

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

May 27, 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 Wednesday, May 27, 2015 at 9:05 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>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. Jassmann led the Board in reciting the Pledge of Allegiance.

Mr. Virgil Martinez 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. It was moved by Mr. Smith, seconded by Mr. Jassmann, and unanimously approved, that the agenda be approved as presented.

The minutes for the Board of Trustees regular meeting held April 28, 2015 were presented. It was moved by Mr. Rodarte, seconded by Mr. Duran, and unanimously approved, that the minutes for April 28, 2015 be approved as presented.

Mr. Reyes presented the CEO's report for April 2015. Financials for April 2015 were reviewed. Margins for the month of April were at (\$321,490). Year to date margins were at \$161,485 compared to \$768,349 last year. Mr. Reyes reported that the operating revenue last year was \$14,313,248 compared to this year \$13,881,283. He reported the cost of power last year was \$7,994,698 and this year was \$7,868,287. He reported two major factors being the two mil adder for the Global Settlement and the change in electric load profile from a high load factor to middle and lower load factor. Mr. Reyes reported on the first quarter budget report summary. Accounting and Administration is 2% over which is related to legal and consulting costs. Mr. Reyes reported that there is not a lot of new load activity in Taos right now. He reported that Taos Ski Valley will open a new 90 room hotel for the 2016 ski season. Mr. Reyes reported year to date TIER was 1.15 and year to date DSC was 1.08 and year to date OTIER was 1.21. The Balance sheet was reviewed the total assets were at \$134,081,476. Discussion was held on the possible closure of the Costilla School. Mr. Martinez requested a letter of support be sent from KCEC. Mr. Ortega reported that KCEC would be conducting an energy audit at the school. Mr. Reyes reported that KCEC will work with the school on how they can lower their energy bills. Mr. Reyes reported on collections/delinquencies and reported that the medical certifications are at \$171,746. Mr. Smith asked if KCEC could obtain a report from the 17 New Mexico Cooperatives on their delinquencies. Mr. David Torres reported the Safety Committee met May 11, 2015. He reported KCEC was at 121 days with no lost time accidents and no near misses. The Safety Report was in the Board packet for review. Following discussion it was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that the CEO report for April 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. Mascarenas, and unanimously approved, that payments to these Estates in the amount of \$9,745.02 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

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

Donations &
Correspondence

leisure.

Mr. Jassmann presented Payables for the Electric and Internet Divisions. The Payables Committee met on May 11, 2015. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Smith, and unanimously approved, that the payables for April 2015 be accepted as presented.

Mr. Smith reported that the 2015 NMRECA Annual Meeting would be held June 3, 4 & 5, 2015, in Taos at the Sagebrush Inn.

Mr. Rodarte reported he attended the Board Meeting held May 12 & 13, 2015. He reported that discussion was held on lawsuit filed by WildEarth Guardians challenging the mining permit issued for Colowyo Mine. He reported that Governor Hickenlooper and Colorado's Congressional delegation are in support of Tri-State because of the jobs that could be lost due to this issue. Tri-State margins were at \$20 million. Mr. Rodarte reported Policy 503 Financial Goals and Capital Credits Policy was approved.

Mr. Reyes reported that the Broadband project is 40 miles from conclusion with the majority being in the Penasco area. All electronics are in. He reported currently five of the six municipalities have executed a contract for broadband services, the only one that doesn't have Kit Carson Telecom broadband service is the Town of Taos. He reported that the Colorado tie is completed and splicing is being completed to REDInet. Mr. Reyes reported that Atlantic Engineering Group (AEG) has been given notice that project must be completed by June 30, 2015.

The Bid Committee met after the work session yesterday. Bids were opened and reviewed as follows:

(a.) Stock Item Materials. Mr. Reyes stated these are materials needed for day to day operations. It was moved by Mr. Smith, seconded by Mr. Jassmann, and unanimously approved that each item be awarded separately to the lower bidder; items that were bid at same price would be purchased from either vendor.

(b.) Taos Ski Valley Underground Project – Materials. Mr. Reyes reported that Taos Ski Valley, Inc. would be paying 100% of the material cost. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved that the bid submitted by WESCO in the amount of \$1,706,849.89, be approved contingent on ongoing negotiations and approval from Taos Ski

Valley, Inc.

(c.) *Roof Repair/Replacement.* Mr. Reyes reported that the roof over time has become very damaged, and needs to be repaired or replaced before the next monsoon starts. Discussion was held on repairing or replacing the roof. It was moved by Mr. Mascarenas, seconded by Mr. Smith, and unanimously approved that the bid from Hydro-Guard, LLC for roof replacement (capsheet roof), in the amount of \$86,021.65 be approved.

The President called for a recess at 10:09 a.m. Recess

Meeting was reconvened by the order of the President at 10:20 a.m. Meeting Reconvened

It was moved by Mr. Jassmann, seconded by Mr. Mascarenas, and unanimously approved, that the Board go into Executive Session at 10:21 a.m. for CEO Evaluation. Executive Session

The meeting was reconvened at 11:35 a.m. Meeting Reconvened
The President reported that in Executive Session the Board evaluated the CEO formally, gave feedback and tabulated the results of his evaluation which will be included in his personnel file to support the Board's action. It was moved by Mr. Jassmann, seconded by Mr. Rodarte and unanimously approved that the Board extend Mr. Reyes contract for 6 ½ years with (2) one year options, salary will be based on increase tied to staff average increase, retro to anniversary date January 1, per the current contract and that the Board would also on June 30, 2015, consider a bonus based on performance measures, presented to the Board. Mr. Medina was absent.

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 June 30, 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 11:36 a.m. Meeting Adjourned

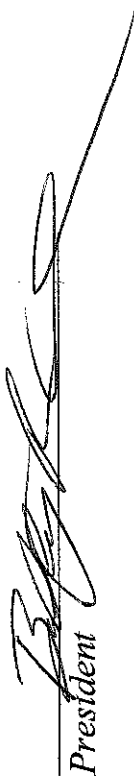
The following Trustees were present at the end of the meeting:

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

May 27, 2015 Board Meeting Minutes.


Secretary

Approved this 30 day of June, 2015


President