

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

**Friday, April 27, 2018**

**CUBA, NEW MEXICO**

1. This regular meeting of the Jemez Mountains Electric Cooperative, Inc. Board of Trustees was called to order by Chairman Nick Naranjo at 9:00 A.M. on the above-mentioned date, at JMEC Cuba Station, 71 NM-126, Cuba, New Mexico.

2. & 3. Following the Pledge of Allegiance, Charlie Trujillo, Secretary, called roll and confirmed the presence of a quorum as follows:

**PRESENT:**

Nick Naranjo, Chair  
Leo Marquez, Vice Chair  
Charlie Trujillo, Secretary  
Johnny Jaramillo, Treasurer  
Lucas J. Cordova, Trustee  
Bruce Duran, Trustee [10:00 departure]  
Dolores McCoy, Trustee  
David D. Salazar, Trustee  
Victor Salazar, Trustee  
John Tapia, Trustee at Large  
Dennis Trujillo, Trustee

**ABSENT:**

None

**JMEC STAFF PRESENT:**

Donna Montoya-Trujillo, General Manager/Chief Financial Officer  
Laura Rendon, Executive Assistant  
Eli Gallegos, Facilities Manager  
Carmen Campbell, Regulations and Tribal Liaison  
Adam Roybal, Engineering Manager  
Nathan Duran, District Manager  
Lenny Ortiz, Vegetation Management Coordinator  
Randy Vigil, Operations Department

**OTHERS PRESENT:**

Chuck Garcia, JMEC Contract Counsel  
Amanda Martinez, *Rio Grande Sun*  
Martha Trujillo, District 6  
Heather Nordquist, District 6  
Judy Bell, District 6  
David Neal, District 6  
Beverly Duran-Cash, District 6  
Marcie Martinez, District 6  
Gilbert Romero, District 6  
Tracy Lopez, Member  
Val McCoy, Member  
Elmer Morales, District 2  
Antonia Chavez, Member  
Andy Spillum, Eide Bailly, Auditor  
Eileen Duran, Member  
Nanette Duran, Member  
Phil Aragon, Member

**4. APPROVAL OF AGENDA**

Items 7.a, approval of the 2017 audited financial statements, and 11, new business, were moved to the top of the agenda.

**ACTION:** Mr. Duran moved approval of the agenda as amended. Mr. Marquez seconded and the motion passed by unanimous [11-0] voice vote.

**PRESENTATION: 2017 Audited Financial Statements**

Mr. D. Salazar said he was dismayed that the Board was receiving the audit the morning they are expected to take action on it. Manager Montoya-Trujillo said typically the Board would receive the audit in advance but this year there were extenuating circumstances. She introduced Eide Bailly auditor Andy Spillum.

Mr. Spillum thanked the Board for the opportunity to conduct JMEC's audit noting this was their first year to do so. The first-time audit is challenging and tends to take longer; however, it went extremely well. He reviewed the required communications and highlights within the financial statements. Mr. Spillum said he served as the audit partner with a team of Eide Bailly staff who were able to work remotely and paperless on this audit. He reviewed the three components of the audit noting that the statements are audited in accordance with generally accepted accounting principles and standards. The independent auditor's report follows certain standards that include governmental auditing.

Mr. Spillum said Eide Bailly offered an unmodified or clean opinion which is the highest level. He noted an issue with the capitalization of special equipment reflects a prior period adjustment.

The audit goes back a period of two years to provide comparative financial statements.

In the audit process, a material weakness was identified for a prior period adjustment. Mr. Spillum said they recognize it was a policy on how items were booked and that practice has been addressed. The audit process identifies JMEC's major categories and conducts a "walk-through" procedure of each category.

Mr. Spillum repeated that JMEC's internal controls were satisfactory and if there had been concerns they would have alerted the Board.

Mr. Marquez noted that the Audit Committee is working with staff to test internal controls. Mr. D. Trujillo said he appreciated the committee's work and would like to see a more thorough external audit.

Mr. D. Salazar asked about whether there was a cash count and Manager Montoya-Trujillo said she conducts an unannounced cash test count quarterly. The amount of money held onsite is immaterial from an audit perspective.

