

MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES MEETING
Friday, May 25, 2018
HERNANDEZ, 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 Headquarters, 9365 S.R. 84/285, Hernandez, NM.

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
Dolores McCoy, Trustee
David D. Salazar, Trustee
John Tapia, Trustee at Large

ABSENT:

Dennis Trujillo, Trustee
Victor Salazar, Trustee

JMEC STAFF PRESENT:

Donna Montoya-Trujillo, General Manager/Chief Financial Officer
Laura Rendon, Executive Assistant
Karen Wisdom, Contract Administrator and Compliance Officer
Andrew Chavez, IT Systems Manager
Eli Gallegos, Facilities Manager
Theresa Chavez, Interim Account Manager
Carmen Campbell, Regulations and Tribal Liaison
Adam Roybal, Engineering Manager
Eva De Aguero, Billing Manager
Lenny Ortiz, Vegetation Coordinator/Manager
Randy Vigil, Operations Department
David Viera, Collections
Matt Esquibel, IT
Dwight Herrera, Personnel Director
Christina Vigil, Engineering
Timothy Pérez, GIS

OTHERS PRESENT:

Chuck Wright, Co-op member

C.M. Sperburg-McQueen, Co-op member

Rob Stout, Co-op member

Amanda Martinez, *Rio Grande Sun*

Christopher Madrid, Director, Rio Arriba County Economic Development

4. APPROVAL OF AGENDA

ACTION: Mr. C. Trujillo moved approval of the agenda. Mr. Jaramillo seconded and the motion passed by unanimous [9-0] voice vote.

5. RECOGNITION OF GUESTS & STAFF

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

6. BUSINESS WITH MEMBER GUESTS

There was no one wishing to address the Board.

7. ACTION ITEMS

A. Approval of April 27, 2018 Board minutes

Ms. McCoy noted a few names were left off “others present.” [Those names were provided and incorporated into the minutes.]

ACTION: Mr. Marquez moved approval as amended. Mr. C. Trujillo seconded and the motion passed by unanimous [9-0] voice vote.

B. April 2018 Membership List

Manager Montoya-Trujillo said the April information was included in the Board packet as well as on the Diligent software. There were 108 new members.

ACTION: Mr. Jaramillo moved to approve the membership list. Mr. Cordova seconded and the motion passed by unanimous [9-0] voice vote.

8. GENERAL MANAGER’S UPDATE

A. Safety Topic

1. Española Outage

Ms. Montoya-Trujillo said there was a weather-related outage on Monday, May 21st in the late afternoon. San Pedro, Fairview, Santa Cruz, Chimayo, Alcalde, Cuarteles, Truchas, Cordova and Cundiyo were all affected. At one point there were 6,800 customers affected by the outage. Crews were called in; they worked through the night and by 6 p.m. the next day all power was restored. She commended the crew for their efforts.

Mr. Duran requested that the Board members immediately be advised of outages to assist them in addressing customer calls. Ms. Montoya-Trujillo appreciated his comment and said that staff was involved in system verifications during the early stages of the outage. She said staff will improve Board communications in the future. Mr. Marquez said the outage app is a very useful tool and he recommended all the Board members install it on their phones.

During the outage, Ms. Montoya-Trujillo said she and Adam Roybal worked in dispatch to direct the crews. She discussed the importance of customers using the outage line which can manage a large number of calls at once and identify the caller/account on the outage map. Staff is updating customer accounts to ensure accurate information as well as encouraging customers to phone in and report outages. JMEC will use their radio spot to promote the automated outage app.

Chair Naranjo thanked staff for their diligence in this effort.

In response to Mr. Duran's concern regarding replacing meters with dated technology, Ms. Montoya-Trujillo said the four-year work plan addresses meter improvements. Mr. Roybal said the Advanced Metering Infrastructure (AMI) is very expensive and staff is investigating its integration with existing resources and the feasibility of it.

