

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

February 25, 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, February 25, 2025, at 9:08 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, and Brianna Trujillo, Executive Secretary who recorded the day's proceedings.

It was declared a quorum was present. *Quorum*

Mr. Jassmann led the Board in reciting the Pledge of Allegiance. *Pledge of Allegiance*

Mrs. Valerio-Mylet led the Board in a word of Prayer and a moment of silence for the family of Mr. Manuel Medina, whose brother passed away, and for the family of Mrs. Dalia Martinez, whose husband passed away. *Prayer*

The agenda was presented. The President reported that Mr. Daniel Pritchard had requested to provide the Board with an update from Renewable Taos, the President recommended that the agenda be amended to include Mr. Daniel Prichard, Renewable Taos, before the CEO Report. It was moved by Mr. Duran, seconded by Mr. Coyle, and unanimously approved, that the agenda be approved as amended. *Agenda*

The minutes for the Board of Trustees regular Meeting, held January 28, 2025, were presented. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved that the minutes for January 28, 2025, be approved as presented. *Minutes for January 28, 2025*

Mr. Daniel Pritchard, Board Member, Renewable Taos, reported that he was following New Mexico's Senate Bill 4 (SB 4), also known as the "Clean Horizons Act"; and stated that the focus of the Bill was misunderstood, and misinformation was provided; the Bill was tabled. He stated that SB 4 supported KCEC's Green Hydrogen Project and that there were no mandates regarding electronic vehicles (EVs) in the bill. Mr. Pritchard stated that Renewable Taos was an ally to KCEC and would continue to consult with KCEC regarding proposed green legislation like SB 4 and other legislation that supports KCEC.

Renewable
Taos

Mr. Reyes presented the CEO report for January 2025. He reported \$1,900,000 in margins compared to \$1,600,000 last year, due to snowmaking and positive margins for Kit Carson Propane (KCP) and Kit Carson Internet (KCI). He reported that KCP was working on their financial structure and a Business Plan to expand into Angel Fire, NM. He reported that the cost of power was higher than last year but that the amount of kilowatt hours sold was the highest ever for the month of January. Mr. Reyes reported that transmission expense had increased compared to last year and that Tri-State Generation and Transmission Association, Inc. (Tri-State) was moving into the Southwest Power Pool (SPP), a regional transmission organization, which could lower transmission expense. Mr. Reyes reviewed the balance sheet for January 2025, he reported that KCEC operates 3,007 miles of energized lines, including 1,812 overhead miles and 1,052 underground miles. Mr. Martinez reported that he would determine how many miles of energized lines passed through federal lands. Mr. Reyes reported that there were several wildfire bills at the legislature which could limit liability and possibly fill the void from the Federal Emergency Management Agency (FEMA), he stated that current wildfire issues had the biggest operational impact on electric cooperatives. He stated Member education to encourage safe practice at their home or place of business was important with the continuing drought. KCEC updated the Wildfire Mitigation Plan accordingly and would continue to focus on maintenance. Mr. Reyes stated that KCEC's Microgrid Project had the ability to address consumers' dependency on medical devices as well as fire mitigation. Discussion was held regarding loss of resources due to recent government layoffs. Mr. Reyes reported that KCEC was working with the U.S. Forest Service, Taos County and The NM Energy, Minerals and Natural Resources Department (EMNRD) Forestry Division on a local level program to reduce wildfire risks. Mr. Reyes reported that KCEC financials were solid, and staff were reviewing internal efficiencies. He reported that warmer weather could increase usage for cooling, but lack of snow may cause early closure of ski areas which could decrease usage. Mr. Ortega mentioned the administration's plan to expand transmission. Mr. Reyes stated that KCEC would find a balance between