Mr. Stillum said there were no significant changes on the asset side of the balance sheet. Liability-wise the biggest thing is the deferred credit which relates to how the labor costs were capitalized which was expensing labor that should be have been capitalized.

As the chairman of the Audit Committee, Mr. Marquez thanked Mr. Stillum and his staff for their service to JMEC.

Mr. D. Trujillo said the audited financial statement language that referred to easement "trespass" was inaccurate and noted that these easements are in negotiations.

JMEC Counsel Chuck Garcia said the co-op has been in negotiations for multiple years with multiple pueblos. Some of the easements have been resolved, i.e., Jicarilla Nation easements. He agreed with Mr. D. Trujillo and said care should be taken in how these easements are referenced. Mr. Tapia suggested "expired" easements may suffice. One that same page, the description of Rate Rider 2 is incorrect.

## **5. RECOGNITION OF GUESTS & STAFF**

Manager Montoya-Trujillo invited staff and guests to introduce themselves.

## **6. BUSINESS WITH MEMBER GUESTS**

Ms. Tracy Lopez advised the Board of a member initiative that is being called Ya Basta! The group requests that the JMEC bylaws be. The recommended

changes would, according to Ms. Lopez, address greater transparency and accountability [*Exhibit 1*]. The following changes were recommended:

- Include Board Policy No. 136 and the New Mexico IPRA
- Change the member-at-large to an elected trustee of District 6
- Require all JMEC BOT meetings (subcommittees included) to follow the New Mexico Open Meetings Act
- Add a BOT term limit of two consecutive four-year terms. A member may not be appointed to the BOT to fill an unexpected vacancy and must wait two terms (8 years) before running again
- Do not hold election for an unopposed seat
- Allow for mail-in ballots in accordance with state law
- Establish a limit on the stipend amount a trustee can be rendered

Ms. Lopez requested the Board's support in amending the bylaws.

Ms. Beverly Duran-Cash, president of New Mexico Protects, thanked Manager Montoya-Trujillo for attending a recent meeting. She hoped in the future Manager Montoya-Trujillo would be authorized to answer co-op related questions. As members of the co-op, she said they were present to help members with their rights. She recognized the board members as representatives of the owners/members. She invited the board members to attend their meetings.

Ms. Martha Trujillo said she hoped that the Board would give serious consideration to the recommended bylaw changes and put membership money back into the community.

Chair Naranjo pointed out that JMEC gives local vendors an advantage in contract awards.

Ms. Marci Martinez said it was important that the trustees are fiscally responsible with the owners' funds.

Mr. Marquez pointed out that the auditor's report demonstrated that they are serving the membership in a responsible and fiscally sound manner. Mr. Duran noted that former general manager Joseph Sanchez should be given credit for the favorable audit.

Ms. Heather Nordquist said the bylaw recommendations are long overdue and were not introduced to offend the trustees. The next Ya Basta! meeting is tentatively scheduled for May 9<sup>th</sup> at the Nambe Community Center at 6 p.m. and she invited the trustees to attend. The group's website is [YaBasta2018.com](http://YaBasta2018.com).

Mr. Dave Neal said he was present to publicly thank Manager Montoya-Trujillo who has been exceedingly helpful in providing information that he will be passing along to the membership.

Manager Montoya-Trujillo said it concerned here that at the Ya Basta! meeting the word “corruption” was bantered about.

Ms. Martinez mentioned that the member/owners traveled a great distance to attend today’s meeting and arbitrarily limiting their comments to three minutes was disrespectful.

Speaking as a Board member, Mr. Duran said he was concerned that an executive session was not included on today’s agenda. He said four of the eleven Board members have not been properly informed of the executive’s actions. He mentioned having been contacted by a large tribe that voiced concern about the Board’s dealings with Kit Carson.

[The Board recessed from 10:00 to 10:15. Mr. Duran was not present for the remainder of the meeting]

Speaking to the public, Mr. Marquez offered his private number, 505 699-6138, adding that he was serving on the Board to represent his constituents and the membership.

## **7. ACTION ITEMS**

### **A. Approval of 2017 Audited Financial Statements**

Manager Montoya-Trujillo said RUS requires the filing of an audited Form 7 and an approved audited financial statement.

