

MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES

October 27, 2023

HERNANDEZ, NEW MEXICO

1. This meeting of the Jemez Mountains Electric Cooperative, Inc. Board of Trustees was called to order by Board President Dennis Trujillo at 9:13 a.m. on the above-cited date, at the JMEC Headquarters, 19365 S.R. 84/285, Hernandez, New Mexico.

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

Trustees Present:

Dennis Trujillo, President
Manuel Bustos, Vice President
Marcie Martinez, Secretary [remotely]
Dolores McCoy, Treasurer
Henry Roybal, Asst. Secretary/Treasurer
Lucas J. Cordova [remotely]
Elias Coriz
Dennis Gallegos
Marissa Maestas-Muller
Danny Velarde
John Ramon Vigil

Trustee(s) Excused:

None

JMEC Staff Present:

Michael Hastings, CEO and General Manager
Dennis Astley, Assistant General Manager
Geraldine Romero, CFO
Tina Trujillo Archuleta, Manager of Administration and External Affairs
Karen Wisdom, Senior Manager of Contracts Administration, Compliance and Special Projects
Tomas Barela, Broadband Manager

Others Present:

Joseph Yar, JMEC General Counsel and Utility Counsel
Shawna Tillberg, Paralegal
Debra Larson, La Cueva Volunteer Fire Department
Eric Larson, La Cueva Volunteer Fire Department

Rick Chavez, IBEW Union Representative

Others Present: (cont.)

Nanette Rodriguez, Las Cumbres

Kristin Trujillo, San Martin de Porres Soup Kitchen

Susan Roybal, San Martin de Porres Soup Kitchen

Lupe Salazar, Barrios Unidos Chimayo

John Moon, Department of Homeland Security/Emergency Services

Karen Farrell, Wordswork, Secretarial Services

4. REMARKS FROM JMEC MEMBERS - None were presented

5. CONSENT AGENDA

- a. **Approval of Agenda**
- b. **Approval of the September 29, 2023 Board Meeting Minutes**
- c. **Approval of the September 2023 Member List – Removed and not approved.**

President Trujillo requested that item 7.a.ii, Sharing Success Grant Recipients, be addressed directly following action on the Consent Agenda and that item 9, Executive Session, be addressed following that. Mr. Vigil requested that item 5.c. be removed.

ACTION: With those changes, Mr. Vigil moved to approve the Consent Agenda as amended. Mr. Coriz seconded. The Motion passed without opposition.

7. a. ii. Sharing Success Grant Recipients

Tina Trujillo Archuleta, Manager of Administration and External Affairs, reminded the Board that JMEC participated in this match program with CoBank -- \$10,000 match – and the \$20,000 award was distributed among four recipients.

San Martin de Porres Soup Kitchen administrator Kristin Trujillo and co-founder Susan Roybal were present to accept the award. Ms. Trujillo said the soup kitchen was founded in September 1992. Their mission is to feed those need in the Española Valley and surrounding communities. They serve between 85 and 100 meals per day. This year, they have seen a 30 percent increase in clientele. She thanked the Board for their generous support and presented them a certificate of appreciation and cake.

Board members congratulated San Martin de Porres and thanked them for their tremendous contribution to the community.

[Photos were taken and a check presented.]

Las Cumbres Community Services Director of Adult Services Division Nanette Rodriguez was present and said that Las Cumbres has been serving the community for 53 years and are currently serving five counties. They serve the most vulnerable populations, those with intellectual and developmental disabilities. Las Cumbres has a very low reimbursement rate making this award very special. On behalf of the leadership

team she expressed their thanks and presented the Board with a Christmas tree ornament and thank you card created by clients.

Board members recognized Las Cumbres for their contribution to the community and asked that their appreciation be shared with Las Cumbres staff.

[Photos were taken and a check presented.]

Barrios Unidos Chimayo executive director Lupe Salazar thanked the Board for supporting the needed services they provide. They are an interdisciplinary, inter-generational and inter-cultural community working on cultural and psychological issues related to addiction and cultural trauma in the Española Valley. They help those struggling with addiction and families shattered by addiction and strive to re-engage the community. She spoke of the importance of eliminating the stigma of the addiction.

