

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

March 25, 2014

A meeting of the Board of Trustees of Kit Carson Electric Cooperative, Inc. was called to order by the President, Mr. Bobby Ortega, on Tuesday, March 25, 2014 at 9:10 a.m. in the Marcelino Martinez Room of the headquarters building of the Cooperative, Taos, New Mexico. The following Trustees were present:

Peter Adang	Present
Chris Duran	
Bruce Jassmann	
Virgil Martinez	
Ambrose Mascarenas	
Manuel Medina	
Bobby Ortega	
Arthur Rodarte	
Jerry Smith	
David Torres	
Luisa Valerio-Mylet	

Also, present were: Luis A. Reyes, Jr., Chief Executive Officer, Steve Fuhlendorf, Public Information Officer; Carmella Suazo, Administrative Assistant; Johnny Valerio, Financial Manager; and Joyce Archuleta, Executive Secretary who recorded the day's proceedings.

Mr. Steve Fuhlendorf led the Board in reciting the Pledge of Allegiance. Pledge of Allegiance

Mrs. Carmella Suazo led the Board in a word of prayer. Prayer

The President announced a quorum was present and the Board was ready to proceed with the transaction of business. Quorum

The agenda was presented. It was moved by Mr. Smith, 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 February 25, 2014 were presented. It was moved by Mr. Rodarte, seconded by Mr. Duran and unanimously approved, that the minutes for February 25, 2014 be approved as presented. Minutes for February 25, 2014 Regular Meeting

Mr. Reyes presented the CEO's report for February 2014. Financials for February 2014 were CEO Report

reviewed. Mr. Reyes reported margins for February were \$96,207. He reported that the overall expenses for KCEC are lower. Discussion was held on NRECA report regarding tree trimming and maintenance lawsuits. He reported that it is better to invest in tree trimming and maintenance than to have a lawsuit. He reported postage expense has increased by \$40,000. Discussion was held on ideas and incentives for members to utilize e-billing. Administrative and General expenses were down, legal fees relative to Tri-State Protest are being split between KCEC and Jemez Electric. He reported that at the end of February KCEC members have saved \$1,788,648 due to the rate protest. The Balance sheet was discussed. Assets and liabilities were at \$130,743,927. Mr. Reyes reported there has been an increase in new services compared to last year. Mr. Duran wished Mr. Martinez luck in his election for Taos County Commissioner, and asked Mr. Martinez if his position was going to remain in support of the Command Center. Mr. Martinez reported that the Command Center is good for Taos County and Town of Taos. Mr. Ortega stated that if the politics were put aside, there is a state of the art facility/Command Center that Taos County, Town of Taos and Kit Carson could all benefit from. The consensus of the Board was to pursue a meeting with Mayor Barrone and County Commission Chairman to discuss the Command Center. Mr. Reyes discussed the operating Budget Variance report for February. Mr. Torres reported the Safety Committee met March 11, 2014. He reported KCEC was at 64 days with no lost time accidents, there was one minor vehicle accident, and that KCEC will be having Active Shooter Training. Following discussion it was moved by Mr. Duran, seconded by Mr. Medina, and unanimously approved, that the CEO report for February 2014 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. Mr. Torres acknowledged and recognized the testimonials that were presented in the Board packet from employees who appreciated the opportunity to attend Customer Service Training.

The President reported requests have been received from Estates for retirement of capital credits. It was moved by Mr. Duran, seconded by Mr. Rodarte and unanimously approved, that payments to these Estates in the amount of \$14,910.17 be approved as presented with the provision that such payment would not impair the financial condition of the Cooperative and that any balance owed would be paid in the future after approval of the Board.

Capital Credits  
To Estates

Discussion was held on appointment of NMRECA Voting Delegate for 2014 NMRECA Annual

Appoint  
NMRECA

Meeting to be held May 28-30, 2014 at Buffalo Thunder Resort. The President appointed Mr. Smith as Voting Delegate and Mr. Duran as Alternate. Voting Delegate

The president presented Resolution No. 3-2-14 as follows; Approve Resolution No. 3-2-14 US Bank Account

BE IT RESOLVED, that all signatures on all accounts carried in the name of Kit Carson Electric Cooperative, Inc., at U.S. Bank, are hereby designated as cancelled, and only the signatures of the following persons are authorized on checks or drafts drawn on any U.S. Bank account of the Cooperative:

Bobby R. Ortega President  
Manuel Medina Vice President  
Cristobal Duran Secretary  
Bruce Jassmann Treasurer  
Luis A. Reyes Chief Executive Officer  
Carmella Suazo Executive Secretary

AND BE IT FURTHER RESOLVED, that the signature of the Chief Executive Officer, or the Executive Secretary in the absence of the Chief Executive Officer, together with the signature of any one of the above named Officers, is required on any check or draft drawn on any U.S. Bank account carried in the name of Kit Carson Electric Cooperative, Inc.

