

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

July 26, 2022

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 26, 2022, at 9:04 a.m. in the Marcelino Martinez Room of the headquarters building of the Cooperative, Taos, New Mexico. The following Trustees were present:

Index

*Russ Coyle (Zoom)
Martin Dimas
Cristobal Duran
Bruce Jassmann
Manuel Medina
Bobby Ortega
Arthur Rodarte
Bernie Torres
David Torres
Luisa Valerio-Mylet
Sylvia Vigil*

Present

Also, present were Luis A. Reyes, Jr., Chief Executive Officer, Carmella Suazo, Assistant Manager, John Shafto, CFO, Cletus Stoflet, Accounting Manager, Michael Santistevan, Public Relations Officer and Joyce Archuleta, Executive Secretary who recorded the day's proceedings.

It was declared a quorum was present.

Quorum

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

The agenda was presented. The President requested that an addition be made to New Business, he asked that Committee Appointment, item C be added to the agenda. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that the agenda be approved with changes.

Agenda

John Shafto, Chief Financial Officer introduced Cletus Stoflet, CPA the newly hired Accounting Manager.

The minutes for the Board of Trustees regular Board Meeting held June 28, 2022, were presented. It was moved by Mrs. Valerio-Mylet, seconded by Mr. Duran, and unanimously approved, that the minutes be approved as

Minutes June 28, 2022, Regular Meeting

presented.

Mr. Reyes presented the CEO report for June 2022. He reported revenues had increased this year compared to last year. He reported once Guzman Energy bills KCEC; KCEC will make the final exit fee payment and members will experience lower electric bills. The savings will be reflected on the fuel adjustments. July bills will include credit for the Federal Communications Commission (FCC) settlement which stabilizes rates. Discussion was held on the increase on tree trimming expense due to fires and trees that fell on lines. Mr. D. Torres stated tree trimming was getting expensive and ongoing. He asked if KCEC had considered growth regulator spread on branches so growth would be minimal. Mr. Reyes reported there are cooperatives that have Arborists on staff, KCEC may consider hiring a third party to identify areas, via drone, which require trimming based on growth. National Rural Electric Cooperative Association (NRECA) could assist with the process to grant wider right of ways for cooperatives, and ability for cooperatives to use herbicides that do not impact animals. The Balance Sheet was reviewed. Discussion was held on idle services and kWh purchased and sold. John Shafto stated he had access to the Electric Vehicle (EV) charger data base. He stated he would forward information to the Board next week. The Red River EV charging station had a lot of usage. Discussion was held on the EV Plug Share app. Mr. Reyes reported that the State of New Mexico had a plan to place EV charging stations every 50 miles. Discussion was held on coal plants required to close in New Mexico so capacity would be impacted. Discuss was held on EV evolution and the need to create an EV rate design. Ms. Vigil recommended members be surveyed so KCEC would have an idea on who was considering purchasing an EV. Mr. Dimas stated the concern from individuals is if they would be able to charge their EV between Taos and Albuquerque. KCEC has paid a deposit for three Ford trucks. Mr. D. Torres reported the Safety Committee met July 11, 2022. He reported the Cooperative was at 240 days of no lost time accidents. For June there were no lost time accidents, and one vehicle accident. Near misses are being reported. Following discussion, it was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved, that the CEO report for June 2022 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 \$9,496.06. It was moved by Mr. Duran, seconded by Mr. Rodarte, and unanimously approved, that payments be made to these Estates.

Capital Credits
to Estates

Mr. Reyes reported that review and execution of KCEC Policy No. 1.16 Trustee Code of Conduct, must be reviewed and executed every year. The policy was emailed to each Trustee for review prior to the Board meeting. Policy No. 1.16 was distributed for execution by each Trustee.

*Execution of
KCEC Policy
No. 1.16 Trustee
Code of Conduct*

The President reported that he was appointing a new Public Relations and Community Development Committee. He stated this committee would work with management to ensure that members are aware of KCEC's successes, projects, community projects and scholarships that have been approved, and ensure that action plans discussed at strategic session are implemented. He appointed Mrs. Luisa Valerio-Mylet, Chairperson, David Torres, Cristobal Duran, Arthur Rodarte, Bernie Torres, and Manuel Medina. The committee would meet quarterly, and all Board Members were invited to participate. Mr. B Torres stated it had been two years since the last Board Strategic Session was held, he suggested another session be scheduled.

