

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

June 29, 2021

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 29, 2021, at 9:06 a.m. in the Marcelino Martinez Room of the headquarters building of the Cooperative, Taos, New Mexico. The following Trustees were present:

Index

*Bob Bresnahan
Russ Coyle (Virtual)
Cristobal Duran
Bruce Jassmann
Bobby Ortega
Arthur Rodarte
Michael Romero
David Torres
Luisa Valerio-Mylet*

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, and Joyce Archuleta, Executive Secretary who recorded the day's proceedings.

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

Pledge of Allegiance

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

Prayer

It was declared a quorum was present.

Quorum

The agenda was presented. It was moved by Mr. Rodarte, 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 May 25, 2021, were presented. It was moved by Mrs. Valerio-Mylet, seconded, by Mr. Rodarte, and unanimously approved, that the minutes be approved as presented.

Minutes May 25, 2021, Regular Meeting

Mr. Reyes reported the Accounting Department was in attendance. Mr. Shafto introduced his employees and their positions. Mr. Reyes presented the CEO report. The Financials were reviewed. Year to Date margins were \$933,622 compared to \$425,895 last year. He reported the cost of purchase power was higher this year compared to last year. Mr. Rodarte asked if older transmission lines were reliable. Mr. Reyes reported that

CEO Report

Western Energy and North American Electric Reliability Corporation's (NERC) Compliance and Enforcement Program is to improve the reliability and security of the grid. The Balance sheet was reviewed. Mr. Reyes reported that Billy Kinter/RUS Field Accountant had been in the office to perform audit. Mr. Kinter look over the two-year and four-year work plans. Mr. Reyes reported that KCEC received a clean audit, and the entire Accounting Department was instrumental in the clean audit by RUS (USDA). He reported that the linemen need to report correct codes when working with work orders. Mr. Reyes reported that the last Tri-State exit payment would be made in June of 2022. He reported there had been 210 connects this year compared to 117 connects last year. TIER was 1.59, DSC was 1.46, OTIER was 1.45. Mr. D. Torres reported the Safety Committee met June 10, 2021. He reported there was one lost time accident. Discussion was held. Mr. Reyes reported all rules were followed; this was truly an accident. Following discussion, it was moved by Mr. Bresnahan, seconded, by Mr. Rodarte and unanimously approved, that the CEO report for May 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.

The President reported requests have been received from Estates in the amount of \$11,457.21. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that payments be made to these Estates.

*Capital Credits
to Estates*

Mr. Reyes reported that Andy Spillum, Eide Bailly was scheduled to present the 2020 Audit to the Board of Trustees. He reported that Mr. Spillum's flight had been cancelled and would not be present. The 2020 Audit would be reviewed and approved at another meeting.

*Review &
Approve 2020
Audit*

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 June 10, 2021. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mrs. Valerio-Mylet, and unanimously approved that Payables be approved as presented.

*Payables
Committee*

Mr. Reyes reported the Broadband Committee met June 23, 2021. He reported Kit Carson Internet currently has 9,250 subscribers and the goal is 10,000 by October. Mr. Reyes reported there are four contractors working in addition to KCI installers. He reported KCI is on track based on funding. Mr. D. Torres reported Broadband

*Broadband
Committee*

margins were the same KCEC, in the future Broadband margins will exceed KCEC margins. Mr. Reyes reported that when KCI was formed the strategy was to stabilize KCEC rates by using KCI excess margins. Mr. D. Torres stated this was the first time KCI made more money than KCEC, Mark Poche is doing a great job. The President responded this was a significant milestone.

Mr. Rodarte reported the Solar Committee met June 11, 2021. He reported the projects were behind schedule do to lack of material. Mr. Reyes reported the two big issues were lack of labor and materials.

*Solar
Committee*

Mr. D. Torres reported the Bylaw & Policy Committee met June 8, 2021. He reported that the Committee had discussed KCEC Policy No. 2.22 Trustee Donations. Mr. Reyes reported that the recommended language change would make it clear on the Education Foundation Fund and the KCEC General Fund . It was moved by Mr. Duran, seconded by Mr. Jassmann, and unanimously approved that KCEC Policy No. 2.22 Trustee Donations be approved with changes.

*Bylaw & Policy
Committee*

Mr. Reyes requested the Board enter Executive Session. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved that the Board go into Executive Session at 10:17 a.m.

*Executive
Session*

Meeting was reconvened by the order of the President at 10:39 a.m. Transmission issues were discussed. No action taken.

*Meeting
Reconvened*

There being no further business to come before the Board, it was moved by Mr. Bresnahan, seconded by Mr. Jassmann, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until July 27, 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 10:40 a.m.

*Meeting
Adjourned*

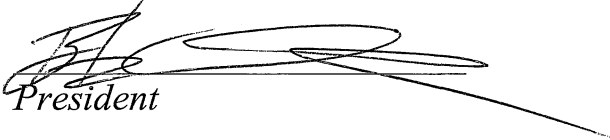
The following Trustees were present at the end of the meeting:

Bob Bresnahan, Russ Coyle, Cristobal Duran, Bruce Jassmann, Bobby Ortega, Arthur Rodarte, Michael Romero, David Torres and Luisa Valerio-Mylet

*June 29, 2021 Board Meeting


Secretary

Approved this 27 day of July 2021


President