

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

August 25, 2023

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 Friday, August 25, 2023, at 9:12 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>Russ Coyle</i> | <i>Present</i> |
| <i>Martin Dimas</i> | |
| <i>Cristobal Duran</i> | |
| <i>Bruce Jassmann</i> | |
| <i>Manuel Medina</i> | |
| <i>Bobby Ortega</i> | |
| <i>Arthur Rodarte</i> | |
| <i>Bernie Torres</i> | |
| <i>David Torres</i> | |
| <i>Luisa Valerio-Mylet</i> | |
| <i>Sylvia Vigil</i> | |

Also present, were Luis A. Reyes, Jr., Chief Executive Officer, Carmella Suazo, Assistant Manager, Richard Martinez, Chief Operations Officer, Michael Santistevan, Public Relations Coordinator, and Brianna Trujillo, Executive Secretary who recorded the day's proceedings.

It was declared a quorum was present. *Quorum*

Mr. Dimas 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. Rodarte, seconded by Mr. Dimas, and unanimously approved that the agenda be approved as presented. *Agenda*

The minutes for the Board of Trustees regular Meeting, held July 31, 2023, were presented. It was moved by Mr. Medina, seconded by Mr. Jassmann, and unanimously approved that the minutes for July 31, 2023, be approved as presented. *Minutes for July 31, 2023*

Mr. Reyes presented the CEO report for July 2023. Mr. Reyes reported \$4.8 million in margins, year to date, versus \$3.6 last year. KCEC had a decrease in revenue due to a decrease in kWh sales. He reported over \$13 million in savings for members since July 2022. Mr. Reyes reported that a rate analyst would be consulted in the Fall to help restructure rates, he explained that rates would *CEO Report*

need to reflect the amount of solar KCEC was generating and using. Operating and Maintenance expenses were lower, Mr. Reyes reported that KCEC had not experienced issues with fires this year, fire mitigation efforts were still in progress. Taos Canyon into Valle Escondido, Tres Ritos, Upper Red River, Bobcat Pass and Taos Ski Valley were considered high hazard areas in need of continuous trimming. Mr. Reyes stated transferring and installing service underground may help fire mitigation, but the cost is an obstacle for some consumers. Mr. Medina suggested that at the landowner's request, trees within the right-of-way should be cut down to the ground as much as possible. Mr. Reyes agreed but the time and effort required to clean up an entire tree causes a delay for tree trimmers to move onto the next area, requests to cut down trees would be completed if members agreed to help clean up the branches after KCEC cuts down the tree. Mrs. Valerio-Mylet explained that she had reported trees sparking on the line recently, she commended KCEC Operations for the quick response and job well done. Mr. B. Torres suggested that KCEC enforce a mutual agreement with members, that they clean up the branches and wood if KCEC cuts the tree down to the ground. Mr. Reyes reported that KCEC Operations was installing additional fuses to isolate outages and help lower the number of members affected. Mr. Coyle asked how past due accounts affect KCEC revenue. Discussion was held on past due accounts and the disconnect process. The President recommended that KCEC Collections Supervisor attend the next work session to provide the Board with a review of the delinquent report, the effect on KCEC revenue and the disconnect process. Mr. Reyes reported that he was scheduled to meet with Jemez Mountain Electric Cooperative (JMEC) Manager to discuss Broadband Expansion. Mr. Reyes also reported that Socorro Electric was under pressure from its members to exit Tri-State. He has been invited to speak to Socorro City Council and the Socorro School Board in September. Mr. Reyes provided the Board with a printout of a recent publication in the New Mexico Rural Electric Cooperative Association (NMRECA) Enchantment Magazine, disclosing misleading information about KCEC rates. Mr. D. Torres asked if KCEC could publish an advertisement in Enchantment Magazine with KCEC's current rates, to disprove the misleading information. Mr. Reyes explained that in the past KCEC's requests to publish advertisements in Enchantment Magazine have been denied by the Publications Committee. He stated an advertisement in the Socorro newspaper or accepting the invitation to speak at the upcoming Socorro School District Meeting could help clear up the misleading publication. Mr. D. Torres mentioned that Tri-State's rate increase was also disclosed in the publication, he recommended that the information be shared with KCEC

members. Mr. Dimas suggested we compare a current Socorro Electric member bill to a current KCEC member bill to show the difference in savings for members. Mr. D. Torres reported that the Safety Committee met August 10, 2023. The Cooperative was at 90 days of no lost time accidents. He reported that a defective transformer blew, nobody was hurt, proper protocol was followed. Mr. Isaiah Segura, KCI Fiber Optic Tech II, was selected as the Employee of the quarter. It was moved by Mrs. Valerio-Mylet, seconded by Mr. Duran, and unanimously approved that the CEO report for July 2023 be approved as presented. A copy of the CEO report was included in the Transfer of Documents and is hereby made a part of the minutes of this meeting.