Mr. D. Trujillo requested that staff work with legal counsel to determine the correct language regarding the easements under negotiations and the correction to Rate Rider 2.

**ACTION:** Mr. D. Trujillo moved to approve the 2017 Audited Financial Statements as presented by Eide Bailly with the amendments mentioned and Mr. Marquez seconded. The motion passed by unanimous [10-0] voice vote.

### **B. Approval of March 2018 Board minutes**

**ACTION:** Mr. Cordova moved to approve as published. Mr. C. Trujillo seconded and the motion passed by unanimous [10-0] voice vote.

Manager Montoya-Trujillo said once the minutes are signed by the secretary and chairman, they will be posted on the JMEC website.

### **C. March 2018 Membership List**

Manager Montoya-Trujillo said the information was included in the Board packet as well as on the Diligent software.

Mr. D. Salazar asked whether new members were reluctant to provide social security numbers. Manager Montoya-Trujillo said she was unaware of any issues and added that JMEC has confidential procedures in place. She did note that if a member is late with payment the \$5 membership fee is used to offset the delinquent amount. Staff is currently updating membership information.

There are approximately 31,000 consumers of which 24,000 are members.

**ACTION:** Mr. D. Trujillo moved to approve the membership list. Ms. Jaramillo seconded and the motion passed by unanimous [10-0] voice vote.

Mr. D. Trujillo thanked the Ya Basta! representatives for attending and for the bylaw suggestions. He said it was important that the Board follow up on their requests. He mentioned the difficulty of changing bylaws at annual meetings and suggested reviewing the situation to find an appropriate venue in which to make the changes. Mr. Marquez agreed.

Mr. Tapia pointed out that the Board welcomes public input and advised the manager that she may represent JMEC at outside meetings. Chair Naranjo concurred. Manager Montoya-Trujillo added that staff strives for transparency.

## **8. GENERAL MANAGER'S UPDATE**

### **a. Safety Topic**

#### **i. Sierra Los Pinos Outage**

Thursday, April 19<sup>th</sup> a strong wind storm - wind gusts of 65 mph - caused outages on the east and west side. Nathan Duran stated that approximately 300 customers were affected.

Adam Roybal said JMEC has an outage app that can be downloaded and used by consumers for up-to-date outage information. The app updates every five minutes and along with outage location, crew dispatch an estimated time to restoration is provided. He recommended that customers download the app onto their cell phones.

Mr. Tapia said it is important to document why the outage occurred and mitigation strategies to prevent that in the future.

Mr. Duran said the coordination study and new protective devices were instrumental in JMEC's fast response. In Los Pinos there were eight poles down and one further south by the area substation. The coordination study assisted in implementing quick corrective protective action. A tornado-type event occurred which took down trees in a forested area outside of the JMEC right-of-way.

The outage occurred at 8 p.m. Thursday and it was determined to be too much to address at that time. A 32-man crew started early Friday and the Forest Service sent out crews to clear roads to reach the consumers. Sandoval County

provided a grader that was used to push brush out of the roadway. Lenny Ortiz's crew cut brush. Once the road and brush were cleared the outage was addressed. The crew was out from 6 a.m. through 9 p.m. The main feed line was up and the majority of the customers back on line. Saturday morning the crew started back up at 8 a.m. and all power was restored by 2 p.m. that day.

Mr. Duran said it was the biggest event he has seen in his 20 years with the co-op. He commended the crews, JMEC, county and Forest Service, stating they worked well together.

Mr. Ortiz said tree trimming efforts continue in the Jemez Springs area. A contractor crew is currently cutting from the Girl Scouts down to the Gilman Tunnel. The JMEC crew is cutting in the Cuba area. Forest Service approval is required to continue to come down 126 from Deer Lake to Cuba.

The Board commended staff for their excellent attention to the outage. Mr. D. Trujillo stated that he did not receive any complaints even though many people were out of service for days.

Manager Montoya-Trujillo described the automated outage management system which tracks the calls during an outage. JMEC has initiated a campaign to encourage customers to update their phone information and to use the outage hotline. The automated system can respond to many calls and update the system at the same time. Mr. Roybal said the system is interactive voice response (IVR) and is a technology that allows a computer to interact with humans through the use of voice and automatically locates the customer on the service map allowing for efficient crew routing. The IVR will advise the customer of restoration information, etc. and Mr. Roybal said via IVR all of the customers were phoned and advised of progress.

