inspections to be reported to management daily. All of the employees in Operations

*John Ortega,
Assistant Safety
Coordinator –
Safe App
Demonstration*

Department have learned how to use the app. Mr. D. Torres stated the app and the reports sent to management daily are a great checklist. It is very important and makes linemen aware of all hazards and it is best to have two people doing the daily inspections. He reported linemen are taking steps to a safer work environment. The President thanked Mr. Torres and John Ortega for sharing information with the Board. Mr. Bresnahan stated it was a tremendous step for KCEC and very important.

Mr. Reyes presented the CEO report. The Form 7 and Balance sheet were reviewed. Mr. Reyes reported there were 15 new positive COVID-19 test results in Taos County yesterday. Mr. Reyes provided an update on the Luna Fire which is three miles from Black Lake. Discussion was held. Mr. Reyes reviewed the number of customers per classification. The president requested a list of Businesses that have closed. He reported that the Winter Moratorium would go into effect on November 15th and customers must be current on November 15th, the New Mexico Public Regulation Commission (NMPRC) waived the rule and KCEC cannot discontinue residential customers. Mr. Reyes reviewed Kit Carson Internet financials for September, he reported there was a positive margin of \$88,000 for September. He reported KCI was connecting 200 customers a month. Mrs. Valerio-Mylet referred to the contractor expense reflected on the payables report and asked if KCI employees could complete some of the work. Mr. Reyes reported that employees do the actual installation and contractors complete work related to drops. He reported that KCI crews were working four, ten-hour days and working Monday thru Saturday to keep up with the number of requests for internet service. KCI is interviewing for three installers. Mr. Reyes stated the KCI financials were emailed to the Board. Taos Municipal Schools Superintendent has reported that 30% of students have not connected. Mr. D. Torres reported the Safety Committee met October 12, 2020. No loss time accidents since July 4, 2020. Discussion was held on Governor Michelle Lujan Grisham's plans for COVID 19 and the effects it had on KCEC. Following discussion, it was moved by Mr. Duran, seconded, by Mr. Medina and unanimously approved, that the CEO report for September 2020 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.

CEO Report

The President reported requests have been received from Estates in the amount of \$9,470.19. It was moved by Mr. Jassmann, seconded by Mr. Medina, and unanimously approved, that payments be made to these Estates.

Capital Credits
to Estates

Mr. Reyes requested approval of Resolution No. 8-10-20 RUS Loan. He reported this was for Four-Year Work Plan. This would give the Board and Secretary authority to execute loan documents for system improvements across the KCEC system.

*Approval of
Resolution
No. 8-10-20
RUS Loan*

It was moved by Mr. Jassmann, seconded by Mr. Duran, and unanimously approved, that the Resolution No. 8-10-20 RUS Loan be approved as follows:

1. RESOLVED that the Corporation borrow from the Federal Financing Bank ("FFB") an amount not to exceed \$47,521,000.00, to be guaranteed by the United States of America (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS"); and

2. RESOLVED that the Corporation accept the terms and conditions which the Administrator of RUS has established for obtaining its guarantee of the FFB loan, as such terms and conditions are set forth; and

3. RESOLVED that the President is authorized on behalf of the Corporation to execute and deliver under its corporate seal, which the secretary is directed to affix and attest:

- (a) as many counterparts respectively as shall be deemed advisable of an agreement with the Government, in the form of the RUS Loan Contract submitted to this meeting; and
- (b) a note payable to FFB and guaranteed by RUS in the principal amount of \$47,521,000.00, substantially in the form of the FFB note submitted to this meeting; and
- (c) the note payable to the Government, acting through the Administrator of RUS, substantially in the form of the Reimbursement Note submitted to this meeting; and
- (d) as many counterparts as shall be deemed advisable of a Restated Mortgage and Security Agreement by and among the Borrower, the Government and CoBank, ACB, which, among other things, pledges all of the Corporation's property to secure notes payable to the Government in the aggregate principal amount not to exceed \$200,000,000.00 at any one time, and a financing statement, substantially in the form of the security instruments presented to this meeting; and

4. RESOLVED that the officers of the Corporation be, and each of them is authorized in the name and on behalf of the Corporation, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions; and

5. RESOLVED that Mr. Robert "Bobby" Ortega, President and Mr. Manuel Medina, Secretary, and any official(s) authorized to act in such corporate position(s) and to perform the functions of such position(s) are authorized on behalf of the Borrower

- (a) to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing election notices, in the form of

such instruments attached to the note payable to FFB, and (b) to specify information and select options as provided in such instruments.

BE IT RESOLVED that Resolution No. 8-10-20 RUS Loan be accepted in the form presented.

The President called for a roll call vote.

