

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

April 28, 2015

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 28, 2015 at 9:00 a.m. in the Marcelino Martinez Room of the headquarters building of the Cooperative, Taos, New Mexico. The following Trustees were present:

<i>Peter Adang</i>	<i>Present</i>
<i>Cristobal Duran</i>	
<i>Bruce Jassmann</i>	
<i>Virgil Martinez</i>	
<i>Ambrose Mascarenas</i>	
<i>Manuel Medina</i>	
<i>Bobby Ortega</i>	
<i>Arthur Rodarte</i>	
<i>Jerry Smith</i>	
<i>Luisa Valerio-Mylet</i>	

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.

<i>Mr. Duran led the Board in reciting the Pledge of Allegiance.</i>	<i>Pledge of Allegiance</i>
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<i>Mrs. Valerio-Mylet led the Board in a word of prayer.</i>	<i>Prayer</i>
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<i>The President announced a quorum was present and the Board was ready to proceed with the transaction of business.</i>	<i>Quorum</i>
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<i>The agenda was presented. It was moved by Mr. Jassmann, seconded by Mr. Duran, and unanimously approved, that the agenda be approved as presented.</i>	<i>Agenda</i>
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<i>The minutes for the Board of Trustees regular meeting held March 31, 2015 were presented. It was moved by Mr. Mascarenas, seconded by Mr. Jassmann, and unanimously approved, that the minutes for March 31, 2015 be approved as presented.</i>	<i>Minutes for March 31, 2015 Regular Meeting</i>
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Mr. Reyes presented the CEO's report for March 2015. Financials for March 2015 were reviewed. Margins for the month of March were at \$86,328. Year to date margins were at \$481,465 compared to \$975,632 last year. Mr. Reyes reported that the operating revenue last year was \$11,248,891 compared to this year \$11,005,611. He reported cost of power last year was \$6,276,621 and this year was \$6,321,888. He reported that the cost of power was flat, Chevron was a high load factor and without them KCEC is a middle or low class load which makes the cost per unit higher. He reported that in March snowmaking is a low load factor which pushes high demand. Mr. Reyes reported the outages that occurred yesterday were caused by heavy snow which also affected the Tri-State 115 line. Mr. Medina joined the meeting at 9:07 a.m. Administrative and General Expense is higher this year which is tied to the Tri-State legal issues. Mr. Reyes reported that on Wednesday, June 10, 2015 there would be a strategic session scheduled from 2:00 p.m. to 5:00 p.m. that would be held tentatively at the SMU Campus. Discussion was held on the Tri-State negotiations. Mr. Reyes reported that the purpose of session was to review rate design and TIER levels and to discuss possibilities for a better wholesale contract. Tri-State will have their budget complete in July or August. Mr. Reyes reported year to date TIER was 1.59 and year to date DSC was 1.39. Mrs. Valerio-Mylet asked what it would take to request a hearing for Tri-State proposed rate increase. Mr. Reyes reported three of the twelve member cooperatives would need to submit a request for a rate hearing to the Hearing Mediator, Mr. Bill Hermann. If it is less than three cooperatives that request a rate hearing, a hearing would probably be conducted by Mediator. Discussion was held on the Supreme Court ruling that if three valid protests are filed the NMPRC is obligated to have a hearing. Four valid protests were filed with NMPRC. Mr. Jassmann asked Mr. Reyes if KCEC has done their due diligence and has KCEC exhausted every avenue in settling. Mr. Reyes reported that KCEC has agreed to settlement talks, all New Mexico cooperatives are allowed to participate in settlement and KCEC conceded to pay 2 mil per kWh. KCEC could also proceed with avoidability of power contract since Tri-State breached merger agreement. It was moved by Mr. Adang, seconded by Mr. Duran, and unanimously approved that Mr. Reyes report to the Board after the May 19, 2015 meeting with Tri-State and if no head way has been made, that Mr. Reyes be authorized to immediately initiate proceedings with the NMPRC to reactivate the rate case. Mr. Reyes reported outages yesterday were due to weather, maintenance has worked. Mr. Reyes reported on the meeting that was held with the Annual Meeting Quorum.

