

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

February 27, 2024

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, February 27, 2024, 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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<i>Martin Dimas</i>	<i>Present</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, John Shafto, Chief Financial Officer, Richard Martinez, Chief Operations Officer, and Brianna Trujillo, Executive Secretary who recorded the day's proceedings.

It was declared a quorum was present.

Quorum

Mr. B. Torres led the Board in reciting the Pledge of Allegiance.

Pledge of Allegiance

Mr. B. Torres led the Board in a word of Prayer and a moment of silence for the passing of Mr. Ambrose Mascarenas, former KCEC Board Member for District 4.

Prayer

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 Meeting, held January 30, 2024, were presented. It was moved by Mr. Jassmann, seconded by Mr. Medina, and unanimously approved that the minutes for January 30, 2024, be approved as presented.

Minutes for January 30, 2024

The President introduced Mr. Jacob Tafoya, Staking Agent, for KCEC Engineering Department, who received KCEC Safety Employee of the Quarter Award in January 2024. Mr. Tafoya had received the Award before and was recognized for stopping to assist a co-worker fix a flat tire. He was also recognized for his helpful and respectable

work ethic. Ms. Vigil and Mr. Rodarte congratulated Mr. Tafoya and thanked him for his hard work. Mr. B. Torres explained that Mr. Tafoya helped him on a few projects and was very polite and accountable, Mr. Jassmann stated Mr. Tafoya had done great work in the Moreno Valley also.

Mrs. Valerio-Mylet arrived at approximately 9:21 a.m.

Mr. Duran and Mr. Dimas also thanked Mr. Tafoya for his dedication and good work ethic.

The President welcomed Mr. Adam Arellano, Attorney, from Costilla NM, who was invited by Mr. B. Torres to attend the meeting.

Mr. Reyes presented the CEO report for January 2024. He reported that KCEC was awarded \$10 Million in grant money from the U.S. Department of Energy (DOE) to fund the Taos Pueblo's 5MW Solar and 5MW Storage project. He reported that KCEC also applied for tax credits on behalf of Taos Pueblo for additional funding of the project, the application was pending. Mr. Rodarte asked how Taos Pueblo Solar project would impact the Pueblo. Mr. Reyes reported that Taos Pueblo residents and tribal members would benefit from lower electric bills following the Picuris Pueblo model to credit each tribal account on a monthly basis. The project would also benefit from a strong partnership between Taos Pueblo and KCEC and would help KCEC reach its clean energy goals. Mr. Reyes reported that a 9/5 vote was taken at a tribal council meeting in December 2023 for KCEC to build the array on Taos Pueblo's behalf. He reported that the Amalia II Solar project was in progress as well as the GRIP project for three Microgrids, which would add more batteries to support electric reliability for members. Mr. Reyes reported that KCEC received at least \$40 Million in grants in the last six months to fund infrastructure needs; two years ago, KCEC received a \$700,000 award from NM Public Regulations Committee (PRC) to complete Broadband drops, KCEC would receive final payment of \$211,000, he added that about 500 installs were completed with the grant monies. The President asked if KCEC received reimbursement for the 2019 Winter Snow Squall. Mr. Reyes explained that KCEC had not received an update nor cost reimbursement from the Federal Emergency Management Agency (FEMA) regarding the Snow Squall. Mr. Reyes reviewed the financial statement, Mr. Reyes reported \$1.6 Million in margins, January is KCEC's peak month, revenues were higher, and the cost of power was higher compared to last year. He reported \$152,191,129 in total assets and liabilities, not including grant monies awarded. Mr. Reyes reported that KCEC collects municipality tax on member bills for six municipalities. Mr. Ortega asked what the remaining balance was for the Kit Carson Internet

