

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

JANUARY 26, 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, January 26, 2021 at 9:08 a.m. in the Marcelino Martinez Room of the headquarters building of the Cooperative, Taos, New Mexico. The following Trustees were present:

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<i>Bob Bresnahan</i>	<i>Virtual</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>Virtual</i>
<i>Bernie Torres</i>	<i>Virtual</i>
<i>David Torres</i>	<i>Virtual</i>
<i>Luisa Valerio-Mylet</i>	<i>Virtual</i>

Present

Also, present were Luis A. Reyes, Jr., Chief Executive Officer, Richard Martinez, Chief Operating Officer, Carmella Suazo, Assistant Manager, John Shafto, Chief Financial Officer, Juan Valdez and Lawrence Vigil, Kit Carson Propane, and Joyce Archuleta, Executive Secretary (virtual) who recorded the day's proceedings.

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

Pledge of Allegiance

Mrs. Valerio-Mylet led the Board in a word of Prayer.

Prayer

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

Agenda

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

*Minutes
December 29,
2020, Regular
Meeting*

It was declared a quorum was present.

Quorum

The President welcomed Mr. Dean Church, CoBank Vice President and Mr. Larry McGraw, RUS General Field Representative, who were in attendance virtually. He also welcomed Mr. Juan Valdez, Kit Carson Propane Board of Directors Chairman.

The President thanked Mr. Church for participating in the Board Meeting. Mr. Church reported that CoBank had a successful year and that Agricultural Commodities had increased. He reported that CoBank processed work plan loans for electric distribution cooperatives, refinancing of loans and also processed Broadband loans. CoBank was also a Small Business Association lender for the Paycheck Protection Program. Mr. Church reported since CoBank had a successful year CoBank paid 80 basis points and would also pay an additional 16.5 basis points for patronage capital. For 2020 KCEC' patronage capital amount was \$279,000 and stated that \$186,000 would be paid in March. Mr. B. Torres joined the meeting via zoom at 9:15 a.m. Mr. Church reported that CoBank would support KCEC on the Rural Digital Opportunity Fund (RDOF) grant line of credit. He reported that the CoBank Sharing Success Program was able to assist Holy Cross Hospital with a \$10,000 donation. The President suggested another Strategic Planning Session be scheduled in the future and also a meeting with CoBank in Denver, CO. Mr. Church reported that due to the COVID-19 limited in person meetings are being held. Mr. Reyes reported that CoBank assisted with two Solar Projects and on refinancing.

*Dean Church,
CoBank*

Mr. McGraw reported that due to COVID-19 travel was restricted. He reported RUS had approved \$6.3 billion in loans in New Mexico including a \$47 million loan for KCEC and Syncarpha solar project loans in the amount of \$6.3 million for Taos, \$2.0 million for Questa and \$1.9 million for El Rito. He reported long term interest rates would increase soon. Mr. McGraw reported that RUS waived financial ratios for 2020, so corrective plans would not be required, Work Order inspections were also waived. He reported that note extension requests could be made for two or more years if needed. He reported requests for budget transfers were more flexible; therefore, only a Board Resolution and letter would be required. Cooperatives are also allowed to retire capital credits without RUS approval if equity is less than 30%. The Board thanked Mr. McGraw for the update. Mr. Reyes reported the balance on the Tri-State exit fee was \$11.9 million which would be paid off June 2022.

*Larry McGraw,
RUS*

Mr. Juan Valdez presented KCEC with a \$200,000 payment toward Kit Carson Propane loan. Mr. Lawrence Vigil reported the loan balance was approximately \$900,000. Mr. Valdez reported in 2021 KCP would be making monthly payments toward the loan.

*Kit Carson
Propane
Presentation*

Mr. Reyes presented the CEO report. The Pre-Audit December Form 7 was reviewed. Mr. Reyes reported

CEO Report

Operating Revenue for last year was \$47,865,817 compared to this year \$47,037,337. He reported revenues had decreased in 2020 and expenses also decreased. 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. Revenues decreased since schools are closed, ski areas opened about a month late, hotels have less sales and restaurants are not open for dining in. Mr. Reyes reported Kit Carson Electric, Kit Carson Internet and Kit Carson Propane all had positive pre audits. In spite of COVID and less revenue KCEC had a positive 2020. 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. The President requested that John Shafto provide monthly cash flows. Mr. D. Torres reported the Safety Committee met January 12, 2021. The President recommended that Robert Romero, KCEC's Lobbyist, provide weekly updates to the Legislative Committee. Discussion was held on Village of Questa moratorium on connects to water and wastewater system, EV charging, the Local Energy Choice Bill which allows for a deregulated entity to compete with a regulated entity, and the Debt Forgiveness Bill. Following discussion, it was moved by Mr. Rodarte, seconded, by Mr. Medina and unanimously approved, that the CEO report for December 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.

