

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

October 26, 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, October 26, 2021, at 9:13 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
Cristobal Duran
Bruce Jassmann (Virtual)
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, Jaime Mares, Safety Coordinator 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

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. Medina, and unanimously approved, that the agenda be approved as presented.

Agenda

The minutes for the Board of Trustees regular Board Meeting held September 28, 2021, were presented. It was moved by Mr. Duran, seconded, by Mr. Rodarte, and unanimously approved, that the minutes be approved as presented.

*Minutes
September 28,
2021, Regular
Meeting*

Mr. Reyes introduced Jaime Mares, Safety Coordinator. Mr. Mares stated he had 20 years of experience working as a lineman for KCEC and was ready for the challenge with new Safety Coordinator position. He thanked Mr.

CEO Report

Reyes for allowing him to move forward with the new position. The President congratulated Mr. Mares on the years of service, and promotion to Safety Coordinator. He stated safety was KCEC's foremost goal. Mr. Reyes presented the CEO report. The Financials were reviewed. Mr. Reyes reported that the Cost of Power was the biggest driver in the transmission expense. He reported Tri-State has a formulary rate which includes expenses; therefore, transmission expenses will continue to increase. Transmission cost was almost as much as the cost of power. Discussion was held on the construction of 115 kV transmission line vs 345 kV transmission line. A 345 kV transmission line would cost three times more per mile. Mr. Reyes stated application would be submitted in four months for construction of a 115 kV line and the National Environmental Policy Act (NEPA) and public process would take about eight months. The construction of the line, if approved, would take approximately seven months to build. Mr. Reyes reported that crews continue to perform tree trimming and maintenance on the system. KCEC Margins for the month of September were a loss of \$86,722 which is typical, margins for KCI and KCP were discussed. The Balance Sheet was reviewed. Mr. Reyes reported that most of the draw down of loans have been for Kit Carson Internet. He reported that the last payment for the exit fee would be in June of 2022. The exit balance was \$6,434,223 as of the end of September. Discussion was held on adding transmission cost to electric bill to capture transmission expense. Mr. Coyle stated it was important for KCEC to recovering cost in order to be financially stable. Mr. D. Torres reported the Safety Committee met October 15, 2021. He reported there were no lost time accidents or near misses. He reported that there were two vehicle accidents that were both avoidable. The committee discussed the importance of having a second person for spotting and also discussed that the Safety Incentive Program be maintained by the Safety Committee. Discussion was held on providing a letter of appreciation from the Board of Trustees to the linemen and their families for 26 consecutive hours worked during the last outage. Mr. Duran read a text he received from a member recognizing and commending the crews for working all night to restore power. Mr. D. Torres recommended that testimonials be publicized. Mr. B. Torres stated photographs of linemen working in dangerous conditions should also be publicized. The President also stated adequate equipment and tools should be provided to employees. He recommended staffing needs and reasons why linemen have left KCEC should be reviewed. Ms. Mylet recommended that scholarship funds be utilized to train linemen. The President suggested in lieu of employee Christmas Party there should be a bonus for employees. Following

discussion, it was moved by Mr. Rodarte, seconded, by Mr. Romero and unanimously approved, that the CEO report for September 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 \$9,555.81. It was moved by Mr. Bresnahan, seconded by Mr. Duran, and unanimously approved, that payments be made to these Estates.

*Capital Credits
to Estates*

Discussion was held on the Pre-Payment of RUS Loan, Resolution No. 4-10-21. Mr. Reyes reported this was follow up from action taken by the Board of Trustees at last month's Board Meeting. In lieu of penalty KCEC would not be able to borrow this type of loans for 10 years. It was moved by Mr. Duran, seconded by Mr. Medina, and unanimously approved that the Pre-Payment of RUS Loan(s) and that Resolution No. 4-10-21 be approved.

*Approve Pre-
Payment of RUS
Loan Resolution
No. 4-10-21*

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 11, 2021. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Duran, and unanimously approved that Payables be approved as presented.

*Payables
Committee*

Mr. Reyes reported the Broadband Committee met October 14, 2021. He reported discussion was held at yesterday's Board Work Session. Mr. Reyes reported Kit Carson Internet (KCI) had 9,700 subscribers and about 10,500 billing units. He reported two new cell tower contracts were completed yesterday and the contract to provide broadband services to Pojoaque Pueblo was also secured.

*Broadband
Committee*

Mr. Reyes reported the Kit Carson Electric Education Foundation Meeting scheduled for tomorrow had been rescheduled and will be held November 8, 2021.

Mr. Rodarte reported the Solar Committee met October 7, 2021. He reported the Taos Mesa Solar project should be completed by the end of the year. The Angel Fire Solar project has been delayed and should be completed next year. Mr. Rodarte reported on the Town of Taos Solar Project, he stated that the ribbon cutting ceremony for the 1 MW solar array and 3 MW solar array would be held on October 29, 2021, at 10:00 a.m.

*Solar
Committee*

Mr. D. Torres reported the Bylaw & Policy Committee met October 6, 2021. He reported that the Committee had reviewed and discussed KCEC Policy No. 1.11 Requests from Members for Cooperative Information. Changes were recommended. Also reviewed was KCEC Policy No. 3.14, Safety Incentive Program. Changes were recommended. Mr. Duran asked why Kit Carson Propane (KCP) was included in the Safety Incentive Program? Mr. Reyes reported that KCP has their own Bonus Program, this would be reviewed at the next Bylaw & Policy Committee meeting. Mr. Torres withdrew recommendations for KCEC Policy No. 3.14 Safety Incentive Program until November Board Meeting. Discussion was held. Mr. D. Torres recommended approval of KCEC Policy No. 1.11 Requests from Members for Cooperative Information with changes. It was moved by Mr. Rodarte, seconded by Mr. Romero, and unanimously approved to approve KCEC Policy No. 1.11 Requests from Members for Cooperative Information with changes.

*Bylaw & Policy
Committee*

Mr. D. Torres asked if there was going to be employee presence by Kit Carson Propane at the Balloon Fiesta scheduled for the weekend. Mr. Reyes stated that there would be presence by KCP and that KCP would be discussed during Executive Session. Michael Santistevan reported that two balloons would be sponsored by Kit Carson Electric.

Other Business

Mr. Reyes requested the Board enter Executive Session for discussion on KCP. It was moved by Mr. B. Torres, seconded by Mr. Rodarte, and unanimously approved that the Board enter Executive Session at 10:37 a.m.

*Executive
Session*

Meeting was reconvened by the order of the President at 10:52 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. Rodarte, seconded by Mr. B. Torres, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until November 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 10:52 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

October 26, 2021, Regular Board Meeting Minutes



Secretary

Approved this 30th day of Nov. 2021



President