

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

August 28, 2017

A meeting of the Board of Trustees of Kit Carson Electric Cooperative, Inc. was called to order by the President, Mr. Bobby Ortega, on Monday, August 28, 2017 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:

Present

*Bob Bresnahan
Cristobal Duran
Bruce Jassmann
Ambrose Mascarenas
Manuel Medina
Bobby Ortega
Arthur Rodarte
Bernie Torres
David Torres
Luisa Valerio-Mylet*

Also, present were: Richard Martinez, Chief Operating Officer, Carmella Suazo, Administrative Assistant; Johnny Valerio, Financial Manager; Erin Sanborn, Business and Organization Development and Joyce Archuleta, Executive Secretary, who recorded the day's proceedings.

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

Pledge of Allegiance

Mrs. Valerio-Mylet led the Board in a word of prayer. Mr. Medina joined the meeting.

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. Jassmann, seconded by Mrs. Valerio-Mylet, and unanimously approved, that the agenda be approved as presented.

Agenda

The minutes for the Board of Trustees regular meeting held July 24, 2017 were presented. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that the minutes be approved as presented.

Minutes for July 24, 2017 Regular Meeting

Mr. Reyes presented the CEO's report for July 2017. Financials were reviewed. Mr. Reyes reported that for the month of July margins were at (\$39,018); year to date were \$280,611 compared to \$435,760 last year. He reported there was a \$15,000 gain from both Kit Carson Telecom and Kit Carson Energy, Inc. Discussion was held on Operation Distribution Expense and special equipment. Mr. Reyes reported Administrative and General Expenses was \$253,529. He reported that currently KCEC had sold 154,802,762 kWh, in 2016, 155,133,829 kWh, in 2015, 155,954,229 kWh and in 2014, 167,996,554 kWh. He reported there had been a decline of kWh usage; cost of service study for the rate case was based on 2014 test year. He reported that the loss of kWh affects the cost of power and the fuel adjustment factor. Mr. Reyes reported that system reliability had been good with minimal interruptions. Mr. Reyes reported that KCT had a loss of \$107,000 compared to \$165,000 last year. He reported the last two months have been positive. KCEI continues to be positive. Sales should start to increase in October due to the cold weather. Mr. B. Torres joined the meeting at 9:07 a.m. Mr. Reyes reported that the Red River project of replacing one mile of old underground line is 25% complete and also crews are working at Taos Ski Valley preparing for the winter season. Mr. Reyes reported that financials should improve as we move into the winter season. Mr. Reyes distributed the budget analysis thru the second quarter for review. The Balance sheet was reviewed. Mr. Reyes reported new services this year were 123 compared to 101 last year. Mr. Reyes reported that KCEC was on the docket at the NMPRC on Wednesday, August 30, 2017 to hear the final complaint submitted by Bill Whaley regarding the rate increase applied too soon. He reported that both rate cases had cost KCEC over a million dollars. He reported \$200,000 had been refunded; therefore complaint should be dismissed. Mr. Reyes reported that the KCEI Annual Meeting would be held tomorrow, August 29, 2017 and the NMRECA Annual BBQ would be held Thursday, August 31, 2017 in Santa Fe. He reported that the Intergovernmental Council met and approved proceeding with an economic development plan, and asked KCEC to take the lead on the project. He reported that KCEC would be making a presentation to the Fund Board tonight in Questa. The President requested to be notified of meetings scheduled in District Two. Mr. Duran reported that he had a concern due to the fact that if KCEC takes the lead and there is a change in administration, work completed would not move forward. Mr. Reyes reported that it would be a collaboration and consensus to make plan non-political. It would be a plan that addresses the strength of the community in order to attract businesses.

Mr. D. Torres reported the Safety Committee met July 10, 2017. He suggested that there be CPR training for the Board of Trustees to attend at their leisure. He reported KCEC was currently at 255 days with no lost time accidents. Mr. D. Torres reported that a fire drill would be scheduled. Mrs. Valerio-Mylet reported that weeds at the Questa District office needed to be cut. Following discussion it was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that the CEO report for July 2017 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. Jassmann, and unanimously approved, that payments to these Estates in the amount of \$7,921.14 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 recommended the October Board meeting date be changed since Mr. Reyes and Mr. Duran would be attending the 2017 NRECA Region 8 & 10 Meeting in Scottsdale, AZ on October 31, 2017. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that the October Board Work Session be held Friday, October 27, 2017 and the Board Meeting be held Monday, October 30, 2017.

*October Board
Meeting
October 30,
2017*

Mr. Reyes reported that every five years the Board has to re-attest the terms and conditions of the NRECA 401(K) Pension Plans. It was moved by Mr. Duran, seconded by Mrs. Valerio-Mylet and unanimously approved, to adopt NRECA 401(K) Pension Plan Resolution No. 4-8-17.

