

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

July 27, 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, July 27, 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:

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

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, Michael Santistevan, Public Relations Coordinator and Joyce Archuleta, Executive Secretary who recorded the day's proceedings.

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

Pledge of Allegiance

Mr. B. Torres 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 June 29, 2021, were presented. It was moved by Mr. Jassmann, seconded, by Mr. B. Torres, and unanimously approved, that the minutes be approved as presented.

Minutes June 29, 2021, Regular Meeting

Mr. Reyes welcomed Andy Spillum, Eide Bailly. Mr. Reyes presented the CEO report. The Financials were reviewed. Year to Date margins were \$803,329 compared to \$345,344 last year. June margins we at (\$133,873). He reported that discussion was held in detail on

CEO Report

transmission expense at yesterday's work session. Mr. Reyes reported that crews continue to perform tree trimming and maintenance on the system. He reported that he had met with Land Commissioner Stephanie Garcia Richard at Taos County Commission Chambers he requested rules on transmission lines and discussion was held on economic opportunities. He stated the number of customers receiving e-billing needs to increase, currently there are 8,455 customers receiving e-bills. Mr. Martinez reported KCEC is experiencing delays on orders for wire and transformers. Mr. Reyes reported Taos County is finalizing an ordinance on recreational cannabis. Currently KCEC has zero tolerance. The President recommended Robert Romero, KCEC's lobbyist provide an update to the Board on Legislative Committee meetings. Mr. Reyes reported KCEC would participate in the Rio Costilla Music Festival parade. He reported that KCEC would be co-sponsoring the EV Expo on September 25, 2021. This would promote EV's and educate locals and stated the second phase of EV charging stations should be complete by that time. Mr. D. Torres reported the Safety Committee met July 9, 2021. He reported there were no lost time accidents. Mr. D. Torres recognized Richard Garcia for the great job as Safety Coordinator and reported new Safety Coordinator was Jaime Mares. Mr. Reyes presented and reviewed Tri-State Buyout analysis. Following discussion, it was moved by Mr. Bresnahan, seconded, by Mr. Romero and unanimously approved, that the CEO report for June 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 \$10,271.76. It was moved by Mr. Duran, seconded by Mr. Medina, and unanimously approved, that payments be made to these Estates.

Capital Credits
to Estates

Mr. Andy Spillum, Eide Bailly presented the 2020 Audit. He reported that a letter was sent to the Board of Trustees stating KCEC received a clean opinion for KCEC's 2020 Audit. Mr. Spillum stated that the equity ratio at the end of the year was 19%, net margins increased. Cash flows increased operating cash; balance sheet continues to improve. Mr. Reyes reported KCEC's cost of power expense decreases once the exit fee is paid. Last exit fee would be paid June 2022. He reported Broadband was profitable and would assist with stabilizing electric rates. He reported improved margins in Propane and Broadband improved KCEC financials. Mr. Spillum reported Kit Carson Propane had an adjustment relative to the Management Fee which was reflected on the audit.

Review &
Accept 2020
Audit

Mr. Reyes reported John Shafte and staff did an excellent job, Eide Bailly assists KCEC throughout the year. After discussion it was moved by Mr. Duran, seconded by Mr. Romero, and unanimously approved to accept the 2020 Audit as presented and Resolution No. 7-2-21 as follows:

BE IT RESOLVED that the Audit Report for the year ending December 31, 2020, as prepared by Eide Bailly, Certified Public Accountants, be accepted in the form presented.

<i>The President reported that the New Mexico Statewide Annual Meeting would be held August 25, 2021, at the Santa Ana Star Casino. National Rural Electric Cooperative Association (NRECA) would be holding an election for NRECA Director. Mr. Reyes stated that there was only one candidate, Mr. David Spradlin; therefore, KCEC didn't need to attend the NMRECA Annual Meeting to participate in the election.</i>	<i>Appoint NRECA Voting Delegate & Alternate</i>
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<i>The President reported donation totals and correspondence were in the packet to be reviewed at leisure.</i>	<i>Donations & Correspondence</i>
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<i>Mr. Jassmann reported the Payables Committee met on July 9, 2021. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Ms. Medina, and unanimously approved that Payables be approved as presented.</i>	<i>Payables Committee</i>
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<i>Mr. Reyes reported the Broadband Committee met July 22, 2021. He reported discussion was held at yesterday's Board Work Session. Mr. Reyes reported Kit Carson Internet currently has 9,350 subscribers. KCI is currently working with schools to connect students not yet connected. KCI is revising Wage and Salary Plan for employee retention and equity.</i>	<i>Broadband Committee</i>
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<i>Mr. Rodarte reported the Solar Committee met July 8, 2021. He reported the Taos Mesa & Angel Fire projects were delayed until the first quarter of 2022 due to delays on materials.</i>	<i>Solar Committee</i>
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<i>Mr. D. Torres reported the Bylaw & Policy Committee met July 15, 2021. He reported that the Committee had reviewed and discussed KCEC Policy No. 3.23, Use of Recreational and Medical Marijuana. Discussion was held on the amount of time cannabis stays in system and the difficulty to determine impairment. Mr. Reyes reported currently KCEC has a zero-tolerance policy. He reported marijuana was illegal at the Federal level. Mr. Reyes reported Policy No. 3.23 is still under review. He asked that the Board review the policy and inform the</i>	<i>Bylaw & Policy Committee</i>
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Committee of any suggestions or changes.

Mr. Reyes reported the Education Foundation met on July 23, 2021, policies and procedures were discussed. Eight \$1,000 Scholarships will be awarded to District 1 and four \$1,000 Scholarships will be awarded to each of the other four districts, for a total of \$24,000. He reported a comprehensive policy would be developed by the Foundation for 2022 scholarships and community projects. Next Education Foundation meeting is scheduled for October 21, 2021. Discussion was held on promoting Trade Schools and assisting students already in college.

*Education
Foundation*

Mr. Medina requested the Board enter into Executive Session. It was moved by Mr. Duran, seconded by Mr. Rodarte, and unanimously approved that the Board go into Executive Session at 10:41 a.m.

*Executive
Session*

Meeting was reconvened by the order of the President at 10:56 a.m. no action was taken during Executive Session.

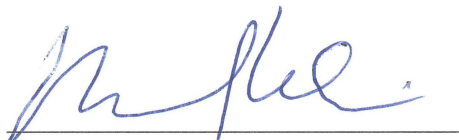
*Meeting
Reconvened*

There being no further business to come before the Board, it was moved by Mr. Bresnahan, seconded by Mr. Romero, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until August 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 10:57 a.m.

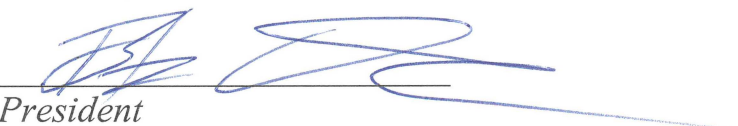
*Meeting
Adjourned*

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, David Torres and Luisa Valerio-Mylet


Secretary

Approved this 27th day of August 2021


President