

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

January 28, 2025

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, January 28, 2025, at 9:11 a.m. in the Marcelino Martinez Room of the headquarters building of the Cooperative, Taos, New Mexico. The following Trustees were present:

<i>Russ Coyle</i>	<i>Present</i>
<i>Cristobal Duran</i>	
<i>Martin Dimas</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, Jose Lovato, General Manager, Kit Carson Internet (KCI), 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. Mr. Reyes requested that the Board enter an Executive Session before the end of the meeting. It was moved by Mr. Rodarte, seconded by Mr. D. Torres, and unanimously approved that the agenda be approved as presented. *Agenda*

The minutes for the Board of Trustees regular Meeting, held December 31, 2024, were presented. It was moved by Mr. Medina, seconded by Mr. Dimas, and unanimously approved that the minutes for December 31, 2024, be approved as presented. *Minutes for December 31, 2024*

Mr. Reyes presented the CEO report for December 2024. He explained that the year-end pre-audit financial report was being reviewed, he reported \$6,013,002 in margins for 2024, compared to \$6,197,309 in margins for 2023. He reported that margins were under budget, revenue and cost of *CEO Report*

purchased power were higher. Mr. Reyes reported that the cost of purchased power was due to capacity. He reported that operations expense was almost the same as last year, maintenance expense was higher but almost the same as last year and that expenses that KCEC could control are the same; given increases in cost of transformers, meters, poles and other basic infrastructure needs. Mr. Reyes reported that KCEC would continue to identify areas where KCEC could mitigate losses. He reported that non-operating margins did not include Kit Carson Propane (KCP); however, KCP and KCI were hitting operational targets. He explained that the financials currently under review were pre-audit and that any adjustments would be reviewed with the Board. Mr. Rodarte asked if transformers were replaced in the system, would KCEC order another transformer to replace in KCEC inventory immediately. Mr. Reyes explained that KCEC does order replacements for inventory as needed, he explained that the cost of transformers and circuit breakers had increased significantly and that supply chain issues were still an issue. Mr. Martinez explained that delivery of transformers was about 25 weeks out and that KCEC had considered refurbishing transformers, if possible, otherwise a new one would be ordered. Discussion was held regarding the cost and manufacturing of operational materials, and the impact on the industry. Mr. Coyle asked about the difference in KCP margins for 2024, compared to the budget. Mr. Reyes explained that seasonal specials and an increase in the cost of propane were contributing factors. Ms. Vigil asked if KCEC members got a discount with KCP. Mr. Reyes explained that KCEC members saved \$0.05 per gallon of propane with KCP. Mr. B. Torres asked if the Low-Income Home Energy Assistance Program (LIHEAP) was still available to KCEC members and KCP customers. Mr. Reyes reported that consumers could apply for LIHEAP with New Mexico Health Care Authority Income Support Division, to assist with the fuel used to run the main heat source for their home, whether it is electric, propane or wood. Discussion was held regarding strategies for propane pricing, capacity, potential metering, and seasonal specials. The President suggested that a study session be scheduled for KCP Board and KCEC Board to review and discuss the KCP budget. Mr. Reyes reviewed the balance sheet for December 2024, he reported \$158,414,180 in total assets. He reported that KCEC had 30,807 total services in place and operates 3,020 miles of line; 1,058 was underground and 1,819 was overhead, with 143 miles of transmission. Mr. Reyes reported that KCEC would need to adjust rates to address changes in the cost of service, customer charges and insurance costs. Mr. Ortega asked what the difference in cost of 401k benefits for employees would be with the changes made for union negotiations. Mr. Reyes reported that 401k benefit costs would increase to \$140,000 if employees continued to contribute the same percentage, if all employees changed their contribution to maximum benefit, the cost