JMEC management spoke about the importance of these organizations that assist individuals to recovery. The Board expressed gratitude for the organization's contribution to the community.

[Photos were taken and a check presented.]

La Cueva Volunteer Fire Department, Debra and Eric Larson were present to thank the Board and accept the check. Ms. Larson said they have been honored to serve the community with EMS, fire, search and rescue, and chaplain services. The funds will be used to purchase needed field equipment. Mr. Larson noted that they were also JMEC members and appreciate the JMEC team for keeping their lights on.

[Photos were taken and a check presented.]

President Trujillo thanked La Cueva for being present at JMEC's annual meetings.

President Trujillo thanked Ms. Trujillo Archuleta for her leadership in administering this program.

9. EXECUTIVE SESSION

- a. Legal Matters**
- b. Personnel Matters**

ACTION: Mr. Bustos moved to go into executive session and Mrs. McCoy seconded. The Motion passed by unanimous voice vote.

[The Board met in Executive Session from 9:48 a.m. to 10:25 a.m.]

The Board reconvened momentarily in open session and observing the sensitive nature of a document before the Board, Mr. Coriz moved to return to Executive Session. Mr. Vigil seconded and the Motion carried without opposition.

[The Board met in Executive Session from 10:29 a.m. to 10:40 a.m.]

A Motion was made by Mr. Coriz to come out of Executive Session at 10:40 a.m. Mr. Roybal seconded the Motion which passed unanimously.

GM Hastings prefaced the following recommended Motion stating that linework is a very competitive field and JMEC needs linemen.

A recommendation by staff is to go forward with special pay increases in the line personnel's pay – working foremen, journeymen linemen, apprentice linemen – now and provide an immediate pay increase of 4 percent for each of the three classifications and continue with the union contract prescribed 4 percent increase per the union contract on January 1, 2024.

ACTION: Mr. Velarde moved to accept the recommendation as proposed by management. Mr. Roybal seconded and the Motion passed by unanimous voice vote. [Mr. Bustos and Mr. Vigil were not present for this action and excused themselves from the rest of the meeting.]

6. OTHER REPORTS

a. President's Report

President Trujillo said an ad hoc search committee has been formed for a successor for the JMEC CEO and General Manager's position. This is a high priority. The CEO Search Committee has met several times and applications are coming in. HR has assisted in outreach for the position, developed a matrix for ranking candidates and avenues to move forward.

The Budget Board Meeting was originally scheduled for December 15th and there was consensus to reschedule it for Wednesday, December 20th, from 1 p.m. to 4 p.m.

[Mr. Cordova was no longer on line]

c. Tri-State Report

Mr. Coriz reported that Tri-State held its last meeting in Denver on October 3rd and 4th. There was a discussion regarding Tri-State's participation in a Regional Transmission Organization (RTO) that will help with efficiency to provide much needed regional transmission infrastructure and an organized market to integrate more renewables and transmission onto the grid. It may help to lower future rates. Tri-State filed with the FERC to support the launch of this program by early 2026.

Renewable additions were discussed in relation to the Escalante Solar Project. Hopefully, this project will replace those jobs lost in that region, near Gallup.

The United Power litigation situation was discussed. Tri-State has requested moving the Adam's County lawsuit to a federal court out of Adams County, Colorado.

GM Hastings reminded the Board that JMEC was in the queue for a 50 percent buyout with Tri-State. There was a settlement for the partial buyout that United Power objected to and that settlement was thus lost. Tri-State has developed a new partial buy-out methodology which they are calling “the equalization payment plan” or EQP. It’s quite complicated. The lump sum partial buy out payment option would require Tri-State to pay income taxes. Mr. Hastings’ successor will have to grapple with this issue.

FERC has not advised Tri-State on the total buyout formula or number which is a big issue. United Power will be completely out of Tri-State in May 2024, followed by Nebraska Public Power and Mountain View Electric Co-op in 2025. Again, the total buy out formula or number is not known.

Tri-State was ordered to make changes on issues having to do with radial transmission lines, battery storage for peak shaving and two other issues. Tri-State has failed to attend to these four issues. FERC is demanding that the issues be addressed and that may contribute to the delay in a buyout number.