The President reported requests had been received from Estates in the amount of \$12,162.95. It was moved by Mr. Rodarte, seconded by Mr. Duran, and unanimously approved that those payments be made to Estates. Discussion was held regarding requests for Capitol Credits, required documentation and timeline.

Capital Credits
to Estates

The President reported that the National Rural Electric Cooperative Association (NRECA) Regional meetings would be held October 18 – 20, 2023 in New Orleans, Louisiana. He appointed Mr. Russ Coyle as Voting Delegate and Mr. Arthur Rodarte as Alternate for the NRECA Regional Meetings. The President also reported that the National Rural Utilities Cooperative Finance Corporation (CFC) District Meeting would be held October 19, 2023, in New Orleans, Louisiana. He appointed Mr. Martin Dimas as Voting Delegate for the CFC District Meeting.

Verify or
Appoint
NRECA Voting
Delegate &
Alternate

Mr. Jassmann reported the Payables Committee met on July 10, 2023. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved that Payables for July be approved as presented.

Payables
Committee

Mr. Ortega reported that the Broadband Committee met on August 22, 2023. Mr. Reyes reported that discussion was held regarding the upcoming meeting with JMEC to discuss a Pole Attachment Agreement, new developments would be reported at the next Committee meeting.

Broadband
Committee

Mr. Rodarte reported the Solar Committee met August 11, 2023. He reported that Mr. Reyes did a great job presenting KCEC's role in the Village of Questa's Green Hydrogen Project at the public meetings held in August 2023. Mr. Rodarte reported the Amalia Solar Expansion Project was in progress. A ribbon-cutting ceremony for the Angel Fire Solar Facility had been scheduled for October 6, 2023.

Solar
Committee

Mr. D. Torres reported that the Bylaw and Policy Committee met August 23, 2023. He reported the Committee discussed Policy No. 3.21, Drug/Alcohol Policy, and Policy No. 3.27, Drug and Alcohol Use by Commercial Drivers; however, did not have recommendations for the Board.

*Bylaw & Policy
Committee*

Mrs. Valerio-Mylet reported that the Public Relations Committee met August 21, 2023. The Committee discussed the Green Hydrogen Public Meetings and KCEC's participation in the upcoming Taos County Fair, Paseo Project, Taos High Homecoming Parade, as well as Community Against Violence (CAV) and DreamTree Project Radiothons. The Committee also discussed new subjects to include in this year's KCEC Trivia Extravaganza, such as Green Hydrogen. Mrs. Valerio-Mylet reported that KCEC sponsored Taos Historic Museums' Music at the Hacienda, the summer music events were a great success. The Committee recommended one KCEC member who has made a difference in the community be recognized each month. The President encouraged every Trustee to submit a recommendation. Recommendations have been received from Ms. Vigil and Mr. Rodarte. Mrs. Valerio-Mylet reported that the Committee discussed the need to create a policy to outline and define amounts for donations and advertising for sponsorships. KCEC provides sponsorship for an event, sports team, or non-profit group in exchange for a predetermined amount of exposure. The President stated the Broadband Committee recommended referrals in exchange for donations. Mr. B. Torres also recommended that organizations that are awarded donations be required to fundraise to match the donation. He reported the Costilla Reunion was a success. Discussion was held regarding Ms. Gretchen Geary's marketing strategy and the positive outcome of her efforts.