CEO Report

all the legislation introduced, and make thoughtful decisions based on its members first, regarding affordability, sensitivity to the environment and the need for national security. Mr. Reyes stated that KCEC cannot support legislation that could potentially prevent KCP from providing inexpensive fuel to KCEC members in the future. He reported that KCEC would continue to consult with members to find that balance. Mr. Reyes stated that KCEC had reduced greenhouse gas emissions, more than anyone else in the state, with energy produced and sold in NM. He reported that construction of the Amalia II Solar project should begin in May and negotiations were final for the Taos Pueblo Solar project, which could begin later this year. Mr. Reyes reported that KCEC had the first Stakeholder meeting for the Microgrid Project, with the U.S. Forest Service, NM Forestry Division, Sipapu Ski Resort, Taos Ski Valley and the Village of Taos Ski Valley. He reported that the value of microgrids was discussed at the meeting and that factsheets would be developed and distributed to KCEC members; the primary goal was wildfire mitigation. Mr. Reyes reported that KCEC would build the first three microgrids in Penasco, El Rito West and Taos Ski Valley; contractors have visited the sites and 30% of the project design was complete. He reported that New Mexico Senate Bill 48 (SB 48), also known as the "Community Benefit Fund", may have funds for microgrids. Mr. Reyes reported that KCEC was working with an Interim Project Team to meet USDA's Rural Utilities Service (RUS) requirements before drawing funds. KCEC was also working with the legislature to fund a Solar facility in Questa, NM, which could lower greenhouse gas emissions and energize the electrolyzers for the Green Hydrogen project. Mr. Reyes reported that he was serving on an Advisory Committee for New Mexico's Solar For All Program, designed to make solar power available to low-income households, and that he would advocate for rural areas in Northern NM. KCEC's focus on Microgrids/batteries would also serve low-income members, who depend on medical devices, and support wildfire mitigation. Mr. Reyes reported that KCEC was working with Senator Robert "Bobby" Gonzales and Representative Kristina Ortez at the legislature. Mrs. Valerio-Mylet reported that the Safety Committee met on February 10, 2025, and that Mr. Reyes provided an update at the Board Work Session. Mr. Martinez reported that the Committee was following up on safety concerns, he reported that safety training was conducted for Kit Carson Internet (KCI) employees who work near energized power lines, it was a success and would continue monthly. He reported that KCEC was working on a training facility at the Ranchos Yard, where KCEC and KCI field employees could practice climbing poles and installing hardware. Mr. Martinez reported that on-site crane certification training was scheduled for March 17 – 20, 2025; KCEC Lead Linemen and Operators would complete the certification. He reported

that safety signs were ordered to be mounted inside and outside of the headquarters building. The Committee was also gathering feedback from employees to determine what other safety training could be implemented. Mr. D. Torres asked if there was a certification requirement for telecom employees who work around energized powerlines. Mr. Martinez explained that pole climbing certification was in place and that he would seek other certifications for KCI employees. Mr. Reyes reported that KCEC had a four-year Apprenticeship Program where employees become certified in the State of NM upon completion; 50% was on the job training and the other 50% was written exams; KCEC was working with NM Workforce Solutions on a similar program for KCI employees. Discussion was held regarding program requirements and testing. Mr. Reyes reported that Safety Committee members were assigned specific duties to promote engagement. Mr. Dimas asked if there was an Apprenticeship Committee. Mr. Martinez reported that KCEC's Apprenticeship Committee was composed of two union employees appointed by the International Brotherhood of Electrical Workers (IBEW) and two staff employees; one more union employee and one more staff employee would need to be appointed. Ms. Vigil recommended that KCEC consider promoting employees to train others, which could help create better competency. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved that the CEO Report for January 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 Capital Estates in the amount of \$13,124.82. It was moved by Mr. Dimas, seconded by Mr. Duran, and unanimously approved that those payments be made to Estates

Mr. Jassmann reported the Payables Committee met on February 10, 2024. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved that Payables for January 2025 be approved as presented.

The President reported that the Green Hydrogen Committee did not meet in February 2025. Mr. Reyes reported that KCEC would continue to work with consultants on direct pay and project management, and a letter was sent out to the Congressional Delegation to support the project. Mr. Reyes stated that with the Green Hydrogen project, KCEC could reduce greenhouse gas emissions by 87% in 2028; full support from the State of NM was very important.

Mr. Reyes reported that the Broadband Committee met February 21, 2025, he reported that KCI had 14,400 customers and \$600,000 in margins. Mr. Reyes reported that KCI was waiting for government approval of the

environmental plan and the signed contract from Jemez Mountain Electric Cooperative (JMEC) for the Reconnect 3 Grant. He reported that KCI would approach the Village of Angel Fire to ask if digging could begin sooner since the weather was warmer. Discussion was held regarding KCI's broadband expansion projects and KCEC's partnership with JMEC.