*NRECA 401(K)
Pension Plan
Resolution No.
4-8-17*

WHEREAS, Kit Carson Electric Cooperative, Inc., is a participating employer in the NRECA-sponsored: 401(K) Plan

WHEREAS the Board of Directors of Kit Carson Electric Cooperative, Inc., is aware that the Plan must periodically be amended to comply with new or changed regulations, rulings, legislation and plan operations, and that this restatement will be effective July 1, 2017.

THEREFORE BE IT RESOLVED that this Board authorizes the July 1, 2017 amendment, restatement and continuance of the Plan to conform in its entirety with all the provisions of the governing plan document of the

Plan, through the execution of the Adoption Agreement, which includes all of the provisions of the Cooperative's most recently executed Adoption Agreement and any compliance clarifications needed to conform with plan operations; and

BE IT FURTHER RESOLVED, in the event that the timing of the restatement does not correspond with regularly scheduled meetings of the Board of Directors, the Board does hereby authorize and direct Luis A. Reyes, Jr., Chief Executive Officer to execute all necessary documents and to take any and all further actions necessary to carry out the July 1, 2017 amendment and restatement of the plan.

The President reported donation totals and correspondence were 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 July 10, 2017. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved, that the payables for June 2017 be approved as presented. Payables Committee

Mr. Duran reported that he attended the NMRECA meetings on August 3 & 4, 2017. He reported that Sacred Winds was applying for state and federal funding to provide power to the some of the Navajo Nation. Continental Divide felt that they were entering their territory, NMRECA voted to intervene in this case. He reported the NMRECA BBQ would be held on Thursday, August 31, 2017. Mr. Duran reported the NMRECA October Board meeting would be held in Las Cruces, NM. Mr. Reyes reported that John Gavin and Laurie Dunham, American Transmission Company (ATC) made a presentation, ATC was formed in 1999 and began operations in 2001, and installed transmission lines only from 69kv to 345kv in size. ATC assesses where transmission lines are needed and work with utilities to form a partnership. ATC is currently looking for transmission projects to develop in the southwest United States. Mr. Reyes reported that the EID Board and Rural Telecommunications Board discussed KCEC's Solar Deployment Plan. NMRECA Board Meeting

Mr. Reyes reported that KCT would begin installing internet in September at Taos Ski Valley and would continue to work in Taos during the winter. Discussion on Broadband took place at the Board Work Session. Broadband Committee

Mr. Mascarenas reported that discussion on Solar Committee took place at the Board Work Session. Mr. Reyes reported that KCEC was working on a joint press release in regards to the Town of Taos Purchase Power Agreement for three MW of solar. He reported KCEC would meet with TESLA on September 11, 2017. He reported that Guzman Energy is inviting Doosan Power Systems, a south Korean battery company, to discuss battery technology. Committee meetings were scheduled as follows; Payables Committee Meeting was scheduled for September 11, 2017 at 3:00 pm, ByLaw & Policy Committee meeting was scheduled for September 13, 2017 at 9:00 am, Solar Committee meeting was scheduled for September 14, 2017 at 9:00 am, and Broadband Committee meeting was scheduled for September 15, 2017 at 3:00 pm.

Mr. D. Torres reported the ByLaw & Policy Committee met on August 11, 2017. Mr. Reyes reported the committee reviewed KCE Policy No. 2.29 Meter Security, he reported that every Trustee and upper staff had a meter lock installed as of a result of theft of electricity. Discussion was held on removing KCE Policy No. 2.29 Meter Security. It was moved by Mr. Bresnahan, seconded by Mr. Jassmann, and unanimously approved to remove KCE Policy No. 2.29 Meter Security. Discussion was held on KCEC Policy No. 2.1, Capital Credits. Mr. Rodarte suggested KCEC waive the \$15.00 service charge to encourage members to change service to their name. Mr. Reyes stated the fee could not be waived since it is in the tariff filed with NMPRC. Mr. B. Torres suggested that a message be sent in the bill or newsletter encouraging members to change the name on account to person paying the bill. Mr. Reyes reported that the Committee would be reviewing bylaws that were passed in 2009; even though there was a lack of a quorum, and the best way to approach the membership.

Mr. B. Torres presented a letter of request for sponsorship of the Pick your Poison 5K/10K Run, for the Questa Economic Development Fund. Discussion was held on the amount spent for the County Fairs in the various districts. Mr. B. Torres reported that he had visited with Keith Rivera a former KCEC employee, he stated that Mr. Reyes was instrumental in KCEC's progress and an asset for the organization.

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. meeting be adjourned until September 26, 2017 at 9:00 a.m. the date and time of the next Board meeting.

Minutes for Board Meeting held August 28, 2017.

Unless changed and, thereupon, the President declared the meeting adjourned at 9:59 a.m.

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

Bob Bresnahan, Cristobal Duran, Bruce Jassmann, Ambrose Mascarenas, Manuel Medina, Bobby Ortega, Arthur Rodarte, Bernie Torres, David Torres and Luisa Valerio-Mylet.


Secretary

Approved this 26 day of September, 2017


President