

**MINUTES OF THE  
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.  
BOARD OF TRUSTEES  
FRIDAY, FEBRUARY 26, 2021  
HERNANDEZ, NEW MEXICO**

1. This meeting of the Jemez Mountains Electric Cooperative, Inc. Board of Trustees was called to order by Chairman Dennis Trujillo at 9:00 a.m. on the above-cited date, at JMEC Headquarters, 19365 S.R. 84/285, Hernandez, New Mexico.

This meeting was conducted in accordance with the Public Health Emergency Order issued by the State of New Mexico.

2. & 3. Following the Pledge of Allegiance, John Ramon Vigil, Secretary, called roll and confirmed the presence of a quorum. Trustees present not listed as attending "virtually" were in attendance at the JMEC Headquarters Boardroom.

**Present:**

Dennis Trujillo, Chair  
Bruce Duran, Vice Chair  
John Ramon Vigil, Secretary  
Dolores McCoy, Treasurer  
Stanley Crawford, Asst. Secretary/Treasurer  
Lucas J. Cordova  
Johnny Jaramillo  
Leo Marquez  
Marissa Maestas-Muller  
Nick Naranjo  
Charlie Trujillo

**Absent:**

None

**JMEC Staff Present:**

Ernesto Gonzales, General Manager  
Laura Rendón, Executive Assistant  
Geraldine Romero, Accounting

**Others Present**

William Coburn, *Rio Grande Sun*

**4. Approval of the Agenda**

**ACTION:** Mr. Naranjo moved to approve the agenda and Mr. Crawford seconded.

Mr. Marquez requested the inclusion of a discussion regarding a salary raise to non-union JMEC employees retroactive as of January 2021. Manager Gonzales noted this item was listed as 9.a. "Personnel Matters" on the agenda and within the budget discussion at 6.A.3.

The motion to approve the agenda passed by unanimous voice vote.

**5. Action Items**

**A. Approval of January 29, 2012 Minutes**

Manager Gonzales said the minutes are not yet available and will appear on the March agenda.

**B. Approval of January 2021 Membership List**

Manager Gonzales said staff recommends approval.

**ACTION:** Mr. Vigil moved to approve the January 2021 membership list. Ms. Maestas-Muller seconded and the motion passed by unanimous voice vote.

**6. General Manager's Update**

**1. Business Services & Finances**

Geraldine Romero, Finance Department, indicated that TIER and OTIER were met. Manager Gonzales said while kilowatt hours are being sold the cash flow has not improved.

Ms. Romero reviewed the consumer and plant statistics and noted the following for January:

- There were 31,246 consumers
- The revenue per mile was \$1,115,69
- Cost of purchase power as a percentage of revenue was 60 percent
- Operating expense as a percentage of revenue was 18 percent
- Operating margins as a percent of revenue was 12 percent
- Total kilowatt hours purchased was 37.9 million
- Total kilowatt hours sold was 35.064 million
- Percentage of line loss was 7 percent
- Average kilowatt hour purchased was 7 cents and average kilowatt cost for residential and small commercial was 13 cents while large commercial was 12 cents and public authority 14 cents – very similar to last year
- Total miles of line was 4,146
- Number of consumers per mile was 7.5
- Inventory as a percentage of plant 1.80 percent
- RUS loans as a percentage of total loans 87 percent
- Co-Bank/CFC Loans as a percentage of total loans 13 percent
- There were 102 employees, 12 less than last year

- Net worth 50 percent
- 3.2 million fewer kilowatt hours were sold in comparison to last year
- Electric revenue was down by \$19,000
- Other revenue is down \$20,000
- Kinder Morgan is down and only using their three meter minimum at a charge of \$12,000 apiece
- Energy Accounts receivable in 2020 was \$4,338,938 and in 2021 \$5,617,608 – \$1.3 million difference
- The aging invoices 60 to 90 days are up \$1.1 million from last year
- Ending book balance was \$3.4 million
- Investments = \$10.4 million

Ms. Romero noted that on page 5, the actual was 2020. JMEC's expenses are down from last year at this time. Mr. Gonzales said that outages are greatly reduced from last year which is reflected in payroll/overtime. He attributed the outage reduction to the tree trimming program. Regarding the reduction in staff, Mr. Gonzales said they are actively looking for licensed engineers and there was Board consensus that a dedicated engineer was necessary.

Manager Gonzales said Kinder Morgan has indicated that they do not anticipate coming on line during 2021.

Manager Gonzales emphasized the importance of developing payment plans for the consumers who are falling behind. Service cannot be disconnected until after May 2021. PRC requires submission of a report to disconnecting for delinquency. The state's lawmakers are very sympathetic to the consumers and not to the utilities. Co-ops/smaller utilities have been segregated from PNM for collection purposes. He advised the Board that a contract exists for delinquent accounts adding that there is little incentive to pay once the power has been disconnected.

