

**MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.**

BOARD OF TRUSTEES

FRIDAY, OCTOBER 28, 2022

HERNANDEZ, NEW MEXICO

1. This regular monthly meeting of the Jemez Mountains Electric Cooperative, Inc. Board of Trustees was called to order by Board President Dennis Trujillo at 9:05 a.m. on the above-cited date, at the new JMEC Headquarters, 19365 S.R. 84/285, Hernandez, New Mexico.

2. & 3. Following the Pledge of Allegiance, roll call confirmed a quorum as follows:

Present:

Dennis Trujillo, President
Manuel Bustos, Vice President
John Ramon Vigil, Secretary
Dolores McCoy, Treasurer
Stanley Crawford, Asst. Secretary/Treasurer
Lucas J. Cordova
Elias Coriz
Bruce Duran
Dennis Gallegos
Marissa Maestas-Muller
Marcie Martinez

Absent:

None

JMEC Staff Present:

Michael Hastings, CEO and General Manager
Tina Trujillo Archuleta, Administrative Professional
Geraldine Romero, Interim CFO
Karen Wisdom, Contract Administrator and Compliance Officer
Lenny Ortiz, Supervisor Vegetation Management
Tomas Barela, Broadband Director
Iziah Scarborough, Tree trimming
Sergio Lopez, Tree trimming

Others Present:

Frank Coppler, JMEC Counsel
Joseph Yar, Legal Counsel

Others Present: (cont.)

Erin Dayl, Consultant
Bill Boas, Broadband Consultant
Susan Quintana, Food Depot Neighbor2Neighbor
Jeff Padilla, Compassion Through Action
Lupe Salazar, Barrios Unidos
Shawna Tilbury, Paralegal to Mr. Yar
Karen Farrell, Wordswork – secretarial services

4. REMARKS FROM JMEC MEMBER – None were offered.

5. CONSENT AGENDA

- A. Approval of Agenda**
- B. Review and Approve the September 30, 2022 Regular Board Meeting Minutes**
- C. Approval of the September 2022 Membership List**

GM Hastings requested modifying the agenda to change the order of business. The Executive Session was moved up to the next item after the Consent Agenda Consideration.

ACTION: Ms. Martinez moved to approve the Consent Agenda with the Agenda amendments as requested by GM Hastings. Mr. Duran seconded and the motion passed without opposition. [Trustees Vigil and Coriz were not present for this action and arrived shortly thereafter.]

6. CEO and GENERAL MANAGER’S UPDATE

- A. Miscellaneous Matters**
 - i. Introduction of New Employees**

GM Hastings said he was pleased to introduce new employees: Cherry Morfin, Española Accounting Department; Sergio Lopez, Española Tree Trimming crew; Anthony Vigil, Dispatch; and, Iziah Scarborough, Española Tree Trimming crew.

ii. Employee Recognition – 30 years of service

GM Hastings recognized Lenny Ortiz for his 30 years of service to JMEC. Mr. Ortiz received a plaque, applause and photos were taken.

Mr. Ortiz said it has been his honor to work for JMEC. He started his career as a meter reader, then a journeyman lineman, and for the past eight years has served as the Manager of the vegetation management group.

Mr. Cordova as well as Mr. Bustos remarked that they had worked with Mr. Ortiz and that he was a valuable employee.

iii. JMEC/CoBank Matching Funds – Recipient Recognition

**Compassion Through Action, Barrios Unidos, San Martin de Porres
South Kitchen and Food Depot Neighbor2Neighbor Program**

GM Hastings said he and Mr. Vigil attended a recent Food Depot event where JMEC was recognized as first place from supporting businesses and he displayed the trophy and certificate.

Susan Quintana with Neighbor2Neighbor thanked JMEC for their financial gift of \$10,000 and said that money helped the program raise additional funding. She noted that every dollar provides for four meals. Ms. Quintana noted that Neighbor2Neighbor is a volunteer organization raising money for the Food Depot.

Jeff Padilla, founder of Compassion Through Action, which is an organization that provides street outreach in Española. This is to help make life a bit easier for those who need food and are battling poverty, drug or alcohol abuse, homelessness, despair or all of the above. They provide food, clothing, and blankets. The organization recognizes the homeless population and works to address and help that population as best they can. He thanked JMEC for their generous contribution.