would increase to \$329,000. Mr. Ortega asked what the difference in cost of salary would be for 2025, with pay rate increases. Mr. Reyes reported that the annual payroll was \$7,000,00 and would increase to \$7,300,000. Mr. Reyes reported that Workman's Comp paid \$118,000 in claims for 2024, there were 7 claims and 1 open claim. He reported that KCEC saved \$150,000 each year for Workman's Comp, since membership ended with the NM Rural Electric Cooperative Association. Mr. Reyes reported there was a total of 181 property claims filed in 2024, 2 property claims were paid for a total amount of \$4,000; there were 7 auto claims filed in 2024, 3 auto claims were paid for a total amount of \$38,000. He explained that KCEC liability determined the result of each claim. Mr. Reyes reported that KCEC projects were moving forward, including GRIP and New ERA. KCEC would meet with U.S. Forest Service in February, and invited the New Mexico Energy, Minerals and Natural Resources Department (EMNRD) Forestry Division, Taos Ski Valley and the Village of Taos Ski Valley, to attend and discuss fire mitigation strategies. Mr. Ortega asked if GRIP would be included in paused grants and loans. Mr. Reyes reported that KCEC had not received official notice to discontinue project planning. He reported that KCEC would continue to meet and work with local institutions and municipalities regarding microgrids, wildfire mitigation and broadband projects. Mr. Reyes reported that there may be fewer committee meetings in February due to legislative meetings in Santa Fe; he reminded the Board that KCEC's sponsored legislative dinner was scheduled for January 30, 2025, in Santa Fe and encouraged all Board members to attend. Mr. D. Torres reported that the Safety Committee met on January 10, 2025. There was one vehicle accident reported which involved a KCP truck that broke a culvert. The Company was at 59 days without a lost time accident for the month of December. It was moved by Mr. Duran, seconded by Mrs. Valerio-Mylet, and unanimously approved that the CEO Report for December 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 \$14,990.86. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved that those payments be made to Estates.

Capital
Credits to
Estates

Mr. Reyes reported that the final budget was sent to the Board in an email, he recommended that the President consider designating a Budget Committee that could meet quarterly to review the budget and make recommendations for full Board approval. He recommended approval of the 2025 Budget. Mr. B. Torres stated that the budget review at the work session was very productive, and that staff input was well presented. It was moved by Mr. Duran, seconded

Approve
2025 Budget

by Mr. B. Torres, and unanimously approved that the 2025 Budget be approved as presented. The President requested that a roll call vote be taken. A Roll Call vote taken by Carmella Suazo, Assistant Manager (yes in favor, no against) was taken as follows:

Mr. D. Torres – Yes

Mr. Rodarte – Yes

Mr. Jassmann – Yes

Mrs. Valerio-Mylet – Yes

Mr. Duran – Yes

Mr. Ortega – Yes

Mr. Medina – Yes

Mr. Dimas – Yes

Mr. B. Torres – Yes

Ms. Vigil – Yes

Mr. Coyle – Yes

Mr. Jassmann reported the Payables Committee met on January 10, 2024. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Dimas, and unanimously approved that Payables for December 2024 be approved as presented. Payables Committee

The President reported that Green Hydrogen updates were reviewed at a Committee of the Whole on January 22, 2025. Mr. Reyes reported that KCEC would move forward with the project. Green Hydrogen Committee

Mr. Reyes reported that Broadband updates were reviewed at a Committee of the Whole on January 22, 2025. The Internet budget was reviewed during the monthly work session, the monthly report and financial statement were sent to the Board in an email. Mr. Lovato reported that KCI projects continue to move forward. Broadband Committee

Mr. Rodarte reported that the Solar Committee met on January 9, 2025. There were no protests of the Amalia II Solar Project, Luminace would work on permit requirements for a 7ft. fence and Rio Costilla Cooperative Livestock Association (RCCLA) would receive payment since the permit was approved by Taos County Planning Commission. Mr. Reyes reported that some local contractors were interested in sub-contracting for the Amalia II Solar Project, KCEC would work with Luminace to have a job fair in February. Mr. Reyes reported that the Taos Pueblo Solar Project was moving forward and that a ribbon-cutting for the Amalia II Solar Array would be scheduled this Spring. Solar Committee

Mr. Reyes reported that the Bid Committee would meet in February to review bids for a gas pump system at KCEC headquarters.

