

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

May 30, 2017

A meeting of the Board of Trustees of Kit Index Carson Electric Cooperative, Inc. was called to order by the President, Mr. Bobby Ortega, on Tuesday, May 30, 2017 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>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>David Torres</i>	
<i>Luisa Valerio-Mylet</i>	

Also, present were: 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.

Mr. Mascarenas led the Board in a word of Prayer prayer.

The Secretary announced a quorum was Quorum present and the Board was ready to proceed with the transaction of business.

The agenda was presented. It was moved by Agenda Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that the agenda be approved as presented. Mr. Medina joined the meeting at 9:09 a.m.

The minutes for the Board of Trustees regular meeting held April 25, 2017 were presented. It was moved by Mr. Jassmann, seconded by Mr. Mascarenas, and unanimously approved, that the minutes be approved as presented.

Mr. Reyes presented the CEO's report for CEO Report April 2017. Financials were reviewed. Mr. Reyes reported the margins year to date were \$553,295

compared to \$352,506 last year. He reported margins for the month of April were \$177,887. Mr. Reyes reported when kWh is less the fuel adjustment is higher. Operation expenses and Administrative and General Expenses were less, however KCEC is still paying legal fees for rate case. Mr. Medina joined the meeting at 9:09 a.m. Collectively KCEC spent over a million dollars on a member owned rate case. Mr. Bresnahan recommended this be included in the newsletter so that the community realizes the amount KCEC has paid on legal fees. The Balance sheet was reviewed. Mr. Reyes reported new services this year were 54 compared to 52 last year. Mr. Reyes reported total assets were \$147,106,673. Mr. Reyes reported year to date TIER was 1.51, year to date OTIER was 1.57 and DSC was 1.13. Mr. Reyes reported the audit had been completed; the audit report to the Board would be ready next month. Mr. Reyes reported that KCEC is still working with Taos Ski Valley to schedule a presentation for the Board on TSV build. He reported Erin Sanborn has been interviewing different people including Board, employees, etc. as part of the strategic plan. Mr. Rodarte asked if there was a report on the work plan. Mr. Reyes reported a report can be provided on projects completed and projects lacking. Mr. Torres reported the Safety Committee did not meet. Meeting was rescheduled for June 9, 2017. Following discussion it was moved by Mr. Duran, seconded by Mr. Jassmann, and unanimously approved, that the CEO report for April 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. Mascarenas, seconded by Mr. Jassmann, and unanimously approved, that payments to these Estates in the amount of \$10,411.50 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 distributed a proposal from Help Outreach Taos (HOT). He reported he had been approached by a group of young adults and a social worker. HOT would like to open a teen co-op café and interested in leasing the former Anderson building owned by KCEC. Last year in the Taos and surrounding communities there were 18 suicides of which five were young adults. There are young kids who only have one meal a day. Also he was made aware of sofa surfing where kids who have an unstable home life stay at friends

homes. Mr. Reyes stated KCEC could support to foster community outreach. There would be adult sponsors, including Taos Alive. It would be an alcohol free environment for young adults. Mr. Reyes requested authorization to move forward and request a proposal. This is something that KCEC needs to show support. Mr. Reyes reported if the Board would allow KCEC to proceed, Federated Insurance would be contacted in regards to liability insurance. The President asked what would be the time frame. Mr. Reyes stated it would initially be a six month trial. He reported that the Town of Taos and Taos County should also support this project. Mr. Jassmann recommended that Mr. Reyes pursue this and present recommendation to the Board. Mr. Rodarte stated his concern was the liability. Mr. Medina stated police coverage in the area would have to be increased. Mr. Reyes stated that KCEC's genuine concern is youth get in trouble when they don't have anything to do. Another concern was to insure drugs and alcohol are kept off the property. The President left the meeting at 9:43 a.m. Mrs. Mylet recommended that KCEC reach out to Guzman Energy. Mr. Torres stated KCEC should pursue also recommended that KCEC employees involved. It was moved, seconded and unanimously approved to allow Mr. Reyes to move forward and request a proposal from HOT.

Mr. Reyes reported the Board discussed the need to outreach to members in different areas. Mr. Reyes stated that many seasonal members are in the Angel Fire area for the summer. He recommended the June Board Meeting be held in Angel Fire. He suggested that KCEC Board Meetings be held in other areas to ensure members have access to KCEC. The President returned to the meeting at 9:50 a.m. Discussion was held. It was the consensus of the Board that the September Board Meeting be held in Penasco, the November Board Meeting be held in Questa and the February 2018 Board Meeting be held in El Rito. The President recommended that notice should be sent out to the public so that members are aware. Following discussion it was moved by Mr. Duran, seconded by Mr. Jassmann and unanimously approved that the June Board Meeting be held in Angel Fire, the September Board Meeting be held in Penasco, the November Board Meeting be held in Questa and the February 2018 Board Meeting be held in El Rito.