*Committee
Appointment*

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 July 10, 2022. 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 on July 21, 2022. Financials were reviewed. He reported that Kit Carson Internet (KCI) was meeting financial targets. KCI has over 11,000 customers. Competitor decided not to offer telephone service at Taos Canon; therefore, the number of customers receiving telephone services from KCI have increased. Re-engaged meetings between RediNet and KCI for the last mile which would allow KCI to offer fiber to other residential and commercial customers outside of KCI territory. Mr. Reyes reported that Jemez Mountain Electric Cooperative and Pojoaque Pueblo are customers of KCI.

*Broadband
Committee*

Mr. Rodarte reported the Solar Committee met July 14, 2022. He reported testing of batteries at Taos Mesa Solar Array continues. Mr. Reyes reported on the Angel Fire Project, re-engineering on piles was necessary due to the rocky terrain. Installation of solar panels should begin next week. Supply chain issues was discussed. Mr. Reyes reported on the proposed Green Hydrogen project in

*Solar
Committee*

Questa. Discussion was held.

Mr. D. Torres reported the Bylaw & Policy Committee met July 13, 2022. He reported the committee reviewed Kit Carson Electric Policy No. 3.25 – Policy on Firearms and other Deadly weapons and Kit Carson Electric Policy No. 3.26 – Safe Behavior in the Workplace. He reported discussion was held at the Safety Committee meeting on the liability of firearms on cooperative property and also the liability if an employee with a concealed weapon license was allowed to have weapon on cooperative property to deter active shooter. It was recommended that KCEC’s property insurance provider conduct a security assessment. Changes were recommended: that the language be changed to include “A Third Party.” It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved to approve Kit Carson Electric Policy No. 3.25 with changes. Discussion was held on Kit Carson Electric Policy No. 3.26 Safe Behavior in the Workplace. Changes were recommended that the language be changed to include “Department Managers” It was moved by Mr. Jassmann, seconded by Mr. Medina, and unanimously approved to approve Kit Carson Electric Policy No. 3.26 with changes.

*Bylaw & Policy
Committee*

Discussion was held on the closure of San Juan Power Plant. Ms. Vigil requested the KCEC’s website be updated to reflect new Trustees. Mr. Medina inquired on vaccines and boosters for employees. Mrs. Suazo informed the Board of Trustees that employees are up to date with vaccines and boosters per policy and that new hires were required to be fully vaccinated. It was recommended that new Trustees be added to the donation list and that the policy be reviewed with new Trustees.

Other Business

The President 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 10:36 a.m. to discuss CEO Evaluation and Employment Agreement.

*Executive
Session*

Meeting was reconvened by the order of the President at 11:40 a.m. The CEO evaluation and Employment Agreement were reviewed. It was moved by Mr. Rodarte, seconded by Mr. B. Torres, and unanimously approved, that Luis A. Reyes, Jr.’s salary increase to \$298,298.08 retroactive to May 8, 2022, and additional compensation approved if Kit Carson Internet’s (KCI) approved net income budget amount of \$3,341,508 (Attachment A) was met at the end of December 2022 as follows:

*Meeting
Reconvened*

- *Additional compensation would be \$20,049.05 (.006% of KCI’s approved net income budget amount of*

\$3,341,508).

- *If Kit Carson Internet doesn't meet the approved net income budget amount of \$3,341,508 and meets approved net income budget amount of at least \$3,000,000 at the end of December 2022 the additional compensation would be \$10,024.52 (.003% of KCI's approved net income budget amount of \$3,341,508).*
- *If approved KCI's net income budget amount of at least \$3,000,000 was not met by December 31, 2022, no additional compensation would be awarded.*

The motion included the approval of the following:


- proposed changes submitted by CEO to Employment Agreement (Attachment B)
- that a non-compete clause be added to Employment Agreement
- that CEO take at least two weeks of vacation to rejuvenate
- That CEO submit by September 30, 2022, a list of contracts and agreements.

There being no further business to come before the Board, it was moved, seconded, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until August 29, 2022, 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 11:45 a.m.

*Meeting
Adjourned*

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

Russ Coyle, Martin Dimas, Cristobal Duran, Bruce Jassmann, Manuel Medina, Bobby Ortega, Arthur Rodarte, Bernie Torres, David Torres, Luisa Valerio-Mylet, and Sylvia Vigil


Secretary

Approved this th 29 day of Aug. 2022


President