Mr. Rodarte reported that the Solar Committee met on February 7, 2025. He reported that the Amalia II Solar Project should begin in May, permits were approved, and plans were 40% complete. Mr. Rodarte reported that a privately owned water line that ran through the property was relocated. He also reported that a Groundbreaking Ceremony would be scheduled after the end of the Legislative Session, in Amalia. Mr. Reyes reported that the Purchase Power Agreement with Taos Pueblo was finalized, and the Project was contingent on release of funds by the U.S. Department of Energy (DOE); the 5MW array would have 5MW of battery storage and cost of power would be 4 cents per kilowatt-hour. Mr. Ortega recommended that the Amalia II Groundbreaking Ceremony be held at the site in Amalia, or at the Amalia center. Mr. B. Torres stated he would check with Rio Costilla Cooperative Livestock Association (RCCLA) at the next Board meeting. Mr. Reyes recommended that a Joint Consumer Advisory Committee meeting, for all districts, be scheduled in early April to discuss updates of KCEC projects; a Joint Consumer Advisory Committee meeting was scheduled for Wednesday, April 2, 2025, at 5:30 p.m.

Mr. D. Torres reported that the Bylaw & Policy Committee met on February 6, 2025. The Committee reviewed Policy 1.6, Minutes of Regular and Special Board Meeting, Executive Session, Etc.; the Committee recommended an addition within the first paragraph of the first section, MINUTES OF REGULAR AND SPECIAL BOARD MEETING: "Kit Carson Electric Cooperative, Inc., adheres to Robert's Rules Of Order for meetings of the Board of Trustees including Annual Meetings, Regular Board Meetings, Special Board Meetings, Committee Board Meetings, Executive Sessions and Executive Session Board Meetings." The Committee also recommended an addition within the first paragraph of the second section, MINUTES OF EXECUTIVE SESSION MEETINGS: "Minutes will not be taken during Executive Session. Sharing confidential information outside of Executive Session is a violation of Board policies and is subject to discipline and consequences". Mr. D. Torres stated the purpose of having an Executive Session is to discuss sensitive information in private.

The Committee reviewed Policy 1.16, Trustees Code of Conduct; the Committee recommended the addition of

Section III. EXPECTATIONS, Item C. Trustee Access To Cooperative Data and Information, No. 5: "Trustees must not share confidential information outside of Executive Session. Sharing confidential information is a potential violation of Board policies and subject to consequences." Mr. D. Torres stated that sharing confidential information was "a violation" of Board policies, rather than "a potential violation", and recommended for consideration.

The Committee reviewed Policy 3.28, Employees Code of Conduct; the Committee recommended the addition of Section 10. PROPRIETARY AND CONFIDENTIAL INFORMATION, No. 6: "Employees who are invited to an Executive Session or an Executive Session Board Meeting whether in person or via an audio or video platform such as Zoom, Microsoft Teams or Google Meet shall not share confidential information outside of Executive Session. Sharing confidential information is a violation of Board policies and code of conduct and is subject to discipline." The Committee also recommended the addition of Section 10. PROPRIETARY AND CONFIDENTIAL INFORMATION, No. 7: "Employees who are not invited to an Executive Session or an Executive Session Board Meeting may not attend or participate in Executive Session or an Executive Session Board Meeting in person or by electronic means; if an uninvited employee does attend or participate employee will be disciplined." The Committee also recommended the addition of the following specification within paragraph two of Section 20. RESPONSIBILITY: "up to and including termination" to specify consequences for any violation of this policy.

Mr. Rodarte asked about the approval of recommended changes for Policy 2.1 Capital Credits, discussed at last month's Board meeting. Mr. Reyes explained that the recommended changes were approved at the January Board meeting and that a notarized signature was also required on the Assignment of Member Capital Credits form, updated policy was available to the Board for review. It was moved by Mr. Rodarte, seconded by Ms. Vigil, and unanimously approved that recommended changes of KCEC Policies 1.6, 1.16, and 3.28, be approved as presented. Mr. Coyle stated that he agreed with Mr. D. Torres: sharing confidential information was "a violation" of Board policies, and that the word "potential" should be taken out of the addition recommended for Policy 1.16 Trustees Code of Conduct. Mr. Reyes explained that the word "potential" was used because Policy 1.16 applies to Trustees, who had limited ability to reprimand one another and would need to decide whether there had been an actual violation or breach of information. Mr. D. Torres recommended an amendment of the recommended addition to Policy 1.16 to specify: "Trustees must not share confidential information outside of Executive Session. Sharing confidential information is a violation of

Board policies and potentially subject to consequences.” Mr. Rodarte and Ms. Vigil amended their motion to approve recommended changes to Policy 1.16, as amended by Mr. D. Torres. Amended Motion was unanimously approved that recommended changes to Policy 1.6 and Policy 3.28 be approved as presented and that recommended changes to Policy 1.16 be approved as amended.