Manager Montoya-Trujillo lauded JMEC staff for their tremendous efforts during the outage.

In response to Martha Trujillo, Mr. Roybal said IVR can track three phone line options per customer and will leave a message for whichever line picks up. He emphasized that the system is only as good as the information within JMEC's billing system. RUS uses a SAIDI (System Average Interruption Duration Index) number to measure the average outage duration for each customer served. The SAIDI is also used to track how well the IVR system is working.

Ms. Nordquist pointed out that without electricity land lines are useless and the cell reception can be very iffy in the Pojoaque Valley. Mr. Roybal said there is a text capability and staff is working on it.

#### **b. Employee Awards**

Manager Montoya-Trujillo announced Erlinda Baca, Española accounts payable as JMEC employee of the month. Ms. Baca is a highly valued employee.

April is National Lineman Appreciation Month and JMEC held two luncheons in their honor.

Regarding the Highway 4 project, Manager Montoya-Trujillo said the materials have been delivered and DOT has responded to the safety traffic plan. In Cuartelez a transmission line pole is being changed out and it will be used as a training opportunity.

Mr. D. Trujillo express concert regarding line crew burnout. Mr. Duran said there is a required response time which makes it challenging to retain journeymen in the Cuba and Jemez districts. He said JMEC has been working with apprentices and he is hopeful this can expand the crew. He was cognizant of the burnout problem and staff has implemented a call rotation to address the issue.

#### **A. Business Services & Financials**

##### **1. March 2018 Financials**

Manager Montoya-Trujillo reviewed the month ratios for the TIER (times interest earned ratio) and OTIER (operating). She said both ratios are in good shape. She reviewed the consumer statistics for March highlighting the average KWH usage for the month for residential, small commercial, large commercial, public authority and lighting. Kinder Morgan, large commercial, has shown a significant decrease which corresponds to one of their Torreon station being down.

Connects and disconnects were listed by district with a net 21 connects for the month. Revenue per KWH sold remains steady at 13 cents; revenue generated per mile was \$1,034.57, purchased power as a percent of revenue was 59 percent, down slightly from last year at 61 percent; operating expense as a percent of revenue was 28 percent and margin as a percent of revenue was 3 percent. This was related to a timing issue in billing.

For March, JMEC purchased 34,243,596 KWH and sold 30,351,701, again corresponding to the timing difference with billing. Manager Montoya-Trujillo reviewed the statistics that relate to power stats, the plant, debt and other financials. The debt stats remained constant from March 2107.

Manager Montoya-Trujillo reviewed the actual KWH sold compared to what was budgeted with a chart going back to 2016. Trends in electric revenue were reviewed and she said staff would continue to monitor this item given the decrease in Kinder Morgan activity. She understood Kinder Morgan's decrease in capacity would continue until year end.



An audience member questioned whether JMEC employees received a cost of living adjustment and Manager Montoya-Trujillo said they did through their union negotiations. Ms. Duran-Cash noted that in 2017 the co-op spent \$160,000 on trustee stipends. In response, Mr. Marquez said previous management cost the co-op over \$30,000 in late penalties.

Manager Montoya-Trujillo said the trustee expenses are budgeted and tracked throughout the year. Further, all budgeted line items are required to be within a ratio that RUS establishes and monitors. In comparison with other similar sized co-ops, the budget for the JMEC trustees is among the lowest.

Manager Montoya-Trujillo reviewed the energy accounts receivable and the tracking of bad debt write-offs. The RUS monthly Form 7 includes an income statement and balance sheet.

Mr. D. Salazar compared a 1998 Form 7 to today's statement noting that the co-op's revenue doubled in that period. This April marks JMEC's 70<sup>th</sup> anniversary. Manager Montoya-Trujillo said staff was developing a press release announcing the 70<sup>th</sup> anniversary and Mr. D. Salazar's information would be useful to include.

## **2. Finance Committee Meeting**

Johnny Jaramillo, Chair of the Finance Committee, reported that the committee met with a quorum yesterday, Thursday, April 26<sup>th</sup> at the Hernandez office and reviewed the finance-related materials for March 2018.