CEO Report

(KCI) and Command Center loans, Mr. Reyes reported that the balance of the KCI loan decreased to \$8.4 Million from \$19.1 Million, Mr. Shafto explained that he would review the financials to provide remaining balance for the Command Center loan. Mr. Ortega asked about the status of the 4-year work plan. Mr. Reyes explained that the shortage of transformers remained to be an issue and that KCEC was seeking authorization to use loan funds to focus on fire mitigation. Mr. Medina asked if the U.S. Forest Service would allow KCEC to complete more tree trimming in the forest during the dry seasons since KCEC had electric side by sides and chainsaws. Mr. Reyes reported that U.S. Forest Service has authorized KCEC to trim using electric chainsaws, and working together to create a plan for trimming that would begin in Upper Red River, Taos Canyon, and Tres Ritos. KCEC's fire mitigation efforts would also help prevent wildfires caused by downed electric lines. Mr. Ortega asked if KCEC had a line of credit available with CoBank. Mr. Shafto explained that line of credit was used based on cash flow requirements, usually in the Spring or Summer when kilowatt-hours (kWh) sales decrease. Mr. Reyes reported that KCEC would request Administrative approval from Taos County for the Amalia II Solar project so that KCEC could begin to order equipment. Mr. B. Torres stated that there were landowners in Amalia NM who were interested in selling land to build solar and asked if KCEC was at solar capacity. Mr. Reyes explained that additional solar projects would need to comply with KCEC's contract with Guzman Energy, currently KCEC's focus was on completing solar and Green Hydrogen projects; and work with Renewable Taos and Guzman Energy on the possibility of integrating closed loop pumped hydrogen production. Mr. D. Torres asked how cash transfers from KCI benefit KCEC members. Mr. Shafto explained that cash transfers help balance the financial needs of the Cooperative and reduce intercompany loan balances. Mrs. Valerio-Mylet stated that a KCEC member recently shared her disappointment with KCEC because a disconnect notice was left on her front door rather than sent electronically. Mr. Medina asked if member bills could include the amount owed if paid by the due date and the amount owed if paid late or upon reconnect. Discussion was held regarding disconnect procedures for KCEC and KCI. Mr. D. Torres reported that the Safety Committee met February 13, 2024; Mrs. Valerio-Mylet attended the meeting, he did not. Mrs. Valerio-Mylet reported that there were no vehicle accidents nor near misses for the month of January 2024. There was one reported accident; the Cooperative was 15 days without a lost time accident. She reported that the Committee was very engaged, including Propane and Internet employees, they discussed safety goals and uphold safety as priority. The Committee discussed the leaking roof in the Warehouse, KCEC cannot find a contractor to fix it. Mr.

Martinez reported that some repairs were made but leaks continue, and the contractor has not returned to find a solution. Mrs. Valerio-Mylet reported that she recommended a local contractor at the meeting and provided Mr. Jaime Mares with their contact information. It was moved by Mr. Duran, seconded by Mr. Medina, and unanimously approved that the CEO report for January 2024 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 \$9,314.71. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved that payments be made to Estates.

KCEC Resolution No. 1-2-24 was presented. Mrs. Suazo reported that the resolution would authorize the amendment of the National Rural Electric Cooperative Association (NRECA) 401(k) Pension Plans 32011-001 and 32011-002, to amend the eligible and exclude classifications. The eligible class would be employees of the Participating System not covered by a collective bargaining agreement or part of the Internet Division and the excluded class would be all employees of the Internet Division and Union employees of the Participating System.

KCEC Resolution No. 2-2-24 was presented. Mrs. Suazo reported that the resolution would authorize the amendment of the NRECA 401(k) Pension Plan name change from Kit Carson Energy and Communication 401(k) Plan to Kit Carson Propane 401(k) Plan and to amend the eligible and exclude classifications. The eligible class for 32011-003 would be employees of Kit Carson Propane of the Participating System and the excluded class would be all other employees of the Participating System. The eligible class for 32011-004 would be all employees of the Internet Division of the Participating System and to exclude all other employees of the Participating System. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved that KCEC Resolution No. 1-2-24 and KCEC Resolution No. 2-2-24 be approved as presented.

The President reported that the 2024 Annual Meeting was proposed to be scheduled for Saturday, June 15, 2024, at 9:00 a.m. It was moved by Mr. Duran, seconded by Mr. Jassmann, and unanimously approved that the 2024 Annual Meeting be scheduled for Saturday, June 15, 2024. Mr. B. Torres asked when KCEC last reached a quorum at the Annual Meeting. Mrs. Suazo reported that the last quorum was at the 2019 Annual Meeting.

Mr. Jassmann reported the Payables Committee met on February 13, 2024. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mrs. Valerio-Mylet, and unanimously approved that Payables for January 2024 be approved as presented.

*Payables
Committee*

The President reported that the Green Hydrogen Committee did not meet in February 2024. Mr. Reyes reported that the U.S. Department of Agriculture Rural Utilities Service (RUS) had not provided an update regarding the application for funding of the Green Hydrogen project.

*Green
Hydrogen
Committee*

Mr. Reyes reported that the Broadband Committee met on February 22, 2024. He reported that Kit Carson Internet (KCI) had more than 13,336 subscribers at the end of January 2024. Mr. Reyes reported that KCI was the predominant broadband provider in the service territory, working towards upgrading and connecting new cell towers, as well as engineering for broadband expansion into Abiquiu NM. He also reported that KCEC was seeking a Project Manager for KCI projects.