Lupe Salazar, is the founder and executive director of Chimayó-based Barrios Unidos, which provides families with support when a member of the community becomes addicted to drugs or alcohol, and instruction on how to heal from the ensuing trauma. Unidos has been helping families for the past seven years. She discussed the importance of acknowledging the addiction problem and recognizing how addiction impacts the entire community. She thanked JMEC for their financial support.

7. EXECUTIVE SESSION

A. Legal Matters

B. Personnel Matters

ACTION: Mr. Cordova moved to meet in Executive Session to discuss legal and personnel matters. His Motion was seconded by Mr. Duran and passed by unanimous voice vote.

[The Board met in Executive Session from 9:19 a.m. to 11:05 a.m.]

ACTION: Ms. Maestas-Muller moved to reconvene in open session at 11:05 a.m. and Mr. Duran seconded. The Motion passed by unanimous voice vote.

C. Possible Action following Executive Session

ACTION: Mr. Coriz moved to approve the resolution of the Jemez Mountains Electric Cooperative, Inc. Board of Trustees approving the settlement of the New Mexico Public Regulations Commission – Case No. 21-00318-UT (Rate Case) with the stipulations as provided in this matter of request for approval of general rate adjustment. Mr. Bustos seconded and the Motion passed by unanimous roll call vote as follows:

Manuel Bustos	Yes
John Ramon Vigil	Yes

Dolores McCoy	Yes
Stanley Crawford	Yes
Lucas J. Cordova	Yes
Elias Coriz	Yes
Bruce Duran	Yes
Dennis Gallegos	Yes
Marissa Maestas-Muller	Yes
Marcie Martinez	Yes

8. CEO and GENERAL MANAGER’S UPDATE (continued)

A. Miscellaneous Matters (continued)

iv. EV Charger Update and Future Considerations

GM Hastings reminded the Board of their decision that the members share in any profits or margins from the electric vehicle chargers, rather than an individual member. EV chargers are being installed at JMEC’s three locations – Jemez Springs, Cuba and Española. PPC Solar is assisting.

GM Hastings said the notion that JMEC’s members will receive the profits has been a problem at Bode’s and Mike’s Mini-Mart. Recently he was approached by EV3, Inc., to install fast chargers. Kit Carson has contracted with EV3 to install approximately 20 fast chargers. JMEC could run its own EV charger program and do the installation in-house at a cost of approximately \$100,000 per charger and, at this point, JMEC has other financial priorities. EV3 is proposing installation of the chargers and sharing one percent of the gross receipts with JMEC for a one-year period. EV3 wants JMEC’s Touchstone funding through Tri-State and would pay all expenses.

GM Hastings said installing chargers is a difficult additional issue for JMEC staff to address. He recommended that JMEC move forward with negotiations with EV3, Inc. and present those results to the Energy Committee for presentation to the JMEC Board of Trustees at the next Board meeting. Appreciating that one percent for one year was inadequate, he said this was merely an initial contact conversation and added that EV3 would carry all risk.

GM Hastings said staff is working with Vivac Winery in Dixon regarding a EV fast charger. Staff was recently at the Abiquiu Inn and the owner there has expressed an interest in having two fast chargers. Bode’s, Mike’s Mini-Mart, and locations in Española desire fast chargers. The demand is growing.

While there is some funding through grants and Touchstone, GM Hastings identified the staffing issue as well. He noted that many electric vehicle owners will charge at their residence. If EV3 provides the services as proposed they would also incur the cost of seeking grants and loans.

9. B. Business Services and Finance

i. September 2022 Financial Report

GM Hastings referred to the RUS Financial and Operating Report and noted that JMEC is approximately \$1.5 million short of what was budgeted for revenues for 2022. Payments to Tri-State are approximately \$1 million under budget. Distribution maintenance and operations are under budget although customer accounts expense and customer service are over budget. Administrative and general expenses include the rate case costs/attorney costs which put the line item over budget. Non-operating margin are high because these are Tri-State rebates that JMEC will adjust to the correct accounts. At this point, those margins have not been adjusted. The non-operating margin/other is \$128,000 and reflect the broadband expenses through September. Broadband is a separate line item and accounting keeps all the revenues and expenses segregated from the electric business. The \$200,000 or so increase in other capital credits and patronage dividends is a capital credits payment from Western United.