June Board
Meeting –
Angel Fire, NM

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

The President called for a recess at 9:55 a.m. Recess

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

Mr. Horacio Blanco (Horace White) member of KCEC addressed the Board. Mr. Blanco's concern was that KCEC had too many employees in Customer Service. He suggested KCEC educate customers on direct deposit. Which would reduce the number of employees needed. He stated the Administrative cost was too high. Mr. Blanco recommended that KCEC have a Blood Drive. The President thanked Mr. Blanco for his feedback.

Mr. Jassmann presented Payables for the Payables Electric and Internet Divisions. The Payables Committee met on May 9, 2017. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved, that the payables for April 2017 be approved as presented.

Mr. Duran reported he attended the NMRECA Annual Meeting on May 23 thru 25, 2017 in Ruidoso, NM. He reported that the Resolutions Committee met. Discussion was held on Socorro's request to NMRECA to support their efforts for mail in ballots. The committee vote was tied, the request was tabled. Mr. Duran reported on the reorganization of the Board was held. He reported that the Executive Committee remained the same. He reported that Socorro would continue their efforts by proposing legislation. Mr. Duran reported that it was discussed that Socorro should change their bylaws and not impose mail in ballots on other cooperatives. Mr. Duran reported that NMRECA bylaws were changed due to the withdrawal of Jemez Mountain Electric. Mr. Reyes reported that Northern Rio Arriba Electric Cooperative (NORA) would be making a bylaw change to down size their Board to seven members.

Mr. Reyes reported that Kit Carson Telecom (KCT) was considering a third party 24/7 call center. A call center would bring a level of enhanced expertise. Mr. Reyes reported the IPV4 to IPV6 has been completed. Mr. Andrew Gonzales, Telecom Manager reported that telephone conversion to Star2Star is almost complete, Windstream connect was still pending. Mr. Reyes reported KCT has over 5,000 customers. He reported KCT would be increasing prices and services. The 30/30Mbps would be increased to 40/40Mbps. The monthly cost would increase by \$7.00 to cover the call center cost. Mr. Reyes reported customers would receive a 30 day notice. Mr. Andrew Gonzales reported that there would also be a \$10.00 per month increase on small business customers.

Mr. Reyes reported that \$2,082,205.45 has been paid on the exit fee in six months. Balance now is \$34 million. Mr. Reyes reported that Guzman Energy is finalizing contracts relative to the solar deployment projects. Village of Angel Fire received a tentative agreement from the Village. Northern New Mexico Community College and Eagle Nest finalized. Town of Taos is lagging. Keith Randall and John Gaillour project in Tres Piedras was 75% complete. Picuris Pueblo project is 22% complete. He reported there would be two projects online by the end of the year. Guzman would proceed negotiations with Chevron. Chevron willing to build a three phase line. Mr. Reyes reported that property was needed in the Penasco area outside of Tribal Lands. Proposing a two to three megawatt system in Taos that would require seven to 21 acres, preferably in proximity to three phase line. Discussion was held on storage and strategies to lower power cost. Mr. Jassmann reported that Red River was serious about installing solar. The President reported that consideration was being made to the rooftop over the firehouse. Discussion was held on the status of Picuris Pueblo Solar Project, the project deadline has been extended.

The President reported that the Employee Relations Committee met and started the process for Mr. Reyes' annual evaluation. He recommended that the Employee Relations Committee meeting scheduled for today be postponed so that all the Board members could participate in the evaluation. He reported the Employee Relations Committee would meet Monday, June 5, 2017 at 2:00 p.m. The President requested that the entire Board submit an evaluation.

Mr. Reyes reported that a \$10.00 credit certificate would be given at the Annual Meeting. He stated there would not be legal counsel present at the meeting. Kit Carson Energy, Inc. and Kit Carson Telecom would be sponsoring the luncheon.

It was moved by Mr. Jassmann, seconded by Mr. Medina and unanimously approved, that the Board go into Executive Session at 10:56 a.m. for discussion on a personnel matter.

Meeting was reconvened at 10:38 a.m. No action was taken. **Meeting Reconvened**

There being no further business to come before the Board, it was moved by Mr. Bresnahan, seconded by Mr. Jassmann and unanimously approved, that the Board of **Meeting Adjourned**

*Trustees of Kit Carson Electric Cooperative, Inc. meeting
be adjourned until June 27, 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 11:21 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, David Torres and Luisa Valerio-Mylet.*



Secretary

Approved this 27 day of June, 2017



President