Recommendations made included; meeting should start on time, luncheon should be held, entertainment should be after the business meeting, and that a Pueblo Governor should provide the invocation. Discussion was held. Mr. Jassmann reported the luncheon is a large expense and stated he was against having a luncheon after the Annual Meeting. The consensus of the Board was to raise the certificate of credit to electric account to \$20.00 to be given at the end of the meeting; the grand prize would be a used vehicle; District prizes be awarded, and that a luncheon not be provided. Mr. Medina suggested that some of the smaller prizes be given at the beginning of the meeting. Mr. Richard Martinez reported the Safety Committee met April 10, 2015. He reported KCEC was at 90 days with no lost time accidents and no near misses. He reported the process for the RESAP program was ongoing and CPR training was being conducted in house. He reported the committee is researching the Safe Haven program and trying to get it started again. The Safety Report was in the Board packet for review. Following discussion it was moved by Mr. Jassmann, seconded by Mr. Duran, and unanimously approved, that the CEO report for March 2015 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. Martinez, seconded by Mr. Jassmann, and unanimously approved, that payments to these Estates in the amount of \$12,643.70 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 and Alternate for NMRECA Annual Meeting to be held June 3 - 5, 2015 in Taos, NM. The President appointed Mr. Smith as Voting Delegate and Mr. Duran as Alternate Voting Delegate.

Appoint 2015
NMRECA
Voting Delegate
& Alternate

The President reported donation totals and correspondence are in the packet and may be reviewed at leisure.

Donations &
Correspondence

The President called for a recess at 9:51 a.m.

Recess

Meeting was reconvened by the order of the President at 10:04 a.m.

Meeting
Reconvened

Mr. Jassmann presented Payables for the

Payables

Electric and Internet Divisions. The Payables Committee met on April 10, 2015. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved, that the payables for March 2015 be accepted as presented.

Committee

Mr. Smith reported that the NMRECA meeting was held April 1 & 2, 2015. Mr. Smith reported that the financials for the first quarter are on track with the budget. He reported NMRECA is working on ways to reduce costs for the Enchantment publication and still produce a quality product. Mr. Smith reported that Governor Susanna Martinez had signed House Bill 263 Geothermal Renewable Energy Certificates. Mr. Smith reported the next NMRECA Board meeting would be held June 3-5, 2015 at the 2015 NMRECA Annual meeting in Taos NM.

NMRECA
Board Meeting

Mr. Rodarte reported he attended the Tri-State Board Meeting held April 7 & 8, 2015, at the 2015 Tri-State Annual Meeting. Mr. Rodarte distributed a copy of the 2014 Tri-State Annual Report to review at leisure. Tri-State will be reviewing policies 115, 117 and 118 in the near future. Mr. Rodarte reported year to date margins were at \$22 million. Mr. Rodarte reported that there were two by-law changes passed at the 2015 Tri-State Annual Meeting (1) changed General Manager title to CEO, (2) gave Tri-State Board the authority to determine the method of capital credit retirement. He reported the reorganization of officers was conducted. There were two resignations Mr. Kevin Stewart from Chimney Rock and Mr. Ron Hagen from Nebraska. Mr. Rodarte reported that the next meeting would be held May 12 & 13, 2015.

Tri-State
Board Meeting

Mr. Reyes reported the Broadband Committee met April 27, 2015. Mr. Reyes reported that the project is 94% complete, lack 60 miles of overhead and a couple of miles of underground. Construction deadline is June 30, 2015. He reported that the Colorado interconnect and also the Espanola tie to REDInet is being tested. By the end of May both should be in service for redundant paths. Mr. Reyes stated a request has been made to RUS for the final reimbursement. Mr. Ortega reported that after June 30, 2015 a public event would be held to celebrate the completion of the Broadband Project.

Broadband

It was moved by Mr. Mascarenas, seconded by Mr. Jassmann, and unanimously approved, that the Board go into Executive Session at 10:13 a.m. to discuss Tri-State negotiations.

Executive
Session

The meeting was reconvened at 10:24 a.m. No Meeting
action taken during Executive Session. Reconvened

There being no further business to come Meeting
before the Board, it was moved by Mr. Jassmann, Adjourned
seconded by Mr. Medina, and unanimously approved, that
the Board of Trustees of Kit Carson Electric Cooperative,
Inc. be adjourned until May 26, 2015 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 10:25 a.m.

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

Peter Adang, Cristobal Duran, Bruce Jassmann, Virgil
Martinez, Ambrose Mascarenas, Manuel Medina, Bobby
Ortega, Arthur Rodarte, Jerry Smith, and Luisa Valerio-
Mylef.


Secretary

Approved this 27 day of May, 2015


President