

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

November 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 Tuesday, November 28, 2017 at 9:10 a.m. in the Council Chambers of the Village of Questa Office, Questa, NM. The following Trustees were present:

<i>Bob Bresnahan</i>	<i>Present</i>
<i>Cristobal Duran</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>	
<i>Luisa Valerio-Mylet</i>	

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

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

Mr. Bernie Torres 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 President welcomed Mr. Nicholas Maestas, Village of Questa Administrator. Mr. Maestas reported he was a field representative for Congressman Ben Ray Lujan, Jr. for three years. The President introduced Mr. Jeffrey Heit and Mr. Chris Miller, Guzman Energy. He reported Guzman Energy is KCEC's energy provider. Mr. Miller reported KCEC and Guzman Energy were working on a seven to eight-year extension. The uniqueness of their relationship with Kit Carson Electric continues to be a topic, is great press and businesses interested in KCEC's model. He the solar projects are not progressing as discussed. Mr. Miller reported that a representative from Guzman Energy would be available on a quarterly basis to attend KCEC's

Board Meeting. He reported that on December 28, 2017 Guzman Energy would host a reception for the recipients of the Guzman Energy Scholarship. Guzman Energy will award 20 area students with a \$1,000.00 scholarship at that time. He reported that Guzman Energy's hope is that the recipients leave, get educated and return to the area. The President reported that Guzman Energy will be awarding \$20,000 in scholarships, and have donated a scoreboard for the Penasco High School.

The agenda was presented. It was moved by Mr. Rodarte, 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 October 30, 2017 were presented. It was moved by Mr. Duran, seconded by Mr. Jassmann, and unanimously approved, that the minutes be approved as presented. Mrs. Valerio-Mylet abstained as she was not present at the October 30, 2017 Board Meeting.

*Minutes for
October 30,
2017*

*Regular
Meeting*

The President introduced Mr. Melaquias Rael, Jr., President, Questa Economic Development Fund (QEDF) Board. Mr. Rael reported the QEDF was created in 2008 to diversify economy in Questa. He reported Chevron mining provided funding and is working to secure additional funding. There are opportunities for the Questa Business Park, barley is malted in New Mexico and is a potential growth in barley malt brewing. He reported on the natural beauty and natural resources in the area; there has been great fishing in the area, and has always been a fishing destination. Mr. Rael reported that a plan would need to be developed to keep local people from moving away from the Questa area. He reported the restoration of St. Anthony's Catholic Church has a great story and shares the culture of Northern New Mexico. Mr. Rael reported that a laundry service may be an option that would take care of laundering for hotels/motels in the Taos, Red River and Questa area. He reported agricultural projects and solar facilities are encouraged and want Questa to be an economically viable community. The President reported there is a real interest for KCEC to partner with communities to enhance strong and vibrant communities. Mr. Rael reported that QEDF, Chevron and Pipe Union are working on a welding class for Questa School to focus on gas pipe welding since there is a need for welders. QEDF, Chevron and a Los Alamos Group contributed to offer a welding class and provide equipment.

*Questa
Economic
Development
Fund Board
(QEDF)*

The President introduced Ms. Kathryn Heart of Taos Herman, Co-Founder, Heart of Taos. Ms. Herman reported that Heart of Taos was started in January 2016. She reported that many women have become homeless and Heart of Taos assists with transitional housing. Heart of Taos resource center is located at the old Casa De Corazon building, and would house up to 15 women and their children. Mr. Reyes reported to the Board that homelessness is a big issue, this is an opportunity for support and awareness. Ms. Herman distributed to the Board information on Heart of Taos.

The President introduced Mr. Justin Torres, Director, Kit Carson Electric Education Foundation (KCEEF). Mr. J. Torres reported that KCEEF awards scholarships to five districts, each scholarship is in the amount of \$500.00. District one is awarded four scholarships, the other four districts are awarded two scholarships per district. Mr. J. Torres reported in the past KCEEF had received funds from KCEC Capital Credits. KCEEF is receiving donations from CPR Training classes. Mr. Reyes reported that KCEEF would need to have fund raisers to generate funds for the scholarship fund. The President suggested staff be utilized to help raise funds. Mr. Reyes reported that representation from KCEEF would need to be available to assist with fund raising.

Mr. Reyes presented the CEO's report for October 2017. Financials were reviewed. Mr. Reyes reported that for the month of October margins were at \$18,919; year to date were (\$151,433). He reported a 4% decrease in energy usage. Mr. Reyes reported that Chevron's Waste Water Treatment Plant usage has not been what was projected, and the warm weather has impacted KCEC. He reported Taos Ski Valley started snow making late and is open on a limited schedule. The Balance sheet was reviewed. Mr. Reyes reported new services this year were 184 compared to 142 last year. Total assets were \$170,068,230. He reported \$700,000 a year had been paid to Taos County for property taxes, Taos County increases taxes 3% per year per state statute. KCEC pays Taos County and Taos Pueblo property taxes. The President requested that Mr. Duran discuss this at NMRECA. Mr. Reyes reported that staff continues to do a good job in controlling expenses. He reported that the TSV aerial to underground project would be completed today and the Red River splicing project would be completed this week. Mr. Reyes reported KCEC should support Taos Feeds Taos and Heart of Taos. Mr. D. Torres reported the Safety Committee met November 9, 2017. He reported KCEC was 37 days with no loss time accidents as of November

9, 2017. He reported that a summary of loss time accidents would be presented at the December 2017 Board Meeting. Following discussion, it was moved by Mr. Jassmann, seconded by Mr. Duran, and unanimously approved, that the CEO report for October 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. Mr. D. Torres reported that he would not be in town for the December Safety Committee Meeting, Mrs. Valerio-Mylet will attend the December Safety Committee Meeting.