Mrs. Valerio-Mylet reported that the Public Relations Committee did not meet in February. She reported that KCEC’s legislative dinner in January was a great success; she thanked the Committee, Mr. Ortega, Mr. Reyes and Mr. Michael Santistevan, Public Relations Coordinator, for their hard work putting the event together; she reported that there were many influential legislators in attendance. He recommended that the Public Relations Committee focus on the Amalia Groundbreaking Event as well as Hydrogen project FAQ for Consumer Advisory Committee members who can advocate on behalf of the Cooperative. Mr. Ortega asked about the video documentation of the event, taken by Guzman Energy. Mr. Reyes explained that the video was being edited, and that the final version would be shared with the Board.

Public
Relations
Committee

Mr. Duran reported that the Bid Committee met on February 13, 2025. The Committee reviewed three bids for the fuel pump system at KCEC headquarters building: a bid for \$28,713.25 from Patriot Petroleum Solutions, a bid for \$30,939.00 from Kachina Petroleum Equipment and a bid for \$32,751.43 from Eaton Sales & Services, LLC. The Committee recommended the bid from Patriot Petroleum Solutions for \$28,713.25, which was the lowest bid in compliance with the specifications submitted by KCEC. Mr. B. Torres asked if the tanks needed to be replaced. Mr. Martinez reported that the tanks were inspected annually and were in good condition. It was moved by Mr. Rodarte, seconded by Mr. Dimas and unanimously approved that KCEC accept the bid in the amount of \$28,713.25 from Patriot Petroleum Solutions.

Bid
Committee

Mr. B. Torres asked if there was any action taken regarding credit card fees. Mr. Reyes reported that KCEC had considered a cost of business increase, which would be adjusted annually, to cover insurance cost increases. He reported that a rate protest only required 25 members, KCEC had requested that the number of protesters required to protest a rate increase be raised to an agreeable amount. Ms. Vigil asked if KCEC could assist members who were displaced as government employees. Mr. Reyes reported that KCEC had helped members impacted by a government shutdown before, he stated KCEC would notify the public of assistance available to local federal employees affected by separation of employment. Mr. Coyle asked if KCEC had considered stockpiling transformers due to potential tariffs

Other
Business

on imports of electrical transformers and related goods. Mr. Reyes reported that KCEC had been stockpiling transformers with available cash, and that transformers were being manufactured in Mexico, which could have lower transportation costs. Mr. B. Torres asked if the Trustees would consider a monetary donation for KCEC employee Dalia Martinez, to assist with funeral expenses for her husband. Mr. Reyes explained that KCEC usually sends a flower arrangement and will help with food if need be. Mr. Ortega recommended a review of the employee bereavement policy to consider monetary assistance.


Mr. Duran asked if any Trustees were registered to attend pre-conference courses at NRECA's 2025 Annual Meeting in Atlanta, GA. Mr. Coyle reported that he was registered for pre-conference courses to acquire his Board Leadership Certificate (BLC), the second part of NRECA's Director Education Program. Discussion was held regarding the requirements for Board certification, the cost of NRECA pre-conference courses and the effectiveness of continuing professional development beyond the required Credentialed Cooperative Director (CCD) program. Mr. Reyes recommended that KCEC bylaws and policies regarding Board training and development be reviewed to make recommended changes to policies.

Board
Member
Concerns

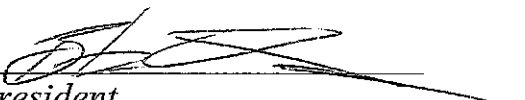
There being no further business to come before the Board, it was moved by Mr. Jassmann, seconded by Mr. Duran, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until March 25, 2025, at 9:00 a.m. the date and time of the next Board meeting. Unless changed and, thereupon, the President declared the meeting adjourned at 10:42 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 MAR. 2025.


President