Manager Gonzales confirmed that JMEC's general account will be transferred to Century Bank. Mr. Duran expressed concern that Century Bank does not have the assets of Wells Fargo. It was noted that Century Bank does not have a service charge and is one of the largest banks in the state. Co-Bank is an option that could be investigated.

Chair Trujillo said that the co-op needs more coverage than the current \$14 million to continue to operate. Covid, consumer delinquencies and Kinder Morgan have been a hard hit on the co-op. The Finance Committee is discussing these issues.

Ms. Romero reviewed the RUS Form 7 and pointed out that expenses have gone down which Manager Gonzales said is predominantly a reflection of payroll. He said that currently the PPP money is listed as a loan and following forgiveness it will be listed as a grant.

Manager Gonzales thanked Ms. Romero for her services and said the co-op has been very fortunate to have her on staff.

**B. Finance Committee Meeting – November 2020 information**

Ms. McCoy, Finance Committee Chair, said the committee met yesterday, February 25<sup>th</sup> and reviewed the January 2021 financial information.

**1. General Fund Expenditures**

Ms. McCoy said the committee reviewed the expenditures and all questions were addressed. The Board then reviewed the expenditures on a page-by-page basis.

The Rio en Medio fire to date has cost the co-op \$1.5 million. Chair Trujillo recognized this amount as a huge burden on the co-op. He developed a letter to the National Forest Service regarding the situation including necessary support documents. Several days of back burns destroyed JMBC poles and then the co-op was required to conduct environmental and cultural assessment surveys, again, a huge cost to the co-op. While NFS has acknowledged receipt of the letter, there is no response regarding the claim. If there is no relief from NFS, legal avenues may be explored.

Regarding large trucks, Manager Gonzales said they are kept longer than the depreciation period while line trucks are moved on quicker.

**ACTION:** Ms. McCoy moved to accept the general fund expenditures for informational purposes. Mr. Naranjo seconded. The motion passed by unanimous voice vote.

**2. Credit Cards**

Ms. McCoy said the total charges were \$1,449.47 and were reviewed by the committee.

**ACTION:** For informational purposes, Ms. McCoy moved to accept the credit card charges and Mr. Jaramillo seconded. The motion passed by unanimous voice vote.

**3. Attorney Expenses**

Ms. McCoy said the committee had a lot of questions regarding the attorney expenses. Chair Trujillo said there were some invoices that date back to July 2020. He requested a letter be drafted for his or Vice Chair Duran's signature advising a law firm that their services are no longer required.

**ACTION:** For informational purposes, Mr. Naranjo moved to approve the attorney fees. Ms. Maestas-Muller seconded. The motion passed by voice vote.

**4. Consultant Expenses**

**ACTION:** For information, Mr. Marquez moved to accept the consultant fees and Mr. Crawford seconded. The motion passed by unanimous voice vote.

**5. Trustee Vouchers**

**ACTION:** Mr. Naranjo moved to accept the trustee vouchers for informational purposes. Mr. Crawford seconded. The motion passed without opposition.

**6. January 2021 Cash Flow Analysis**

Ms. Romero addressed this item under 6.A.1.

**7. RFPs/Contracts/Purchasing**

- a. Charging Station
- b. Burns & McDonnell Load Study
- c. Guernsey Tri-State Partial Buy Out Study
- d. Legal Services
- e. Automated Election Services

Manager Gonzales advised the Board that these items would be discussed during executive session.

[The Board recessed for 10 minutes]

**8. 2021 Budget**

Manager Gonzales introduced Johnny Valerio retired Kit Carson CFO who has been assisting JMEC in developing the 2021 budget. Two scenarios were developed: one is based on a three-year historical data/average, the normal process of budgeting and the other is based on the abnormalities of 2020 averages. Manager Gonzales said the scenarios are being presented for information.

Mr. Valerio said scenario #1 is based on 2020 information which is worse case. Scenario #2 is the standard method of budgeting.

Scenario #1: Includes the actuals from 2020 and a projection for 2021 is based on the concept that 2021 will be as bad as 2020. The scenario shows a loss of \$820,000 for the operations of the cooperative not including outside sources.

Neither the TIER nor OTIER are met in Scenario #1.

The remainder of the expenditures in scenarios #1 and #2 are identical. The variables are revenues and the cost of power.

Mr. Valerio said capital credits would be included in the event of a buyout from Tri-State.

Scenario #2: Both TIERs would be met.

The question was posed of whether it was realistic for the co-op to operate with the loss projections in Scenario #1. If the revenues and expenditures are as projected, the loss of \$1.5 million would be expected from operations – not including any patronage. Manager Gonzales said either expenses would have to be decreased or revenues increased. The cost of service study will evaluate an increase in revenue but any increase in cost of service will not occur in 2021.

Mr. Valerio said if the TIERs are not met, RUS, as the loaner, is going to ask how the co-op will improve the situation which, as Manager Gonzales indicated, is either increase revenue or reduce expenses.