*Public
Relations*

The President reported that the Kit Carson Electric Education Foundation (KCEEF) Board met Tuesday, August 15, 2023. District One received four Applications for Community Project funding; Lower Des Montes Mutual Domestic Water Consumers Association (MDWCA) requesting funding to assist with the purchase of digital metering equipment, Upper Des Montes MDWCA requested funding to assist with upgrading software and installation of extended casing, El Salto MDWCA requested funding to assist with the purchase of a solar powered back-up generator. El Prado Community Center requested funding to assist with building renovations. The President reported that El Prado Community Center was approved for \$10,000.00, designated to assist with repairs specific to the building's ADA compliance requirements. The President explained that the KCEEF Board discussed allocation to each

*Kit Carson
Electric
Education
Foundation*

District for Community Projects and Scholarships, it was decided that the remaining \$10,000.00 at the end of each year would not be allocated to a specific district; but would be awarded to Community Project(s) in most need. Water is essential and MDWCA projects were a priority. The President reported that Upper Des Montes MDWCA was approved \$5,000.00, designated to assist with the installation of extended casing. Lower Des Montes MDWCA was approved \$5,000.00, designated to assist with the purchase of digital metering equipment. The Application submitted by El Salto MDWCA was denied. The President reported that District Four received an Application from Ojo Sarco Community Center; requesting \$9,000.00 to assist with the upgrading of the building's heating and cooling system. The KCEEF Board decided that Ojo Sarco Community Center's Application would be tabled for 2024 funding. The President also reported that KCEC staff would reach out to previous organizations that received funding for Community Projects to request progress reports and a detailed summary of disbursements made for the designated purpose. These follow-up reports would be presented at the next KCEEF Board Meeting in Spring, 2024. Applications reviewed but not awarded would receive an explanation of the KCEEF Board's decision to deny or table the Application. Mr. B. Torres asked if KCEEF Board would consider opening the scholarship to students pursuing an education at a Private High School, such as New Mexico Military Institute (NMMI). Mr. Rodarte reported that sponsorship for Private School Tuition was available from New Mexico State Legislators. The President stated that KCEEF Board would consider and discuss the possibility of broadening 2024 KCEEF Scholarship eligibility at the next Board Meeting in Spring 2024.

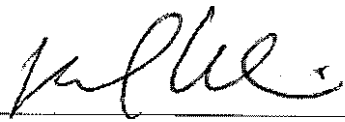
Mr. Medina asked Mr. Reyes to explain the rate comparisons chart publicized in the NMRECA Enchantment Magazine. Mr. Reyes explained that the rates reported in the publication were from 2020 and 2022; he stated KCEC has inclining block rates which was not reflected in the chart. He added that Mr. Dimas' recommendation to compare member bills was the best way to gather current rate comparisons. Mr. Rodarte reported that KCEC has worked very hard to stabilize rates for members, and that KCEC should disprove the misleading information. Ms. Vigil agreed that KCEC members need to be informed of current rates to disprove the misleading information, perhaps in the Taos News. Ms. Vigil expressed concern regarding recent outages in District 4, multiple consumers in areas with similar names were affected. She stated that some outages went on longer due to an error in identifying the specific affected areas i.e., Llano Largo, Llano de San Juan, Llano de La

Board member
concerns

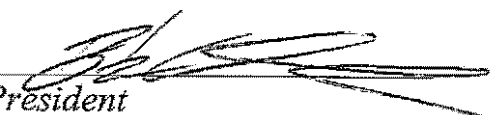
Llegua. Discussion was held, specific address needs to be provided to dispatch when reporting an outage. Mr. B. Torres recommended that KCEC consider relaying informational messages, current events, future projects, and helpful hints or offers during the hold time on the new telephone system. Mr. Santistevan reported that he and other staff members were currently working on Mr. B. Torres' recommendation. Mr. Duran recommended the Board consider increasing Trustee meeting fees and compensation since KCEC was progressive and not a traditional cooperative. Mrs. Valerio-Mylet reported that the reimbursement had not increased since she began serving on the Board. Mr. Rodarte asked if the previously provided information regarding an increase could be revisited. The President explained that it was important to compare KCEC to other Cooperatives in New Mexico. He added that KCEC has made considerable changes and advances in the industry. He commended the Board for the time and efforts and stated that the accomplishments were rewarding. Mr. Dimas suggested that comparisons should include what Trustees are reimbursed for as well as the amount. Mr. B. Torres recommended that meeting compensation, committee compensation, travel, and every reimbursement be included in the comparison.

There being no further business to come before the Board, Meeting
it was moved by Ms. Vigil, seconded by Mr. Dimas, and Adjourned
unanimously approved, that the Board of Trustees of Kit
Carson Electric Cooperative, Inc. be adjourned until
September 26, 2023, 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 10:37 a.m.
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 20th day of Sept. 2023.


President