<i>Bob Bresnahan – Yes</i>	<i>David Torres – Yes</i>
<i>Luisa Valerio Mylet – Yes</i>	<i>Bernie Torres - Yes</i>
<i>Arthur Rodarte – Yes</i>	<i>Manuel Medina – Yes</i>
<i>Russ Coyle – Yes</i>	<i>Cristobal Duran – Yes</i>
<i>Bobby Ortega – Yes</i>	<i>Bruce Jassmann – Yes</i>

The President requested a Banner in support of Holy Cross Medical Center Mill Levy. Discussion. Mr. Reyes reported a Resolution supporting passage of Holy Cross Medical Center Mill Levy would be approved and posted. It was moved by Mr. B. Torres, seconded by Mr. Medina, and unanimously approved to Support Holy Cross Medical Center Mill Levy. It was also recommended that the resolution be emailed to KCEC’s email list.

Support of Holy Cross Medical Center Mill Levy

**KIT CARSON ELECTRIC COOPERATIVE, INC.
RESOLUTION IN SUPPORT OF HOLY CROSS
HOSPITAL’S RENEWAL OF THE 1 MILL LEVY ON
PROPERTY TAX**

*Resolution No.
9-10-20*

WHEREAS, Holy Cross Hospital, is a nationally recognized healthcare facility and healthcare system serving over 33,000 people throughout Taos County; and

WHEREAS, the hospital provides critical care to the residents of Taos County, and serves a significant Medicare, Medicaid, and uninsured population. Taos has the highest rate of uninsured citizens in the State of New Mexico, and one of the highest in the Nation; and

WHEREAS, Holy Cross Hospital is designated as a Sole Community Provider because it is a critical care hospital for local residents, its distance to other hospitals, and its patients are disproportionately uninsured; and

WHEREAS, the hospital has a long proud history of serving the citizens of Taos County with roots in the community dating back to 1936; and

WHEREAS, the hospital employs about 430 people and 90% of these employees live in Taos County, and purchase goods and services in the County, makes Holy Cross Hospital a critical economic engine for our community; and

WHEREAS, on a national level, rural hospitals are struggling and operative at a negative margin. Without tax

support they would not be able to remain in business; and

WHEREAS, Kit Carson Electric Cooperative, Inc. is in full support of Holy Cross Hospital and the valuable services that it provides to all of the citizens of Taos County; and

WHEREAS, the members of KCEC service territory, will be severely impacted if the hospital has to reduce its healthcare services due to the lack of funding; and

NOW, THEREFORE BE IT RESOLVED, the Board of Trustees of Kit Carson Electric Cooperative, Inc. encourage you to vote in favor of local health care and vote for the renewal of the 1 mill levy on property tax on November 3rd.

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

Mr. Jassmann reported the Payables Committee met on October 9, 2020. Mr. Jassmann recommended approval. It was moved by Mr. Medina, seconded by Mr. Duran, and unanimously approved. Payables Committee

Mr. Reyes reported the Broadband Committee met October 22, 2020. Discussion was held. He reported that he appreciated input from the Board. Broadband Committee

Mr. Rodarte reported the Solar Committee met October 9, 2020. He reported the financing for the Taos and Angel Fire Solar Projects should be completed by the end of the week and construction should be completed in 2021. Mr. Reyes reported that 50% of labor for these projects would need to be local. He reported that Affordable Solar would be the main contractor. Discussion was held. Next Solar Committee meeting was scheduled for November 13, 2020 at 9:00 p.m. Solar Committee

Mr. D. Torres reported the Bylaw & Policy Committee met on October 14, 2020. He reported the Committee reviewed three sections of the Bylaws. He reported there were no recommended changes at this time. The next Bylaw & Policy Committee was scheduled for November 11, 2020 at 9:00 a.m. Bylaw & Policy Committee

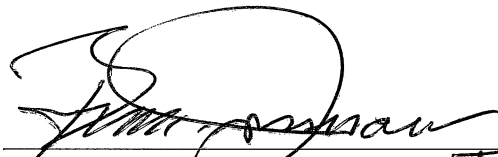
Mr. B. Torres thanked Administration Staff for keeping the Board informed.

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. be adjourned until November 24, , 2020 at 9:00 a.m. the date Meeting Adjourned

and time of the next Board meeting. Unless changed and, thereupon, the President declared the meeting adjourned at 10:17 a.m.

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

Bob Bresnahan, Russ Coyle, Cristobal Duran, Bruce Jassmann, Manuel Medina, Bobby Ortega, Arthur Rodarte, Bernie Torres, D. Torres and Luisa Valerio-Mylet


Secretary TRES.
BRUCE JASSMANN

Approved this 24th day of November 2020


President