### **a. General Fund Expenditures**

**ACTION:** Mr. Jaramillo moved to accept the general fund expenditures for information. Mr. C. Trujillo seconded. The motion passed [10-0] without opposition.

Ms. McCoy asked about the scholarship/foundation fund and requested that the agendas and/or minutes of the executive committee be forwarded to the Board members.

### **b. Credit Cards**

Mr. Jaramillo said the committee reviewed the Wells Fargo account charges made by the following authorized users: Ms. Rendon, the plant, Mr. Duran, and the accounting department. The total charges for the month were \$11,556.15.

**ACTION:** Mr. Jaramillo moved to accept the Wells Fargo charges of \$11,565.15 for March 2018. Mr. V. Salazar seconded.

Ms. McCoy asked about the Albuquerque Marriott charges and Manager Montoya-Trujillo said that was the line crew attending training.

The motion passed [10-0] without opposition.

**c. Attorney Expenses**

Mr. Jaramillo provided the attorney expenses as follows: Long, Komer & Associates, \$4,613.52; Cuddy and McCarthy, \$7,823.92; Wiggins, Williams & Wiggins, \$70.95; and Virtue & Najjar, \$341.04. The total attorney fees were \$12,849.43.

**ACTION:** Mr. Jaramillo moved to accept the attorney expenses. His motion was seconded by Mr. Tapia.

Responding to Mr. D. Trujillo, Manager Montoya-Trujillo said legal expenses are budgeted and tracked as an itemized line item. He suggested it would be helpful to see the costs broken out. Manager Montoya-Trujillo said some of the items are reimbursed by insurance. Mr. Jaramillo said the invoices and corresponding information is available through the general manager's office.

The motion passed without opposition with Ms. McCoy and Mr. D. Trujillo abstaining.

Mr. Neal asked whether the membership was allowed to attend the committee meetings and Chair Naranjo responded in the affirmative.

**d. Consultant Expenses**

Mr. Jaramillo reviewed the charges as follows: The Prime Group, \$200; Wilson & Company Engineers and Architects, \$767.38; and FBT Architects, \$49,080.63. He noted that FBT is working on the new Española headquarters.

**ACTION:** Mr. Jaramillo moved to accept the consultant expenses of \$50,048.01. His motion was seconded by Mr. Marquez and the motion passed by unanimous voice vote.

A correction was noted for page 19.

**g. RFPs, Contracts and Purchasing**

**Trouble call:** Mr. Ortiz said staff is requesting the extension of the "trouble call" contract with Affordable Tree Trimming at the same hourly rate that has been used for the past three years. The contract expired March 31, 2018 and the contract will cover all three districts on an emergency status only.

**ACTION:** Mr. Jaramillo moved to approve the trouble call contract with Affordable Tree Trimming. Mr. Marquez seconded and the motion passed without opposition.

**Trees Inc.:** Mr. Ortiz said this contract would be for time and materials. Trees Inc. works with a four-man crew and the weekly cost is \$6,445.60.

**ACTION:** Mr. Jaramillo moved to approve the contract with Trees Inc. Ms. McCoy seconded and the motion passed without opposition.

### **GPS fleet tracking:**

Manager Montoya-Trujillo said the GPS will make monitoring vehicle locations, fuel usage, interaction with the OMS (Outage Management System) and other uses possible via dispatch.

Mr. Tapia pointed out that this was presented to the Finance Committee as a sole source and the committee asked staff to provide additional documentation which was accomplished.

Eli Gallegos, Facilities Manager, said along with engineering and IT he has been reviewing different GPS providers. Following a thorough review of bids from Fleetmatics, Senslink and Verizon Connect, staff has determined that Verizon Connect will provide the best integrative capabilities. The cost is \$29,988 for 79 units.

Mr. D. Trujillo asked whether the units can be transferred between vehicles as the fleet is updated. Mr. Gallegos said it will require adaption can and will be done.

**ACTION:** Mr. Jaramillo moved to approve Verizon Connect system for \$29,988. Ms. McCoy seconded and the motion passed by unanimous voice vote.

### **e. Trustee Vouchers**

Mr. Jaramillo said the March vouchers were vetted by management and reviewed by the Finance Committee.

