

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

October 30, 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, October 30, 2017 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:

<i>Cristobal Duran</i>	<i>Present</i>
<i>Bruce Jassmann</i>	
<i>Ambrose Mascarenas</i>	
<i>Manuel Medina</i>	
<i>Bobby Ortega</i>	
<i>Arthur Rodarte</i>	
<i>Bernie Torres</i>	
<i>David Torres</i>	

Also, present were: Richard Martinez, Chief Operating Office; Carmella Suazo, Administrative Assistant; and Joyce Archuleta, Executive Secretary, who recorded the day's proceedings.

Mr. Mascarenas led the Board in reciting the Pledge of Allegiance. *Pledge of Allegiance*

Mr. Bernie Torres 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 Mr. Medina, and unanimously approved, that the agenda be approved as presented. *Agenda*

The minutes for the Board of Trustees regular meeting held September 26, 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 September 26, 2017 Regular Meeting*

Mr. Reyes presented the CEO's report for September 2017. Financials were reviewed. Mr. Reyes reported that for the month of September margins were at (\$189,701); year to date were (\$167,016). Mr. Reyes distributed handouts with information on kWh usage by *CEO Report*

class. He reported that last year almost 95 million kWh's had been sold to residential compared to 91 million a decrease of 3.6 million kWh, this impacts the exit fee and revenue. Discussion was held on the kWh usage for each class. Mr. D. Torres asked if KCEC had the most energy efficient street lights. Mr. Reyes reported that KCEC installs hyper sodium lights he reported that LED lights are expensive and not necessarily most efficient. Mr. Reyes reported that State Law requires a shield on street lights to be dark sky compliant. He reported that Chevron's current usage is not at full capacity, therefore; when less kWh's are sold the fuel adjustment which includes the exit fee, is higher. The Balance sheet was reviewed. Mr. Reyes reported new services this year were 167 compared to 142 last year. He reported total assets were \$169,286,932. Mr. Reyes reported that he would be meeting with Dean Church, CoBank to discuss refinancing. He reported 15 months have been paid toward the exit fee leaving 67 months left to pay on the exit fee. He reported it was very important that all meters be read. Mr. Duran left the meeting at 9:35 a.m. Mr. Reyes reported that a reception will be held December 28th or 29th, 2017 to honor the Guzman Energy scholarship recipients. He also reported that a dedication for the Guzman Energy donation for the Penasco Schools scoreboard is being planned. Mr. Reyes distributed two United States Department of Agriculture (USDA) letters, Rural Utility Service (RUS) will finalize monies KCEC received through stimulus program. Mr. Billy Kinter, Rural Development Utilities Development Programs (RDUP), Field Accountant, will be at KCEC the week of November 14, 2017 to finalize the Broadband audit. Mr. Reyes distributed the 2009 write-off list and a medical certificate member list for review. Mr. Duran returned to the meeting at 9:46 a.m. The approval of write-off list will be on November Board Meeting agenda. Discussion was held on the Medical Certification process. Mr. Rodarte left the meeting at 9:52 a.m. Mr. D. Torres reported the Safety Committee met October 10, 2017. He reported KCEC was 52 days with no lost time accidents. Mr. D. Torres suggested that there be CPR and AED training for the Board of Trustees and spouses to attend. He reported that a fire drill and active shooter training would be scheduled. Mr. Rodarte returned to the meeting at 9:55 a.m. Following discussion, it was moved by Mr. Duran, seconded by Mr. Mascarenas, and unanimously approved, that the CEO report for September 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

Capital Credits
to Estates

was moved by Mr. Duran, seconded by Mr. Jassmann, and unanimously approved, that payments to these Estates in the amount of \$7,507.92 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.

