

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

March 31, 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, March 31, 2015 at 9:06 a.m. in the Marcelino Martinez Room of the headquarters building of the Cooperative, Taos, New Mexico. The following Trustees were present:

<i>Cristobal Duran</i>	<i>Present</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>David Torres</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.

Mr. Rodarte 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. Mr. Reyes requested that Resolution No. 2-3-15 membership in the Western United Electric Supply Corporation be added to the agenda under New Business, 9. (d). It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that the agenda be approved as amended.

The minutes for the Board of Trustees regular meeting held February 27, 2015 were presented. It was moved by Mr. Jassmann, seconded by Mr. Medina, and unanimously approved, that the minutes for February 27, 2015 Regular

2015 be approved as presented.

Meeting

Mr. Reyes presented the CEO's report for February 2015. Financials for February 2015 were reviewed. Margins for the month of February were at \$62,532. Year to date margins were at \$395,298 compared to \$798,353 last year. Mr. Reyes reported that revenue last year was \$7,810,270 compared to this year \$7,488,774. He reported cost of power last year was \$4,362,867 and this year was \$4,374,264. He reported that the cost of power was flat, Chevron was a high load factor and without them we are a middle or low class load which makes the cost per unit higher. Administrative and General Expense is higher this year which is tied to the Tri-State legal issues. The Balance sheet was reviewed. Mr. Reyes reported that there was a job fair in Questa on March 25, 2015, that Jaynes Corporation broke ground on a 90 room hotel at the base of Taos Ski Valley with meeting and rental space, and that Solar City the largest roof top installer in the Country has moved to Albuquerque, NM. Mr. Reyes reported KCEC is looking at different strategies to generate revenue from other sources. He reported that KCEC has been working with consultants on the Tri-State model which would be shared in Executive Session. Mr. Reyes reported on outages that affected the Questa area. KCEC met with the Village of Angel Fire and discussed solar and Broadband project. He reported that work has started with Picuris Pueblo on their design; KCEC will need Tri-State Board approval. Mr. Reyes reported that interconnect studies are being performed. He reported that the Broadband project is 94% complete and Colorado/New Mexico fiber link should be completed by Friday. A series of testing will be done. Mr. Reyes reported that he and Mr. Torres attended the Electricity Innovation Lab in Salt Lake City, Utah. He reported that they worked with the solar innovative community looking at ways to become more self sustaining when it comes to solar. Mr. Torres reported the Safety Committee met March 10, 2015. He reported KCEC was at 90 days with no lost time accidents and no near misses. Mr. Torres reported that the Safety Report was in the Board packet for review. Following discussion it was moved by Mr. Jassmann, seconded by Mr. Mascarenas, and unanimously approved, that the CEO report for February 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.

CEO Report

The President reported requests have been received from Estates for retirement of capital credits. It was moved by Mr. Jassmann, seconded by Mr. Rodarte, and unanimously approved, that payments to these

Capital Credits
To Estates

Estates in the amount of \$17,614.25 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.

Mr. Reyes presented proposed By-Law Amendments. He reported the By-Law changes would be the same as last year with one additional change; to change the Annual Meeting date to any Saturday in April. Mr. Reyes reviewed the By-Law amendments presented last year. It was moved by Mr. Mascarenas, seconded by Mr. Jassmann, and unanimously approved, that the proposed By-Law Amendments be approved as presented. Mr. Medina left the meeting at 9:30 a.m.

Proposed By-Law Amendments

Discussion was held on appointment of NMRECA Voting Delegate and Alternate for 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

Mr. Reyes reported that KCEC now purchases materials from Western United Electric Supply Corporation, but KCEC is not a member. If you are a member you are entitled to capital credits since Western United Electric Supply Corporation is a cooperative. Mr. Reyes recommended that KCEC become a member. It was moved by Mr. Duran, seconded by Mr. Martinez, and unanimously approved, that the Western United Electric Supply Corporation Resolution for membership be approved as follows.