Mr. Coriz said JMEC needs to be supportive of Tri-State. There are resources available through Tri-State that JMEC is not currently taking advantage of and should be explored. Those resources include the broadband initiative, member rebates and the JMEC media/website.

GM Hastings said originally, JMEC sought the partial buyout to help its members, primarily the Pueblos. Tri-State’s Policy 115 makes purchasing solar power from its two solar arrays over 11 cents/kWh. He doubted Tri-State would modify its Policy 115 and noted that Kit Carson bought out of Tri-State in part because of that policy. JMEC may need to consider a total buyout.

b. Statewide Report

In Mr. Bustos’ absence, GM Hastings provided the report noting that Statewide was working on its budget. As the largest member co-op JMEC pays the highest dues. The State of New Mexico’s Broadband Office will be introducing pole-attachment legislation that the state broadband office is trying to develop. Co-chair of that effort is Luis Reyes. Statewide has hired a new relationship manager from Tri-State, Lonnie Tucker, as well as former JMEC employee Carmen Campbell, who is working for Statewide on grants.

7. CEO AND GENERAL MANAGER’S UPDATE – Discussion and Action

a. Miscellaneous Matters

i. Communications Discussion – Senior Staff and Trustees - Deferred

iii. JMEC Insurance Renewal - Deferred

iv. Escalante Solar Event: Tri-State, November 9th 10:30 a.m.

GM Hastings said Tri-State is hosting an event at the old Escalante power plant to discuss their 200 megawatt solar project. If he is unable to attend, senior staff will be attending. There is a CEO town hall directly following the event. Trustees are invited as well.

v. Other Matters

Mr. Gallegos noted that between India and China 600 coal plants will be fired up by 2024. The U.S. is the only country spending billions for wind turbines. He expressed support for solar and expressed concern that Tri-State will be investing in alternatives and that the people of rural counties will carry the cost burden.

b. Business Services and Finance

i. September 2023 Financial Reports

CFO Romero reviewed the RUS Form 7 income statement highlighting the following year-to-date figures:

- Operating revenue, \$42.4 million, \$1.8 million more than budgeted.
- Cost of purchased power, \$22.3 million, \$163,000 less than budgeted.
- Operations, \$2.9 million, up from the budget and attributed to payroll.
- Customer Expense, \$2.5 million.
- Administrative & General Expenses, \$5.7 million. Payroll and rate riders are included in the expense.
- Total operations, \$35.7 million.
- Total cost of electric service \$41 million.
- 239 new services connected.
- 31,638 services in place.
- 1,066 idle services.
- 4,168 total miles energized.
- Construction work in progress, \$10.4 million.
- Cash in general funds, \$3.8 million.
- Cash in temporary investments, \$415,504.
- Year to Date Margins, \$2 million

Regarding membership fees, Ms. Romero stated a plan is being devised to refund those fees during 2024.

Year-to-date ratios: TIER, 2.20, OTIER, 1.87 and MDSC 2.37. Ms. Romero said while the co-op has to watch its expenses, the tier ratios are looking good. GM Hastings reminded the Board that in July \$500,000 was moved to address the estimates from the line loss which will be a December entry. Another expense is paying unused vacation leave of employees with over 20 years which is a big expense. That accounting entry may be better addressed quarterly.

Ms. Romero reviewed September's cash flow noting that \$5.4 million was deposited, \$6.9 million was disbursed and a drawdown of \$3 million from CoBank occurred with an ending book balance of \$3.8 million.

For the month of September there were 31,638 total consumers with a total of 31.8 million KWH sold. There was a negative 15 percent line loss. GM Hastings noted that in September the line loss was 9 percent which management thought was actually closer to

4 percent. In August the loss was 4 percent and now in September it has begun to correct itself with a negative 15 percent, which is not accurate, but reflects bill estimations by JMEC over the summer.

[The Board recessed 11:35 – 12:20 for lunch.]

A line-related accident occurred with an apprentice lineman and the Board requested that management keep them advised of the situation and of any way the Board can assist.

7. b. ii. RUS-Related Items

GM Hastings reported that a new person at RUS is requiring a preliminary archaeological study on every project within the JMEC four-year work plan upfront. The federal regulations call for archaeological assessments before the work begins on specific projects over time. However, they are now insisting on the studies upfront. Letters were sent to the federal agencies, counties, and tribes that were included in the four-year workplan advising them of the requirement and those entities have 30 days in which to respond. This will cause a 45-day delay in JMEC's four-year work plan approval.

