

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

February 23, 2021

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, February 23, 2021 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:

<i>Bob Bresnahan</i>	<i>Virtual</i>	<i>Present</i>
<i>Russ Coyle</i>	<i>Virtual</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>Michael Romero</i>	<i>In Person</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, John Shafto, Chief Financial Officer, and Joyce Archuleta, Executive Secretary (virtual) who recorded the day's proceedings.

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

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

It was declared a quorum was present.

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

The minutes for the Board of Trustees regular Board Meeting held January 26, 2021 were presented. It was moved by Mr. Medina, seconded by Mr. Romero, and unanimously approved, that the minutes be approved as presented.

The President reported that there would be an Executive Session today following the regular meeting to review the Guzman Energy Contract.

The President welcomed New Mexico Public Regulation Commission (NMPRC) District 3 Commissioner, Mr.

Joseph Maestas, who joined the meeting virtually. Mrs. Valerio-Mylet joined the meeting at 9:10 a.m. Mr. Maestas updated the Board on the current moratorium and the Order regarding the Transition Period which was recently adopted by the NMPRC. He reported that 100% of staff was teleworking. Mr. Maestas introduced his Assistant, Mr. Jonas Armstrong, and encouraged Mr. Reyes and the Board to contact him anytime they had questions or concerns.

Commissioner Joseph Maestas

Mr. Reyes presented the CEO report. He reported internally KCEC continues to control expenses. Legal expenses had increased, these include New Mexico Public Regulation Commission (NMPRC) complaints and the Federal Energy Regulatory Commission (FERC) Settlement. He reported that these fees could be recovered at the next rate case. The Balance Sheet was reviewed. Mr. Reyes reported that TIER targets are being met, Year to Date TIER was 1.18, DSC was 1.18 and OTIER was 1.16. Discussion was held on continued decrease of electric usage due to closures, line loss, inventory and the two solar projects scheduled to begin in April. Mr. D. Torres reported the Safety Committee met February 10, 2021. He reported there had been no lost time accidents since July and that workman's comp premiums had decreased. Following discussion, it was moved by Mr. Rodarte, seconded, by Mr. B. Torres and unanimously approved, that the CEO report for January 2021 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 \$10,750.26. 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 reported that in October 2019 the Board authorized the Taos Mesa and Angel Fire Solar Projects. The Primary Project Diagram was reviewed. Discussion was held. He reported they are 12-year contracts, KCEC would have the option to buy or lease the array at that time. Once the resolution is approved KCEC would start Billboard advertising to make members aware of the solar projects. It was moved by Mr. Duran, seconded by Mr. Rodarte, and unanimously approved to Approve Resolution No. 1-2-21 Taos Mesa & Angel Fire Solar Projects as follows.

Approval of Resolution No. 1-2-21 Taos Mesa & Angel Fire Solar Projects

WHEREAS, in October 2019, Luis A. Reyes, Jr., Chief Executive Officer, for Kit Carson Electric Cooperative, Inc. executed Development Transfer Agreements between Kit Carson Electric Cooperative ("KCEC") and Torch Clean Energy, LLC ("Torch") dated October 22, 2019 to develop two (2) photovoltaic solar array and

battery energy storage system projects known as the Taos Mesa Energy Facility and the Angel Fire Energy Facility (collectively, the “Projects”), to be owned by Taos Mesa Energy Facility LLC and the Angel Fire Energy Facility LLC, respectively (collectively the “Project Companies”);

WHEREAS, on June 25, 2019, the Board of Trustees approved financing the Projects through Farm Credit Leasing Services Corporation (“FCL”) through a tax beneficial sale-leaseback arrangement, including interim financing of the Projects by FCL through the construction phase, as set out in a Term Sheet dated December 5, 2019 between KCEC and FCL;

WHEREAS, development of the Projects has reached a phase where (i) the conditions precedent to close the Development Transfer Agreement will be satisfied and the Project Companies are ready to be purchased by KCEC from Torch pursuant to the terms of the Development Transfer Agreements and (ii) various agreements associated with the construction and subsequent operation of the Projects must be executed to achieve development and financing of the Projects on the desired schedule, including agreements that will be executed by either of the Project Companies or KCEC, or both;

WHEREAS, the interim financing by FCL of the Projects associated with the construction of the Projects is ready to commence, and associated agreements between the Projects and FCL are ready to be executed;

WHEREAS, upon initiation of the interim financing, FCL shall take assignment of the Engineering, Procurement and Construction Agreement entered into by the limited liability companies of each Project with Affordable Solar, Inc., pursuant to which FCL shall take title to Project facilities;

WHEREAS, KCEC and each Project Company shall enter into a Generator Interconnection Agreement and Solar and Storage Services Agreement whereby KCEC shall construct facilities and interconnect with the Projects and thereafter the Project Companies shall sell solar energy, battery energy storage capacity and associated renewable energy benefits to KCEC;

WHEREAS, the Board of Trustees as reviewed the summary information regarding the Projects financing and related agreements and has determined that it is reasonable, appropriate and in the best interest of KCEC to complete and enter into the agreements as necessary to put the Projects into service; and

WHEREAS, in order to effectuate the foregoing, KCEC must appoint officers for each Project Company.