The President reported requests have been received from Estates in the amount of \$7,800.77. It was moved by Mr. Jassmann, seconded by Mr. Duran, and unanimously approved, that payments be made to these Estates.

*Capital Credits
to Estates*

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 January 11, 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 January 21, 2021. He reported that Kit Carson Internet had \$1.1 million in margins for December, currently KCI has 8,700 subscribers and by next year should have 10,000. The next Broadband Committee meeting was scheduled for February 18, 2021 at 3:00 p.m.

*Broadband
Committee*

The President inquired on the 2021 Budget progress, he suggested that the 2021 Budgets be presented at the February 22, 2021 Board Work Session.

Mr. Rodarte reported the Solar Committee met January 8, 2021. He reported the Taos and Angel Fire contracts would be approved in February. Mr. Rodarte reported that the Costilla Wind Project would be discussed at the next Solar Committee meeting. Discussion was held. The next Solar Committee meeting was scheduled for February 9, 2021 at 9:00 a.m.

*Solar
Committee*

Mr. D. Torres reported the Bylaw & Policy Committee met January 13, 2021. He reported the Committee reviewed Article IV, Meeting of Trustees, Article V, Officers and Article VI, Contracts, Checks and Deposits. Discussion was held on changing the number of Trustees required to call a special meeting and take action. Recommended change was that eight Trustees, or the Chairman of the Board could call a meeting and six Trustees would be required to take action. Currently a special meeting can be called by the President or any three Trustees. He reported that discussion was held on public access to Board meetings via zoom or other electronic measures. Mr. Torres recommended that proposed changes should be presented to the membership at the next KCEC Annual Meeting. Mr. Reyes reported the consensus of the Board was to have legal counsel draft specific language to recommend and present to the membership. The President reported with zoom meeting there was the confidentially issue, any member who would want to participate would have to request to be on the Agenda. Mr. Rodarte stated that if a member were not able to access the meeting due to network issues it would disrupt the Board Meeting. Mr. B. Torres stated that in the past for regular Board Meetings there was not a lot of in person participation. Mr. Bresnahan stated making meetings accessible should not be a problem and is in favor of zoom participation. Mr. Duran reported it should be reviewed further. The President reported that a request from a member to address the Board could be approved to participate via zoom. Mr. Reyes stated that there was a need to analyze which platform to consider and recommended to continue to discuss at the Bylaw level on how to allow members to become more engaged. A roll call vote was taken on whether or not Board meetings be made accessible to individuals via zoom.

*Bylaw & Policy
Committee*

Bruce Jassmann - No

Bernie Torres - No

Chris Duran - No

Michael Romero - No

Arthur Rodarte - No

Russ Coyle - No

Luisa Valerio Mylet - No

Bob Bresnahan – Yes if requested

*Manuel Medina – Not at this time
Bobby Ortega – Consideration if attendance is requested
David Torres – Open on accepting requests*

It was the consensus of the Board that requests to address the Board at a Board meeting would be considered. The next Bylaw & Policy Committee meeting was scheduled for February 17, 2021 at 9:00 a.m.

Mr. Rodarte asked if the process for the CEO evaluation had started, per last month's recommendation. He recommended the Employee Relations Committee meet to start the process. The President reported Staff and Union employees had all received a pay increase.

*Board Member
Concerns*

There being no further business to come before the Board, it was moved by Mr. Duran, seconded by Mr. Jassmann, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until February 23, 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 10:42 a.m.

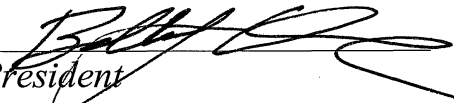
*Meeting
Adjourned*

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 23 day of Feb. 2021


President