President Trujillo requested that Statewide be advised of the issue. GM Hastings said this could be an NRECA issue as well.

Management will continue to try and save money wherever possible, but has been waiting for the approval of the four-year workplan by RUS. RUS would provide a lien accommodation so an entity (CFC, CoBank) could loan the co-op money and hold the first lien on capital projects implemented. RUS takes over six months to approve new loans to fund the four-year workplan. He recommended borrowing money from CoBank for the capital expenses up until March 2024 rather than wait for RUS. Broadband is a separate commitment that is not comingled with the electric side.

CoBank has expressed concern about JMEC's change in management. In an effort to lessen those concerns, GM Hastings has invited CoBank to attend the December 1, 2023 Board meeting. At that time, the Board will be able to voice their support for the capital expenditures needed in JMEC's four-year work plan. It was his recommendation to consider completing the entire four-year workplan with CoBank rather than RUS. An issue is CoBank's interest rate which normally runs about 2 percent more than that of RUS which would be a substantial amount of money.

Mr. Coriz said Senator Lujan is willing to advocate for the co-op.

iii. Finance Committee Meeting

Mrs. McCoy, Finance Committee Chair, said that the Committee met yesterday, October 26, 2023 with all members present.

a. September 2023 General Fund Expenditures

ACTION: For informational purposes, Mrs. McCoy moved to approve the September 2023 JMEC general fund expenditures list. Mr. Gallegos seconded. The Motion passed by unanimous voice vote.

b. September 2023 Staff Credit Cards

ACTION: For informational purposes, Mrs. McCoy moved to approve the September 2023 staff credit card charges. Mr. Velarde seconded. The Motion passed by unanimous voice vote.

c. September 2023 Attorney Expenses

ACTION: Mrs. McCoy moved to approve the September 2023 attorney expenses. Ms. Maestas-Muller seconded. The Motion passed by unanimous voice vote.

d. September 2023 Consulting Expenses

ACTION: Mrs. McCoy moved to approve the September 2023 consulting expenses. Mr. Gallegos seconded. The Motion passed by unanimous voice vote.

e. September 2023 Trustee Reimbursement Vouchers

ACTION: Mrs. McCoy moved to approve the September 2023 trustee reimbursement vouchers.

Mrs. McCoy asked whether staff was able to rectify a discrepancy between an expense voucher and check. Ms. Trujillo Archuleta said she would review the issue and report back.

Ms. Maestas-Muller seconded. The Motion passed by unanimous voice vote.

That concluded the Finance Committee report.

8. OTHER COMMITTEE REPORTS

a. Communications Committee

Ms. Martinez said the Committee met on October 10, 2023 with all members present. The Committee reviewed *Enchantment* articles for January, February and March of 2024. A few of the planned articles include a feature on GM Hastings' departure, contributions to JMEC and co-ops in general; acequias and service areas, Sharing Success Grants with CoBank, as well as FAQs of the co-op. The Employees Spotlight will be discussed in a soon to be formed employee working group.

There may be changes with the *Enchantment Magazine* in frequency of publication and providing other co-ops a larger presence. GM Hastings said the *Enchantment* is a big expense for Statewide and they are looking at different options to reduce the Statewide expenses.

The Committee discussed the website and better methods to inform the Board of outages as well as contacting members.

b. CEO Search Committee

Ms. Martinez said the ad hoc CEO Search Committee met first on October 9, 2023. They reviewed the succession plan and following consideration determined a nationwide CEO search was the best approach. An ad was posted on the NRECA website. The notion of retaining a search consultant was discussed but with its high cost and GM Hastings' confidence that HR Director Herrera could provide the necessary expertise, the idea was dropped. Mr. Herrera was directed to develop a timeline and application matrix.

The Committee reviewed a salary range for a CEO/GM utilizing NRECA's compensation model. The model lists comparable utility plant, consumers served, and operating revenue. The median amount was just under \$250,000 to \$300,000 for the 75th percentile. The Committee decided to set the salary range at \$230,000 to 300,000.