Referring to the balance sheet, GM Hastings noted that Construction Work in Progress (CWIP) includes 1,300 open work orders and also reflects \$3 million in work orders for the Cerro Pelado fire. JMEC is working with FEMA for reimbursement. The Co-op currently has approximately \$7 million in liquid cash down from \$15 million about 20 months ago. JMEC lost \$76,670 in September and the TIER and OTIER remain negative.

September started with \$4.8 million cash balance, JMEC collected \$7.5 million in revenues during the month. JMEC spent over \$9 million in September with an ending book balance of \$3.3 million. JMEC has approximately \$3.6 million in cash and \$3.35 million in liquid investments with \$476,000 in select notes with CFC.

Line loss has held at 2 percent since the meter audit providing JMEC an additional \$1 million per year. Before the audit, the line loss was approximately 6 percent.

ii. Finance Committee Meeting

Mrs. McCoy, Finance Committee Chair, said that the Committee met yesterday, October 27th and reviewed the Agenda items.

a. September 2022 General Fund Expenditures

ACTION: For informational purposes, Mrs. McCoy moved to approve the September 2022 general fund expenditures list. Ms. Martinez seconded and the Motion passed by unanimous voice vote. [Trustees Vigil, Cordova, Maestas-Muller and Gallegos were not present for this action.]

b. September 2022 Staff Credit Cards

Ms. McCoy noted that the Committee reviewed the \$16,944 in credit card charges. Mr. Bustos said there were concerns raised about some of the expenditures which were all verified. He said GM Hastings recommended a thorough review and update to the credit card Policy. President Trujillo concurred with the recommendation and added that the audit findings should be included within that Policy review.

Ms. Martinez, Chair of the Policy Committee, requested that the credit card Policy be placed as a priority on the Committee's review schedule.

ACTION: Mrs. McCoy moved to approve the staff credit card charges. Mr. Bustos seconded. The motion passed by unanimous voice vote. [Trustees Cordova and Vigil were not present for this action.]

c. September 2022 Attorney Expenses

ACTION: Mrs. McCoy moved to approve the September 2022 attorney expenses that totaled \$60,817.73 as presented. Ms. Martinez seconded and the Motion passed by unanimous voice vote. [Trustees Cordova and Vigil were not present for this action.]

d. September 2022 Consulting Expenses

ACTION: Mrs. McCoy moved to approve the September 2022 consulting expenses in the amount of \$45,165.80. Ms. Maestas-Muller seconded and the Motion passed by unanimous voice vote. [Trustees Cordova and Vigil were not present for this action.]

e. September 2022 Trustee Vouchers

ACTION: Mrs. McCoy moved to approve the September 2022 trustee vouchers. Mr. Bustos seconded. The motion passed by unanimous voice vote. [Trustees Cordova and Vigil were not present for this action.]

That concluded the Finance Committee report.

10. B. iii. Broadband Banking Resolution

Mr. Coriz, Chair of the Broadband Committee, presented a resolution that outlines JMEC's broadband initiatives. The resolution stipulates that broadband funds will not be comingled with the electric funds and that separate accounts be established. He requested ratification of the resolution.

GM Hastings said there will be three different accounts at Century Bank for the broadband business: general, construction and payroll. A \$1 million drawdown of JMEC's line of credit with CFC is funding the broadband accounts. He explained that broadband has basically borrowed the \$1 million and will reimburse the electric side of JMEC. He assured the Board that the funds are not comingled.

ACTION: Mr. Coriz moved to ratify the Broadband Banking Resolution. His Motion was seconded by Ms. Martinez and passed by unanimous voice vote. [Trustees Cordova and Vigil were not present for this action.]

11. OTHER REPORTS - Discussion Only

A. President's Report

President Trujillo offered the following information:

- Kit Carson obtained a \$23.5 million grant from USDA ReConnect 3 for broadband infrastructure totally within the JMEC service area. It's important that JMEC move quickly within the broadband business to protect its customer base.
- He along with Trustees Bustos and Vigil, GM Hastings and Dennis Astley, attended the NRECA Region 8 and 10 meetings in Little Rock, Arkansas. It was very informative especially the cyber security information.
- GM Hastings and Mr. Astley have been invited to meet with the Navajo Nation at Ft. Defiance to discuss easements and other issues.

Regarding broadband, GM Hastings said he anticipated starting installation January 2023 in the Española Valley. Management will request authorization to move forward from the Broadband Committee.