**ACTION:** Mr. Jaramillo moved to approve the trustees' vouchers as presented to the Finance Committee for March 2018. His motion was seconded by Mr. C. Trujillo.

For clarification, Mr. D. Salazar said the motion is for information not approval.

The motion to approve as informational passed with Ms. McCoy abstaining.

**f. March 2018 Bank Account Summary**

This item was covered during the Finance Committee's meeting.

**h. Requests for Donation**

**Embudo Valley Neighborhood Watch Program**

**ACTION:** Mr. Jaramillo moved to approve a \$200 donation. Mr. Marquez seconded and the motion passed without opposition.

Ms. McCoy remarked that Cuba sent in a request for donation some months back and she asked what was going on with that request. Executive Assistant Rendon said an incomplete application was submitted. Once the application is complete, it will be submitted to the Finance Committee for recommendation to the Board.

**Española Valley Little League**

Ms. Rendon said three separate requests from league teams were received. It was determined that sending one check to the league was the appropriate manner in which to proceed.

**ACTION:** Mr. Jaramillo moved to approve a \$200 donation. Mr. Tapia seconded and the motion passed without opposition.

That concluded the Finance Committee business.

**5. NEW BUSINESS**

**COMMITTEE REPORTS**

**a. Audit Committee**

Manager Montoya-Trujillo thanked the committee for their support and efforts in completing the audit.

**b. Headquarters Committee**

Manager Montoya-Trujillo said the committee reviewed design proposals and options

**e. Personnel Committee**

Manager Montoya-Trujillo said this committee met and discussed a redesign of the organizational chart, line crews and contract negotiations.

**f. Energy Committee**

Mr. Tapia reported the Committee continues to work with Rio Arriba County and the Pojoaque School to determine the cost benefit analysis. Regarding the Tri-State contract which contains a 5 percent solar allocation, JMEC has not capitalized on any solar credit because not enough is generated. The partnerships with Pojoaque and/or Rio Arriba will change that. JMEC will be monitoring any changes Tri-State may propose regarding credits.

Regarding a potential solar array in Cuba, Manager Montoya-Trujillo said staff was investigating the purchase of 23 acres adjacent to the Cuba headquarters. Use would include storage, mitigation of a drainage problem and solar.

**g. School Committee**

Mr. D. Salazar the Spanish and English spelling bees occurred last month. Ms. Rendon said the winners will be listed on the website.

**h. Other Committee Business**

Mr. Marquez said he along with Mr. Tapia and Mr. C. Trujillo, began working on a partnership with REDI-net to provide broadband to the members. The issue came up when Mr. C. Trujillo was contacted by Chimayo schools. Consideration was given to go up SR 76 and looping around through Nambe. It requires cooperation with REDI-net and Kit Carson who serves as one of the providers. If successful, broadband will be provided to 6,000 customers.

Mr. Tapia said REDI-net was responsible for building the “freeway for internet” and uses JMEC pole attachments. JMEC was able to coordinate a meeting with REDI-net and the schools to develop an agreement that will take a few years to build out.

Mr. D. Trujillo said it is important that the Board member works together. In this instance, it is especially important that the affected district Board member(s) are part of the discussions or at least informed of negotiations.

Ms. McCoy asked that management explore more effective communication with all Board members.

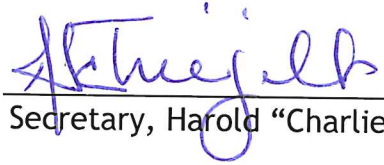
**i. Tri-State**

Mr. Cordova said Tri -State held their annual meeting in April. Xcel Energy was considering an RTO - Regional Transmission Organization - with Rocky Mountain West, however Xcel chose to withdraw. He was unsure how that may impact Tri-State in the future.

**6. ADJOURNMENT**

Prior to adjourning, Mr. Martinez asked the Board to consider greater transparency and posting Board-related documents on line. She also requested that the Board consider Mr. D. Trujillo’s recommendation to work with the membership on the bylaws.

Ms. Chair Naranjo declared this meeting adjourned at approximately 12:10 a.m.

  
Secretary, Harold "Charlie" Trujillo

APPROVED:

  
Chairman, Nick Naranjo