*Broadband
Committee*

Mr. Rodarte reported the Solar Committee met February 16, 2024. Mr. Reyes reported that the contract for Amalia II 8.75MW Solar and 8.75MW Battery Storage project was executed. The Amalia II Solar project would be the second-largest solar facility in the KCEC service territory, KCEC Solar facilities would generate 50MW of Solar and 25MW of battery storage once the Amalia II Array was operational. Mr. Reyes reported that once the array is operational KCEC would generate excess power during the day and would be at 45% of the total load requirement; KCEC received wind power from Guzman Energy and would continue searching for long duration storage solutions.

*Solar
Committee*

Mr. D Torres reported that the Bylaw & Policy Committee met on February 15, 2024. The Committee reviewed Kit Carson Electric Policy No. 1.4 Fees for Members of the Board of Trustees. The Committee discussed the expectations of the Board of Trustees and recommended changes to specify that Trustees shall receive \$150.00 per day or fraction thereof for attending regular, annual, district, special, and committee meetings or seminars and a \$1,000 monthly stipend. The President clarified that the changes were approved at the January Board meeting effective February 1, 2024; therefore, Policy No. 1.4 was reviewed by the Committee to include the changes approved at the January Board meeting. The Board also recommended changes to specify that Trustees must receive authorization from the Chairman or CEO to attend other meetings. The Committee also recommended the addition of training related to propane and internet as an allowable

*Bylaw & Policy
Committee*

trip, subject to the Chairman's approval. Mr. Reyes reported that he would continue to provide Trustees with training information from NRECA, CoBank and National Rural Utilities Cooperative Finance Corporation (CFC) and that he would include Trustees in discussions related to topics that they express interest in. Mr. Reyes recommended that Trustees get approval from the Chairman if they wish to attend District and Committee meetings, Mr. Reyes would approve Trustees requests to attend unscheduled meetings i.e. meetings with municipalities and other Boards. Mr. Duran recommended that "unscheduled meetings" should be specified rather than "other meetings". Mr. Medina recommended that the Committee also consider reviewing the policy regarding Trustees' Allocation for Donations at the next meeting. Discussion was held regarding Trustee donations and sponsorships. It was moved by Mr. Medina, seconded by Mr. B. Torres, and unanimously approved that the Kit Carson Electric Policy No. 1.4, Fees for Members of the Board of Trustees, be approved as amended. Mr. Jassmann requested that a roll call vote be taken. A Roll Call vote was taken (yes in favor; no against) as follows:

*David Torres - Yes
Arthur Rodarte - Yes
Bruce Jassmann - Yes
Luisa Valerio-Mylet - Yes
Cristobal Duran - Yes
Bobby Ortega - Yes
Manuel Medina - Yes
Martin Dimas - Yes
Bernie Torres - Yes
Sylvia Vigil - Yes*

Mrs. Valerio-Mylet reported that the Public Relations Committee met on February 21, 2024. KCEC sponsored a dinner for Legislators and Taos County officials on January 31, 2024, for Taos County Day; the dinner was a great success, Governor Lujan-Grisham attended. Discussion was held on how to get more Legislators to attend, Mrs. Valerio-Mylet explained that the Committee would work on scheduling these events earlier and try different venues. Mrs. Valerio-Mylet reported that the Committee was going to focus on the theme for the Annual Meeting and was working on a banner of KCEC and its partners for the Annual Meeting. Mr. Ortega suggested the Committee also discuss how KCEC could increase attendance at the Annual Meetings.

Public Relations Committee

Mr. B. Torres asked if the Chairman would consider assigning Mr. Dimas to the Green Hydrogen Committee and stated that he would step down from the Committee to accommodate this change. Mr. Ortega stated that he would discuss this request with Mr. B. Torres. Mr. Medina asked

Other Business

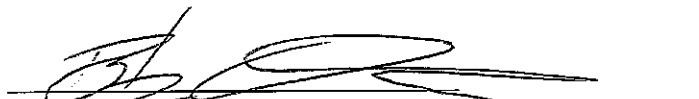
if upcoming Consumer Advisory Committee meetings would get better attendance in the evening rather than at Noon. Mr. Reyes explained that March Consumer Advisory Committee meetings were scheduled according to his availability, future meetings could be scheduled in the evening. Discussion was also held on why Committee meetings were not scheduled on Fridays during March.

*There being no further business to come before the Board, Meeting
it was moved by Mr. Jassmann, seconded by Mrs. Valerio- Adjourned
Mylet, and unanimously approved, that the Board of
Trustees of Kit Carson Electric Cooperative, Inc. be
adjourned until March 26, 2024, at 9:00 a.m. the date and
time of the Special Board meeting. Unless changed and,
thereupon, the President declared the meeting adjourned at
10:42 a.m. The following Trustees were present at the end
of the meeting:*

*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 26th day of March 2024.


President