Mr. D. Torres reported that the Bylaw & Policy Committee met on January 8, 2025. The Committee reviewed Policy 2.1 Capital Credits; the Committee recommended an addition of IV. Limitations F. Request and Agreement for Special Retirement for Deceased Individual Members: Bylaw & Policy Committee

“In the event a member does not have a surviving spouse the member may elect upon death to complete and submit Assignment of Member Capital Credits form (See Attached Form)”

Assignment of Member Capital Credits form would include the following:

FOR VALUE RECEIVED, the undersigned hereby assigns and transfers unto [ASSIGNEE NAME], the Capital Credits residing in [MEMBER NAME] Patronage Capital Account maintained by Kit Carson Electric Cooperative, Inc. ("KCEC") and held in the name of the undersigned Member on the books of KCEC, whose Member Number is [ACCOUNT NUMBER]; and assigns and transfers said Capital Credits maintained on the books of KCEC as of the date identified below with full power and authority to do so.

Dated: [MONTH] [DATE], [YEAR]

[MEMBER PRINTED NAME]

By: _____
[SIGNATURE]

Discussion was held regarding the option to revoke the Assignment of Member Capital Credits and the possibility of secondary assignees. Mr. Reyes reported that the recommended changes were vetted by Mr. Charles Garcia, KCEC Corporate Attorney, he recommended approval of the Policy as presented, subject to recommended changes made by KCEC attorney in reference to the possibility of a revocable assignment of member capital credits and the possibility of secondary assignees. Mr. B. Torres stated he was in full support of the policy change. Mr. Rodarte recommended that a notarized signature be required on the Assignment of Member Capital Credits form. It was moved by Mr. B. Torres, seconded by Mr. Rodarte, and unanimously approved that Policy 2.1 Capital Credits be approved as presented, subject to recommended changes made by KCEC attorney in reference to the possibility of a revocable assignment of member capital credits and the possibility of secondary assignees.

Mrs. Valerio-Mylet reported that Public Relations updates were reviewed at a Committee of the Whole on January 22, 2025. She reported that discussion was held regarding the KCEC sponsored legislative dinner scheduled for January Public Relations Committee

30, 2025, in Santa Fe. Mrs. Valerio-Mylet reported that Mr. Santistevan sent an email announcing the KCEC Christmas Lighting Contest winners; there were 23 nominations, and 1,000 votes submitted through the Taos News website. The grand prize winner was Tori Curry, Bearly Awake Coffee in Red River, KCEC District 1 winner was Manuel Sandoval in Taos, District 2 winner was Natalie Montoya in Questa, District 3 winner was Jose Garcia in Ojo Caliente, District 4 winner was Jon Vigil in Penasco, and District 5 winner was Santiago Olonia, Cottom's Ski Shop in Angel Fire. Mrs. Valerio-Mylet thanked Mr. Santistevan for his work and recommended that KCEC continue the contest every year.

Mr. Duran reported that the Bid Committee did not meet in January. Bid Committee

Mr. Rodarte requested that a list of grants awarded to KCEC be prepared for distribution at the next Board Meeting. Board Member Concerns

The President called for an Executive Session. It was moved by Mr. B. Torres, seconded by Mr. Medina, and unanimously approved that the Board enter Executive Session at 10:10 a.m. Executive Session

The meeting was reconvened by the order of the President at 11:19 a.m., not action was taken.

There being no further business to come before the Board, it was moved by Mrs. Valerio-Mylet, seconded by Mr. B. Torres, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until February 25, 2025, 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 11:19 a.m. The following Trustees were present at the end of the meeting: Meeting Adjourned

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


Secretary

Approved this 25TH day of FEB, 2025.


President