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 October 10, 2017. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved, that the payables for September 2017 be approved as presented. Payables Committee

Mr. Duran reported that he attended the NMRECA meetings held in Las Cruces, NM on October 5, 2017. He reported that some of the Committee Meetings had been cancelled due to the passing of Keven Groenewold's mother-in-law. Mr. Duran reported that discussion was held on the draft legislation being promoted by Occidental Petroleum. This bill would amend the three-protest statute. The President left the meeting at 10:01 a.m. Mr. D. Torres left the meeting at 10:03 a.m. Mr. Duran reported that NMRECA Bylaws had changed to allow Jemez Mountain Electric to return, fees would have to be paid at that time. Mr. Rodarte asked if NMRECA had plans of hosting their Annual Meeting in Taos. Mr. Duran reported that the NMRECA Annual Meeting had a three-year commitment to hold meeting in Ruidoso, NM. He stated the biggest concern in Taos, is the lodging for the large group, there is not a place large enough. The President returned to the meeting at 10:04 a.m. Mr. B. Torres left the meeting at 10:04 a.m. and returned at 10:06 a.m. Mr. D. Torres returned to the meeting at 10:06 a.m. Mr. Rodarte left the meeting at 10:08 a.m. Mr. Duran reported the NMRECA November Board meeting would be held November 9 & 10, 2017. NMRECA Board Meeting

Mr. Reyes reported the Broadband Committee met October 17, 2017. He reported that Kit Carson Telecom had 5,600 subscribers and is continuing to increase. He reported that Broadband would focus in the Taos area for the winter month's however; aerial drops, installations would continue. Mr. Medina left the meeting at 10:13 a.m. Mr. Rodarte returned to the meeting at 10:13 a.m. Mr. Reyes reported that T-Mobile is considering a cell tower in Costilla, Penasco and in Broadband Committee

Taos. Mr. B. Torres reported that he continues to receive complaints that messages are not being returned and they also are placed on hold for long periods of time, he suggested that Kit Carson Telecom advertise the toll-free number for 24/7 technical support. Mr. Reyes reported that KCT is continuing to convert wireless customers to fiber. Mr. Medina returned to the meeting at 10:17 a.m.

Mr. Mascarenas reported the Solar Committee met October 19, 2017. He reported that ground breaking for the Eagle Nest project has started and should be operational by Spring 2018. Mr. Mascarenas reported that two companies that sell solar panels have filed for bankruptcy. Mr. Reyes reported that Government based entities need appraisals due to anti - donation clause. He reported the Town of Taos and El Rito College are currently waiting for appraisals. Mr. Reyes reported that November 3, 2017 KCEC should receive the final concrete design for Eagle Nest. Eagle Nest should be online January 2018. Mr. Reyes reported there would be an increase in solar panels because of a lawsuit filed against international panel manufactures. China is the biggest producer of solar panels. Mr. Jassmann reported that Eagle Nest School built a solar array and would like to sell back to KCEC. Mr. Reyes reported that Eagle Nest Schools hired Paradise Power to conduct an appraisal; therefore, Public Education Department (PED) will review appraisal.

Mr. D. Torres reported the Bylaw & Policy Committee met on October 11, 2017. He reported five policies were reviewed. Board Policy 1.15, Scholarships – Recommended amending. Board Policy 1.16, Trustee Code of Conduct – Recommended amending. Board Policy 1.4, Fees for Members of Board of Trustees – Recommended amending. Board Policy 2.22 – Trustee Donations – Recommended amending. Board Policy 3.18, Military Leave – No changes recommended. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that Board Policy 1.15, Scholarships, Board Policy 1.16, Trustee Code of Conduct, Board Policy 1.4, Fees for Members of Board of Trustees and 2.22, Trustee Donations be approved as amended

Mr. Reyes reminded the Board that the November 28, 2017 Board Meeting would be held in Questa at the Village of Questa office. Mr. Jassmann reported that Red River Mayor, Linda Calhoun, was very happy with the Red River Project.

There being no further business to come before the Board, it was moved by Mr. Duran, seconded

by Mr. B. Torres and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. meeting be adjourned until November 28, 2017 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 10:40 a.m.

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

Cristobal Duran, Bruce Jassmann, Ambrose Mascarenas, Manuel Medina, Bobby Ortega, Arthur Rodarte, Bernie Torres and David Torres.



Secretary

Approved this 28 day of November 2017



President