Actual revenues comparing January 2019 and December 2019 shows \$5 million less.

Manager Gonzales said it was important to recognize the many variables and regulations that utilities operate under.

Reimbursement on the Rio en Medio fire will improve the cash flow but as a capitalized item it will not directly affect the budget.

Mr. Valerio said if JMEC receives forgiveness for the PPP in the amount of \$1.4 million that will improve revenues and the RUS ratio/TIER.

Overall Observations:

Mr. Valerio said the environment depends on the economy recovering and small businesses getting back. Information suggests improvement but the Covid-variant virus could change that.

In response to the idea of improving investment returns, Manager Gonzales said RUS has restrictions on investments within the stock market.

Transitioning into the new building and demolition of the current headquarters will cost over \$100,000; however, there will be an insurance savings.

Mr. C. Trujillo and Mr. Duran expressed concern that customers are waiting for work orders to be completed. Manager Gonzales said work orders are behind and filling the personnel vacancies would be helpful. The budget includes bringing key employees up to seven positions. Any time there is new connector or line extension a meter is established and revenues are increased. Net metering decreases revenues.

There was Board consensus to receive a budget update on a quarterly basis.

Chair Trujillo recommended that the new general manager be tasked to address a response time for work orders and documentation for the requestors on file.

Mr. Vigil recommended that management determine which positions are key to fill as soon as possible to assist in budget review.

Manager Gonzales said updating the software programs to include current unit cost for special equipment -- installation of units and transformers -- will improve revenues. He noted that the budget serves as a guide and it is very difficult to project in these difficult times.

Mr. Valerio highlighted the depreciation of equipment and noted that transformers and meters need to be purchased. The solar installation in Cuba will have to be paid for in 2021 and all of these items need to be considered in the budget development.

Manager Gonzales lauded Ms. Romero and Mr. Valerio as well as other staff for the time dedicated to the budget projects.

**7. COMMITTEE REPORTS**

**A. Communications Committee**

Mr. Crawford said the committee discussed the website and the next newsletter. A contract is being developed on an update of the website. Ms. Rendón said the web-contractor, Mr. Mowdud, has estimated \$4,500 and 30 days to reconstruct the entire website. Chair Trujillo said the investment will be well worth it. District maps and new images will be used.

**B. Renewable Energy**

Mr. Crawford said the fast charger RFP received one response and will be discussed during executive session.

Prior to issuance of an RFP, Mr. Naranjo said the RFP needs to come before the Board.

RUS would reimburse the co-op up to \$45,000 for a fast charger.

Mr. Naranjo said he would like to hear from Guernsey regarding a Tri-State buy out.

Mr. Duran said he spoke to the Jacona Land Grant president and he understood they wanted to work with the co-op.

Chair Trujillo requested that discussion regarding contracts be held in executive session.

**8. NEW BUSINESS**

**A. Tri-State - Moved to executive session**

**B. Rate Rider Reconciliation**

Manager Gonzales said the rate rider requires an annual reconciliation as well as notice to the consumers. This is a rate rider reconciliation on rights-of-way in tribal lands. The factor will change and net metering will be considered.

To better educate the consumer, Chair Trujillo recommended including the reconciliation information in the newsletter.

**9. EXECUTIVE SESSION**

- A. Personnel Matters**
- B. RFPs/Contracts/Purchasing**

Mr. Duran moved to meet in Executive Session. Mr. C. Trujillo seconded. The motion passed by unanimous voice vote.

Mr. Naranjo moved to return to open session and Mr. Duran seconded. The motion passed by unanimous voice vote.

**10. RFPs/Contracts/Purchasing**

- a. Charging Station
- b. Burns & McDonnell Load Study
- c. Guernsey Tri-State Partial Buy Out Study
- d. Legal Services
- e. Automated Election Services

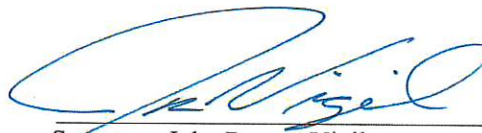
**ACTION:** Mr. Naranjo moved to approve the five items listed above (a-e). Mr. Crawford seconded and the motion passed by majority [10-1] voice vote with Mr. Vigil voting against.

**A. Personnel Matters**

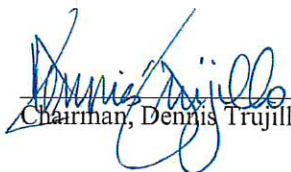
**ACTION:** Mr. Naranjo moved to approve a 2 percent pay increase for non-union employees retroactive as of January 1, 2021. Mr. Duran seconded and the motion passed by unanimous voice vote.

**11. ADJOURN**

Having completed the agenda and with no other business to come before the Board, this meeting was adjourned at approximately 1:15 p.m.

  
Secretary, John Ramon Vigil

APPROVED:

  
Chairman, Dennis Trujillo