NOW THEREFORE BE IT RESOLVED, the Board of Trustees of Kit Carson Electric Cooperative, Inc. hereby authorizes the Chief Executive Officer to take such action(s) as may be necessary to complete the Projects, and to complete and enter into the Project and related financing agreements referenced herein, and to take such additional action(s) as may be necessary or appropriate to affect the purpose of the resolution;

BE IT FURTHER RESOLVED, KCEC, through its Board of Trustees and as the sole member of each of the Project Companies, hereby authorizes each Project Company to take such action(s) as may be necessary to enter into the Project, complete the transactions described herein, and to execute Project agreements and related financing agreements referenced herein or otherwise required by FCL, and to take such additional action(s) as may be necessary or appropriate to effect the purpose of this resolution; and

BE IT FURTHER RESOLVED, the Chief Executive Officer of KCEC is authorized to act as the President of each of the Project Companies and execute all related documents and agreements on behalf of the Project Companies.

Mr. Reyes recommended approval of the 2021 Budget that was presented at the previous day's Board Work Session. He reported it would be used as a road map, any budget amendments required due to COVID-19, would be presented to the Board for approval. The President thanked John Shafto, CFO, and Department heads for their work on the 2021 Budget. It was moved by Mr. Jassmann, seconded by Mr. Romero, and unanimously approved, to approve the 2021 Budget.

*Approval of
2021 Budget*

The President reported that two important items were approved and asked for a roll call vote on each.

Roll call vote for approval of Resolution No. 1-2-2021 Taos Mesa & Angel Fire Solar Projects was as follows:

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

Roll call vote for approval of the 2021 Budget was as follows:

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

Mr. B. Torres abstained, as he was not present at the 2021 Budget Presentation.

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 February 10, 2021. 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 February 18, 2021. He reported that discussion was held at the previous day's Board Work Session. Mr. Reyes reported that Kit Carson Internet currently had 8,700 subscribers and by next year should have 10,000. KCI will be connecting customers with NMPRC, RUS and RDOF funding resources.

*Broadband
Committee*

Mr. Rodarte reported the Solar Committee met February 16, 2021. He reported the Taos and Angel Fire projects would begin in April and should be completed by November. Mr. Rodarte reported that Mr. B. Torres would be discussing the Costilla Wind Project with the Rio Costilla Cooperative Livestock Association (RCCLA). Discussion was held.

*Solar
Committee*

Mr. D. Torres reported the Bylaw & Policy Committee met February 17, 2021 and reviewed sections of bylaws. There were no proposed changes recommended to bylaws. He reported the Committee reviewed KCEC Policy No. 2.11 Security Deposits – changes were recommended. Language to be added to Residential Consumers: (A) 1. If a consumer has not had prior service and is transferring the account from a deceased accountholder a deposit will not be required if person requests the transfer within 180 days of death of accountholder. Mr. Rodarte recommended deleting “if person requests the transfer within 180 days of death of accountholder”. Discussion was held. It was moved by Mr. Jassmann, seconded by Mr. Romero, and unanimously approved that KCEC Policy No. 211 Security Deposits be approved with changes.

*Bylaw & Policy
Committee*

It was moved by Mr. Jassmann seconded by Mr. Medina, and unanimously approved that the Board enter into Executive Session at 10:32 a.m. for discussion of the Guzman Energy Contract.

*Executive
Session*

Meeting was reconvened by the order of the President at 11:01 a.m. The President recommended approval of proposed changes to existing Guzman Energy Contract. It was moved by Mr. Bresnahan, seconded by Mr. Rodarte, and unanimously approved, that the Board approve the proposed changes to the existing Guzman Energy Contract. A roll call vote was called.

*Meeting
Reconvened*

*Bobby Ortega – Yes
Manuel Medina – Yes*

*Chris Duran – Yes
Bruce Jassmann – Yes*

Michael Romero – Yes
David Torres – Yes
Bob Bresnahan – Yes
Luis Valerio-Mylet - Yes

Arthur Rodarte – Yes
Bernie Torres – Yes
Russ Coyle – Yes

There being no further business to come before the Board, it was moved by Mr. Duran, seconded by Mr. D. Torres, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until March 30, 2021 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 11:05 a.m.

*Meeting
Adjourned*


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, Michael Romero, Bernie Torres, D. Torres and Luisa Valerio-Mylet



Secretary

Approved this 30th day of March 2021



President