

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

April 29, 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, April 29, 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
Bruce Jassmann	
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; Richard Martinez, Chief Operating Officer; Carmella Suazo, Administrative Assistant; Johnny Valerio, Financial Manager; and Joyce Archuleta, Executive Secretary who recorded the day's proceedings.

Mr. Smith led the Board in reciting the Pledge of Allegiance.

Mrs. Valerio-Mylet led the Board in a word of prayer.

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

The agenda was presented. The President announced that Questa Chevron Mine Interns would not be able to attend today's meeting and asked that their presentation be placed on the May Board meeting agenda. It was moved by Mr. Smith, seconded by Mr. Rodarte, and unanimously approved, that the agenda be approved, as amended.

The minutes for the Board of Trustees regular meeting held March 25, 2014 were presented. It was moved by Mr. Rodarte, seconded by Mr. Smith and unanimously approved, that the minutes for March 25, 2014 be approved as presented.

Mr. Reyes presented the CEO's report for CEO Report
March 2014. Financials for March 2014 were reviewed. Mr. Reyes reported year to date budget margins were at \$940,117, year to date margins were at \$945,340, margins for March \$150,767 and last year were at \$988,705. He reported that the operations budget was over due to the increased property taxes and amortization of software. The overall expenses for KCEC are lower since kWh usage for January and February was lower than anticipated. The Tri-State outage report for April 16, 2014 was reviewed. Manuel Medina joined the meeting at 9:21 a.m. Discussion was held on possibly increasing liability insurance coverage. Mr. Reyes reported that vehicle maintenance would be reviewed to determine if some fleet would be replaced, he recommended exhausting life of vehicles. Richard Martinez will prioritize vehicles that need to be replaced this year. Mr. Torres asked if KCEC had a long term recapitization plan. Mr. Reyes reported that assessment of wear and tear, manufacture issue or employee handling issues were reviewed. The Balance sheet was reviewed. Assets and liabilities were at \$131,401,328. Interest on long term debt decreased due to refinancing with CoBank. Discussion was held on maintenance of solar arrays in the KCEC territory. Mr. Reyes reported legal fees relative to Tri-State Protest are being split between KCEC and Jemez Electric. KCEC has saved members \$1.8 million which is an average of 9% savings. Mr. Reyes distributed a handout and discussion was held on Taos Ski Valley estimated electrical connected load summary. Mr. Reyes reported that he would review the Airport Preliminary Zoning Plan from the Town of Taos. Mr. Reyes distributed Trustee reimbursement analysis for New Mexico Cooperatives, which did not include NMREC or Tri-State. Mr. Reyes distributed documents relative to Tri-State mediation. A copy of the KCEC/Tri-State Mediation information is included in the Transfer of Documents. He reported the Tri-State Mediation meeting would be held Wednesday, April 30, 2014 at 9:00 a.m. at the New Mexico Public Regulation Commission. Mr. Jassmann joined the meeting at 10:19 a.m. Mr. Torres reported the Safety Committee met April 10, 2014. He reported there was one lost time accident. He reported that the Safety Committee was concerned with the KCEC aging fleet. Mr. Reyes reported vehicle inspection records are reviewed and that the Safety office had the authority to red tag a vehicle if it is not safe. Mr. Torres stated the committee also discussed chewing tobacco on the premises and spitting tobacco on the garage floor. Following discussion it was moved by Mr. Mascarenas, seconded by Mr. Medina, and unanimously approved, that the CEO report for March 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.

The President reported requests have been received from Estates for retirement of capital credits. It was moved by Mr. Rodarte, seconded by Mr. Smith and unanimously approved, that payments to these Estates in the amount of \$11,479.61 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 the date of the May 2014 Regular Board meeting. It was moved by Mr. Smith, seconded by Mr. Mascarenas and unanimously approved that the May 2014 Board meeting be held on Friday, May 23, 2014 and that there would not be a Work Session in the month of May.

Set Date for
May 2014
Regular Board
Meeting

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 10:27 a.m.

Recess

Meeting was reconvened by the order of the President, Mr. Bobby Ortega, at 10:37 a.m.

Meeting
Reconvened

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

Payables
Committee

Mr. Smith reported that the NMRECA meeting was held April 10 & 11, 2014. Mr. Smith reported that Mr. Duran attended the meeting. He reported that the minutes were in the Board packet for review. Mr. Smith reported that the U.S. Fish and Wildlife Service made its decision to list the lesser prairie chicken as "threatened" under the Endangered Species Act. The NMRECA Annual Meeting will be held May 28 – 30, 2014. Next NMRECA Board meeting would be June 27, 2014. Mr. Adang requested a copy of NMRECA financials. Discussion was held on dues and that cap for Legislative Reception was \$30,000 which is a substantial decrease.

NMRECA
Board Meeting

Mr. Rodarte reported he attended the Tri-State Board Meeting held April 1 & 2, 2014. The 2013 Tri-State Annual Report was distributed. Mr. Rodarte reported Year To Date savings as of February 2014 due to the Tri-State rate protest was at \$369,644. He reported that the rate design policy was discussed at the Tri-State

Tri-State
Board Meeting

Annual Meeting and it was voted down, so it goes back to policy 315 which would be the avenue for the rate design process. Mr. Rodarte distributed a copy of the Jicarilla Apache Nation proposal. Tri-State Year to date margins was at \$23 million. He reported the Nebraska court case will begin May 19, 2014. The next Tri-State Board meeting would be held May 13 & 14, 2014.

Mr. Reyes reported the Broadband Committee met April 23, 2014. Mr. Reyes reported that testing was being done from Taos to the North; however waiting to pull fiber into headend. 60 drops in Costilla and Amalia have been completed. He reported that KCEC was awarded eight cell sites from T-Mobile. Broadband Community meetings are being held. Questa and Angel Fire schools have signed up for broadband. Negotiations have been started with Taos Net. Proposal has been submitted to Centurylink. Broadband project is at 72% built. He reported applications for broadband will be sent out with KCEC electric billings. The north service area should be lit by the end of May 2014.

Broadband
Committee

It was moved by Mr. Smith seconded by Mr. Medina and unanimously approved, that the Board go into Executive Session at 11:03 a.m. for armed robbery and Kit Carson Energy updates.

Executive
Session

The meeting was reconvened at 11:22 a.m. No action taken during Executive Session.

Meeting
Reconvened

There being no further business to come before the Board, it was moved by Mr. Jassmann, seconded by Mr. Mascarenas, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until May 23, 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 11:23 a.m.

Meeting
Adjourned

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

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


Secretary Treasurer

Approved this 23 day of May, 2014


President