In addition to posting the job on the NRECA and JMEC websites, print advertisements would occur in the *New Mexican* and the *Rio Grande Sun*.

The Committee met again on October 24, 2023. Two candidates have communicated with GM Hastings. The postings have occurred and the ads are ready for publication in the newspapers. November 11, 2023 is the application deadline. The Committee will meet on November 14, 2023 at 11 a.m. at which time all resumes will be reviewed and the top three to five applicants selected. Following references and background checks the top candidates will be discussed with the full Board at the December 1, 2023 Board Meeting.

c. School Committee

Ms. Maestas- Muller said the Committee met on October 11, 2023 to discuss and approve applications for the New Mexico Statewide Leadership trip to Washington, D.C. The application deadline is set for January 8, 2024.

The Committee also discussed the JMEC Junior Board and support to identify interested students.

d. Policy Committee

Ms. Martinez said the Committee met on October 16, 2023 with all members present. Policies were reviewed and are being presented for action.

Policy 112, Board Stipend and Reimbursement Policy: The Committee recommends: 1) increasing the stipend to \$250 up from \$150. \$250 is well below the average stipend for comparably sized co-ops. The Committee also recommends 2) increasing compensation for on-line NRECA courses to \$300 up from \$250 which will provide greater incentive for Board members to take courses on line rather than have JMEC incur the travel costs.

ACTION: Ms. Martinez moved to approve the recommendations as mentioned above. Ms. Maestas-Muller seconded.

Ms. Maestas-Muller and President Trujillo spoke in support of the recommendation. Increasing the stipend and reimbursements may entice additional Board candidates.

Mr. Coriz was supportive of the concept and the difficulty of missing work but felt this was not the right time. The optics of the increase did not look favorably on the Board and he recommended bringing it back when JMEC finances are better.

Ms. Martinez noted that a super majority is required to amend a policy.

Lacking a super majority, the motion failed by [4-3] voice vote.

This Policy amendment could be reintroduced to the Board at a later date.

Indemnification: Ms. Martinez said JMEC purchases insurance coverage for general liability as well as officer and director liability. Currently, the JMEC bylaws do not provide Board member indemnification in the event they are named in litigation. This Policy will assist indemnification for Board members until a bylaw provision is added. This will not assist a Board member who the court has found at fault or is the cause of litigation. After discussion, the Committee voted to recommend passage of this new Policy to the Board.

GM Hastings said in his experience all co-ops have indemnification provisions within their bylaws. JMEC has insurance that covers this. However, this basic policy provision followed by a bylaw will obligate the co-op to defend a Board member.

ACTION: Ms. Martinez moved to approve the indemnification policy. Mr. Coriz seconded. The Motion passed by unanimous [7-0] voice vote.

GM Hastings said he anticipated a corresponding bylaw would be developed by the JMEC Bylaw Committee.

Ms. Martinez said the Committee has other Policies on its agenda that address whistleblowers, Policy 108 minutes and agendas, Donations and election of Board officers.

e. Broadband Committee Report

Mr. Coriz said the committee met on October 25, 2023, and discussed available grants.

Mr. Barela, who attended the meeting, said that the state is working on the BEAD Grant award process. He stated that the state is in the process of developing how it will roll out the funding program with the BEAD grants. Currently, biweekly meetings are occurring for the Internet Service Providers (ISP's) to provide input to the state. The first iteration of the format for presentation to the Federal Government has occurred and the final iteration is due in December that will definitively identify the steps for application. He

expected awards to be announced by third quarter 2024 and awards to be funded by first quarter 2025.

Mr. Barela said the MOU with Kit Carson is signed by both parties and the next step is the contractual agreement. A rough draft has been developed with Mr. Yar's assistance and will be forwarded to Kit Carson next week.

Following the Wave 3 award grant announcement, Windstream reached out to express its new interest in working with JMEC. Working with Windstream could save time and resources for JMEC.