Mr. Coriz recognized that Kit Carson has been aggressive in the broadband market for over 12 years and is able to attract funding. JMEC's broadband initiatives will supplement the Co-op's revenue in the future.

GM Hastings said he tried unsuccessfully to develop an agreement with Kit Carson manager Reyes to assist within JMEC's service area. Now that Kit Carson has the grant, it would be favorable for JMEC to talk about pole attachment and work with Kit Carson. Consultant Boas has suggested scheduling a meeting with La Puente's counsel, Manager Reyes, GM Hastings and Mr. Boas.

GM Hastings said it will be necessary to obtain easements for broadband around the service area.

As a point of clarification, GM Hastings said he did not contact the USDA to advise them against giving funds to Kit Carson nor did he authorize anyone to do so.

Ms. Martinez said she is aware that there is a great deal of support for broadband in JMEC's service area.

Mr. Duran said it unfortunate that the former JMEC Board was not proactive with a broadband initiative. He credited GM Hastings for his efforts in this regard.

12. a. i. Appointments to the Bylaw Committee

President Trujillo said there has been a great deal of interest by Trustees to serve on this Committee and rather than appoint individuals he has determined the Committee will be made up of the entire Board. At the last Board meeting there was a desire to include JMEC members to serve as non-voting on this committee. Accepting that idea, President Trujillo recommended appointing one non-voting member from each district to serve on the Committee. Meeting dates will be developed by staff.

Ms. Martinez recommended advertising the member positions on the Committee.

b. Tri-State Director Report

Mr. Duran said at the last Tri-State Directors meeting there was an item on the Consent Agenda regarding the Torreon substation that would impact JMEC. He tried unsuccessfully to table the item at the Tri-State Meeting. He did contact GM Hastings during that meeting.

GM Hastings said he and Mr. Astley were unaware of this project at Torreon. Tri-State wants to run new cement pads at the Torreon Substation for a new transformer and other things. Apparently, the foundations at Torreon are compromised. In 2016, Tri-State proposed redoing the manner of providing service to Jemez Springs, San Ysidro, the Jemez Pueblo and the Zia Pueblo. The idea was to take out one substation and reroute the way transmission was conducted and do away with Tri-States tie-in to PNM and the Zia transmission line. Tri-State wanted to operate Zia's line at 69kV and give it to JMEC. GM Hastings said while it's a great idea it is not within JMEC's four-year work plan. Apparently Tri-State did bring it up to JMEC in 2019 and no action was taken by the JMEC Board at that time. He and Mr. Astley will work with Tri-State on this issue with the recognition there will be costs to JMEC and ultimately will save Tri-State about \$22 million.

13. NEW BUSINESS

Mr. Crawford announced the Dixon Studio Tours are scheduled for November 5th and 6th.

Ms. Martinez expressed her concern that JMEC is not getting information out to its membership and thus missing an opportunity to gain community support and promote greater transparency. She recommended adding a couple of non-voting members to the Communications Committee.

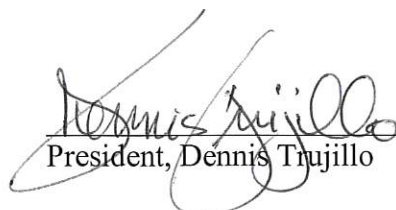
Mr. Duran asked about heat pumps and advertising them in the Tri-State newsletter or the *Enchantment*. GM Hastings said JMEC only has two pages in the *Enchantment* and perhaps bill stuffers may be more effective in communicating with the membership.

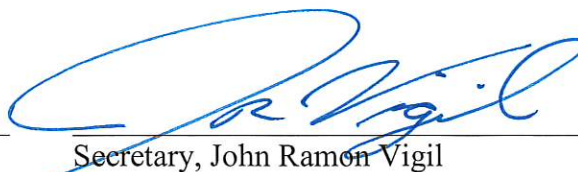
President Trujillo invited the Board to attend a Kit Carson ceremony at Abiquiu Elementary for its broadband on Monday, October 31st at 3 p.m. It's important that JMEC stay on top of this issue.

14. ADJOURN

Having completed the agenda and with no further business to come before the Board, President Trujillo adjourned this meeting at 12:26 p.m.

APPROVED:


President, Dennis Trujillo


Secretary, John Ramon Vigil