The President reported requests have been received from Estates for retirement of capital credits. It was moved by Mr. Medina, seconded by Mr. Mascarenas, and unanimously approved, that payments to these Estates in the amount of \$10,392.18 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 recommended the December Board meeting date be changed to Thursday, December 28, 2017 due to the Christmas holiday. It was moved by Mr. Jassmann, seconded by Mr. Mascarenas, and unanimously approved, that the December Board Meeting be held Thursday, December 28, 2017.

Mr. Reyes reported the 2009 Write-off list was distributed at the October 30, 2017 Board Meeting for review. He recommended approval of the 2009 Write-Off in the amount of \$180,731.90. It was moved by Mr. Jassmann, seconded by Mr. Bresnahan, and unanimously approved that the 2009 Write-Off be approved as presented.

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

Mr. Jassmann presented Payables for the Electric and Internet Divisions. The Payables Committee met on November 10, 2017. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved, that the payables for October 2017 be approved as presented.

Mr. Duran reported that he attended the NMRECA meetings November 9 & 10, 2017. Mr. Duran reported that U.S. Congressman Pearce addressed the Board and gave a briefing on issues in Congress. Congressman Pearce stated he is a candidate for

Governor and wanted Cooperative's to keep him informed on issues in New Mexico. Mr. Larry McGraw reported the long-term interest rate was 2.26% and the short-term rate was 2.57 Mr. Duran reported that Tri-State G&T was appealing in the New Mexico Court of Appeals; The Las Conchas fire litigation. Discussion was held on the NMRECA 2018 Budget, recommendations have been made by KCEC to NMRECA to decrease the Budget amount by not sponsoring a reception in Washington, DC and that NMRECA meeting not be held in Las Cruces. Mr. Reyes Recommended Mr. Duran Request NMRECA formalize goals for 2018 and that KCEC present a resolution to advocate for issues important to KCEC. Mr. Duran reported the next NMRECA meetings would be held November 30 & December 1, 2017.

Mr. Reyes reported the Broadband Committee met November 14, 2017. He reported that Kit Carson Telecom had 5,900 subscribers and is continuing to increase. He reported that there would be more reporting requirement to the Federal Government as Kit Carson telecom continues to grow. Mr. Reyes reported that aerial projects would be priority and underground projects would cease until spring. He reported that Broadband would focus in the Taos area for the winter month's however; aerial drops, installations would continue. Mr. B. Torres reported that he is no longer receiving complaints that messages are not being returned or placed on hold for long periods of time. Mr. Reyes reported that KCT can't continue to subsidize people who applied for fiber after the deadline. Discussion was held on interest to El Valle. Mr. Reyes reported there are right of way issues in some areas therefore, KCT is considering robust wireless radius as an option. He reported more KCT customers are using the 24/7 call center line. Mr. Rodarte asked if customers in the Ojo Caliente are had been connected to Star2Star. Mr. Andrew Gonzales, Kit Carson Telecom reported that Rio Arriba County has not assigned 911 addresses to all properties in Rio Arriba County. Star2Star will not port phone services until 911 addresses have been assigned.

Mr. Mascarenas reported the Solar Committee met November 17, 2017. He reported that currently KCEC has ten solar arrays producing energy. Mr. Mascarenas reported that Picuris Pueblo Solar project was complete, the Ribbon Cutting Ceremony would be held on Monday, December 18, 2017 at 11:00 a.m. he invited the Board to attend. Mr. Reyes reported that the El Rito Campus Solar Array ground breaking ceremony would be held December 15, 2017. He reported the time frame for Eagle Nest solar project was

January 2018. Mr. Mascarenas reported the next Solar Committee meeting would be held December 15, 2017. Mr. Reyes reported developers would need to move quicker, need to get back on track.

Mr. D. Torres reported the Bylaw & Policy Committee met November 8, 2017. He reported five policies were reviewed. Board Policy 1.7, Cooperative Elections – Recommended amending as follows; The Business meeting will be conducted immediately after the last member in line has voted at the end of the day. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved that Board Policy 1.7, Cooperative Elections be approved as amended. Board Policy 3.1, Equal Employment Opportunity and Affirmation Action Plan – Recommended amending as follows; All employment positions shall consider hiring local. It was moved by Mr. Rodarte, seconded by Mr. Duran, and unanimously approved that Board Policy 3.1, Equal Employment Opportunity and Affirmation Action Plan be approved as amended. Board Policy 3.5, Anti-Nepotism – Recommended amending as follows; To delete quotation marks to comply with bylaws. It was moved and unanimously approved that Board Policy 3.5 be approved as amended. Board Policy 3.16 – Disposal of Property with Value of Less Than \$500 – No changes recommended. He reported the Committee also discussed Board Policy 3.14 Safety Incentive Program; this policy is still being reviewed.

Mr. D. Torres stated that KTAOS Radio Station requested to interview Mr. Reyes or Mr. Ortega on a quarterly basis for an update on KCEC projects.

Mr. Reyes reported a quarterly meeting would be held with CoBank to educate the Board of Trustees on issues. Mr. Bresnahan asked if there was a strategic planning meeting scheduled. The President reported a meeting would be scheduled after the first of the year.

There being no further business to come before the Board, it was moved by Mr. Duran, seconded by Mr. Jassmann and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. meeting be adjourned until December 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 10:47 a.m.

November 28, 2017 Board Meeting Minutes

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 and David Torres and Luisa Valerio-Mylet.



Secretary

Approved this 28 day of December 2017



President