GM Hastings said staff was working with the Pueblos. He lauded Mr. Barela for a recent breakthrough with Santa Clara. As far as last mile, JMEC is the only not-for-profit. Windstream is conducting a survey for Okhay Owingeh on internet. A meeting is scheduled with Nambe and work continues with Pojoaque and Zia. The Jemez Net/ Pueblo determined they could not serve Zia. Conversations continue with San Ildefonso. Mr. Barela is working with the Navajo Chapter Houses within the JMEC service area. Rio Arriba County is working with Commnet, a wireless provider, and recently hired back Raymond Ortiz in the IT area. JMEC continues to work well with Jerrold Baca at REDI-Net.

Mr. Roybal expressed an interest to work with REDI-Net and the pueblos that he represented when a Santa Fe County commissioner.

Mr. Coriz said the NRECA Broadband Association has a great deal of information that will be valuable for JMEC to access.

ACTION: Mr. Coriz moved that JMEC become a member of the NRECA Broadband Association. The initial annual cost is \$6,000. Ms. Martinez seconded.

GM Hastings said the cost would increase once JMEC is in the broadband business plus a cost per member hooked up with the broadband. The association concentrates on federal legislation and lobbying on behalf of the members as well as the federal agencies that are involved in broadband. Many co-ops in the high-speed internet business have it as a division and are thus tax exempt.

Mr. Yar said the Association has a databases and access to that information will provide a huge benefit.

The Motion passed by unanimous voice vote.

GM Hastings said JMEC currently has two issues with the City of Española: 1) the necessity to development a broadband franchise agreement and 2) monitoring the congressional allocation of \$870,000 that the city received for broadband. The allocation is required to go through the USDA Reconnect template grant application. He understood from Mr. Vigil that the city may have shelved this grant.

The franchise agreement JMEC has with the City of Española only provides for the electric side. Mr. Yar said there was consensus that developing an additional agreement

on broadband would benefit both the city and Co-op. Work began in earnest but broke down when the city manager left and there has been no progress since. Ms. Trujillo Archuleta said she has made several attempts to reach the recently appointed manager, Eric Lujan, but has been unsuccessful. Mr. Yar offered to research and report back to the Board on the best way to proceed with the agreement.

President Trujillo expressed confidence in staff's ability to work through these issues and lauded Mr. Barela for his successes.

10. NEW BUSINES

Karen Wisdom, Senior Manager of Contract Administration, Compliance and Special Projects, said JMEC has been seeking FEMA reimbursement for the Cerro Pelado Fire for a long period without success. John Moon from the Department of Homeland Security and Emergency Management (DHSEM) has met with her and they are working together to better define the issues with the claim. Mr. Moon then met with the state's FEMA team, which resulted in a letter to GM Hastings from DHSEM Deputy Secretary Ali Rye. There were disagreements with the removal of the felled hazard trees in the Santa Fe National Forest after the fire set by the Forest Service. The misunderstanding has been resolved and DHSEM has acknowledged the situation and is pursuing an amendment to the operating project with FEMA to correct the wording to reflect the actual events.

With this understanding, DHSEM will disburse obligated project fund in the value of \$492,197.13 and will further allow for the flow of funding under additional disbursements as projects are obligated to support recovery of the project.

Ms. Wisdom said that FEMA denied the second claim in the amount of \$2.7 million. Mr. Moon has reviewed those related documents and is assisting JMEC to receive the funds. Speaking to the Board, Mr. Moon said FEMA's determination memo had found the request ineligible because the proper documentation was not provided; however, having met with Ms. Wisdom he is confident that was not the case. A meeting at the regional office in Texas occurred and an agreement reached to reopen that project. He said there may be an avenue to obtain the \$2.7 million and additional funds to mitigate future disasters. Regarding a timeframe for receiving the funds, Mr. Moon said it could take up to two months.

Ms. Wisdom identified the \$2.7 million as JMEC's infrastructure loss. JMEC's cost from the Cerro Pelado Fire were \$3.4 million and there is a 25:75 split with FEMA.

President Trujillo thanked Ms. Wisdom for staying on top of this and Mr. Moon for his support.

11. ADJOURN

Prior to adjourning, GM Hastings updated the Board on the lineman's injury stating with relief that it appeared the young apprentice would recover from his electrical contact injuries.

Having completed the Agenda and with no further business to come before the Board, President Trujillo adjourned this meeting at 1:58 p.m.

APPROVED:



President, Dennis Trujillo



Secretary, Marcie Martinez