It was moved by Mr. Smith, seconded by Mr. Jassmann, and approved, that Resolution 3-2-14 be approved as presented.

Mr. Ortega reported donation totals and correspondence are in the packet and may be reviewed at leisure. Donations & Correspondence

The President called for a recess at 10:15 a.m. Recess

Meeting was reconvened by the order of the President, Mr. Bobby Ortega, at 10:30 a.m. Meeting Reconvened

Mr. Jassmann presented Payables for the Electric and Internet Divisions. The Payables Committee met on March 10, 2014; Mr. Jassmann recommended approval. It was moved by Mr. Medina, seconded by Ms. Valerio-Mylet, and unanimously approved, that the payables for February 2014 be accepted as presented. Payables Committee

Mr. Ortega reported that the NMRECA meeting was held March 13 & 14, 2014. Mr. Ortega reported that it was a quick meeting and the minutes were in the Board packet. He reported that discussion was NMRECA Board Meeting

held on the NMRECA Annual Meeting and how to handle the high cost and possibly eliminating the continental breakfast in the future. Mr. Reyes suggested that annual meetings be held in the Kit Carson Electric service area, there are several places in the area that are family oriented. Next Board meeting would be held April 10 & 11, 2014. Mr. Smith reported that he would not be at the next meeting but Mr. Duran would attend the meeting. Mr. Ortega reported that the NRECA 2014 Legislative Conference would be held May 4-6, 2014 in Washington, DC.

Mr. Rodarte reported he attended the Tri-State Board Meeting held March 11 & 12, 2014. He reported that Mr. Ken Anderson retired and Mr. Mike McInnes was appointed as interim General Manager. Mr. Rodarte reported the April board meeting, annual meeting and membership meeting would be held at the Omni Hotel March 31 – April 3, 2014. He reported that Mr. Wouter van Kempen, Chairman, President and Chief Executive Officer of DCP Midstream, LLC. would be the guest speaker for the Tri-State 62<sup>nd</sup> Annual Meeting. Mr. Martin Lowery would also speak at the meeting. The next Member Managers Meeting will be held April 15 & 16, 2014 in Denver, CO. He reported Tri-State Policy 3.15 that was adopted to include all the points in the dispute resolution will be presented at the Annual Meeting for approval or rejection. Mr. Rodarte reported that the audit for 2013 had been approved. One of the topics that would be discussed at the Tri-State Annual Meeting would be the highlights and accomplishments for 2013. Tri-State financial goals on capital credit policies were reviewed. The goal for 2014 is 20% equity in 2020 it would be 23 % equity and 2024 it would be 25% equity. Mr. Reyes reported that an increase in equity would therefore increase rates. Mr. Rodarte reported that years of service awards would be presented at the Tri-State Annual Meeting.

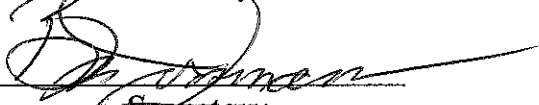
Mr. Reyes reported the Broadband Committee met March 19, 2014. Mr. Reyes distributed a packet with updated information that included maps, finances to date, community meetings schedule, price, enrollment sheet, aerial installation, and speed needed based on services used. Information will be available on the Kit Carson Electric Cooperative website.

There being no further business to come before the Board, it was moved by Mr. Duran, seconded by Mr. Mascarenas, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until April 29, 2014 at 9:00 a.m. the date and time of the next Board meeting. Unless changed and, thereupon, the President declared the meeting

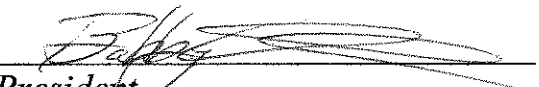
*adjourned at 10:58 a.m.*

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

*Peter Adang, Chris Duran, Bruce Jassmann, Virgil Martinez, Ambrose Mascarenas, Manuel Medina, Bobby Ortega, Arthur Rodarte, Jerry Smith, David Torres and Luisa Valerio-Mylet.*

  
*Secretary*

*Approved this 29 day of April, 2014*

  
*President*