Resolution No. 2-3-15 Western United Electric Supply Corporation Membership

WHEREAS, Kit Carson Electric Cooperative, Inc. is eligible for membership in Western United Electric Supply Corporation, a cooperatively owned electrical supply company; and

WHEREAS, Membership in that organization would entitle Kit Carson Electric Cooperative, Inc. to capital credit allocations based upon purchases of material; and

WHEREAS, Kit Carson Electric Cooperative, Inc. has purchased and expects to purchase material from Western United Electric Supply Corporation; and

WHEREAS, Kit Carson Electric Cooperative, Inc. has recommended to the Board that Kit Carson Electric Cooperative, Inc. apply for membership in Western United Electric Supply Corporation;

NOW THEREFORE BE IT RESOLVED, that the Board of Kit Carson Electric Cooperative, Inc. hereby applies for membership in Western United Electric Supply Corporation and authorizes the CEO to act on behalf of Kit Carson Electric Cooperative, Inc. in connection with such membership, including, without limitation, serving as Kit Carson Electric's representative on the Western United Electric Supply Corporation Board of Directors.

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

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

Mr. Smith reported that the NMRECA meeting was held March 5 & 6, 2015. Mr. Smith reported that House Bill 250, Workers Comp Return to Work, failed and House Bill 242, Renewable Energy Tax Credit Changes was tabled in the House. He reported that the Geothermal Certificates passed and House Bill 330, Electric Coop Lines thru Tribal Lands also failed. Mr. Smith reported the invitations for the 2015 NMRECA Annual Meeting were mailed. He thanked Luisa Mylet for her assistance working with the NMRECA Staff with the Spouse Tour and advertisement assistance. Mr. Smith reported that the entertainment after the BBQ would be La Donna Gaitlan, sister of the Gaitlan Brothers. Mr. Smith reported the next NMRECA Board meeting would be held April 1 & 2, 2015. NMRECA Board Meeting

Mr. Rodarte reported he attended the Tri-State Board Meeting held March 3 & 4, 2015. Mr. Rodarte reported Tri-State is concentrating on getting ready for the 2015 Tri-State Annual Meeting. He reported that the Executive Committee would meet on Monday, April 6, 2015 and the Board Committees would meet on Tuesday, April 7, 2015. He reported the Tri-State Annual Meeting would be held on Wednesday, April 8, 2015. Mr. Rodarte reported that Tri-State ended last year with a \$64 million margin and at the end of January 2015 Tri-State has \$15.6 million in margins. Mr. Rodarte reported that the 2015 Tri-State Annual Meeting would be held April 6 – 9, 2015 at the Omni Interlocken Hotel in Broomfield, CO. Tri-State Board Meeting

Mr. Reyes reported the Broadband Committee met March 23, 2015. Mr. Medina returned to the meeting at 9:44 a.m. KCEC received the 2015 Cornerstone award which goes back to the vision of the Board and the Board supporting FTTH project deployment and smart grid. The award ceremony will be held April 15, 2015 in Austin, Texas at the Broadband Communities Magazine Summit. He reported that KCEC is the first electric cooperative to receive this award. Mr. Reyes reported that the project is 94% complete with 1.5 miles left to get Redinet tie. KCEC has 91 days left to complete the project; project completion date is July 1, 2015. He Broadband

reported this is the largest single project in history done in Taos County. Mr. Torres asked if a grand event would be scheduled when the project is complete. Mr. Reyes reported a community event would be planned for June time frame.

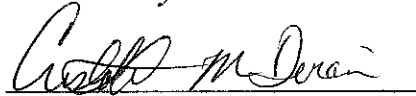
It was moved by Mr. Jassmann, seconded by Executive Mr. Medina, and unanimously approved, that the Board Session go into Executive Session at 9:52 a.m.

The meeting was reconvened at 10:35 a.m. No Meeting action taken during Executive Session. Reconvened

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 April 28, 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 10:36 a.m. Meeting Adjourned

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

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


Secretary

Approved this 28 day of April, 2015


President