Mr. Duran expressed concern about what he perceived as a lack of transparency regarding PRC filings. Ms. Montoya-Trujillo said JMEC is required to annually report to the PRC regarding rate rider reconciliation. She said she followed the process that has been in place and understood the requirement as a simple filing. Rate rider announcements were included in customer billings pursuant to PRC requirements. Ms. Campbell said this was accomplished in the same manner as done in the past.

Mr. Duran emphasized that a lack of communications thwarts transparency and it was his understanding that public notice was required.

B. Employee Awards

i. Anniversaries

Christine Vigil was recognized for 20 years of service to the co-op. She received a round of applause and a certificate of recognition.

ii. Employee of the Month

David Viera, collections office, was recognized for his professional interaction with JMEC's consumers. He received a round of applause and a certificate.

iii. New Employees

Mr. Roybal introduced his new staff stating they were enthusiastic and ready to work. The new GIS administration, Timothy Pérez, was also introduced.

Andrew Chavez introduced Matthew Esquibel who had been with dispatch and is now working in the Personnel Department.

Mr. D. Salazar commended Ms. Montoya-Trujillo for including the introduction of new employees.

[The Board recessed for 5 minutes]

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 noted that the year to date ratios are both strong and in compliance with RUS. She reviewed the consumer statistics for April highlighting the number of consumers, average KWH usage for the month for residential, small commercial, large commercial, public authority and lighting. Kinder Morgan continues to be down in usage.

Connects and disconnects were listed by district with a 160 connects for the month and a net connect of 28. Revenue per KWH sold remains steady at 13 cents; revenue generated per mile was \$968.72, purchased power as a percent of revenue was 57 percent; operating expense as a percent of revenue was 28 percent and margin as a percent of revenue was 1 percent.

For April, JMEC purchased 29,707,262 KWH and sold 30,045,921. Manager Montoya-Trujillo reviewed the statistics that relate to power stats, line loss, the plant, and debt identified as 75 percent held by RUS and 25 percent held at Co-Bank and CFC. She noted that JMEC's typical line loss is 7 percent. She reviewed comparisons of KWH sold.

Manager Montoya-Trujillo reviewed the actual KWH sold compared to what was budgeted with a chart going back to 2016. Overall JMEC is trending higher than in the past and higher than the budgeted amount. Electric revenue is trending under projections which are attributed to timing and Kinder Morgan activities. She added that a meeting has been scheduled with Kinder Morgan to discuss the closed substation.

DIRECTIVE: Staff to provide the Board the JMEC's loan schedule and maturity dates

Mr. D. Salazar observed that JMEC's long-term debt of \$50 million is low compared to that of Kit Carson's long-term debt of \$80 million with a much smaller consumer base.

2. Finance Committee Meeting

Johnny Jaramillo, Chair of the Finance Committee, reported that the committee met with a quorum yesterday, Thursday, May 24th at the Hernandez office and reviewed the finance-related materials for April 2018.

a. General Fund Expenditures

ACTION: Mr. Jaramillo moved to accept the general fund expenditures for information. Mr. C. Trujillo seconded. The motion passed without opposition. Ms. McCoy abstained.

b. Credit Cards

Mr. Jaramillo said the committee reviewed the Wells Fargo account charges made by the following authorized users: Ms. Rendon, for administrative purposes; the plant that Mr. Gallegos holds; Mr. Duran has one for the westside and Erlinda Baca uses one in the accounting department. The total charges for the month were \$9,537.16.

ACTION: Mr. Jaramillo moved to accept the Wells Fargo charges of \$9,537.16 for April 2018. Mr. Marquez seconded.

Under discussion, Ms. Montoya-Trujillo said there were hotel charges for training and restaurant charges for lineman appreciation day. During the outage in Ponderosa, food was ordered. There were no alcohol purchases and all charges were authorized by the GM.

The motion passed without opposition.

c. Attorney Expenses

Mr. Jaramillo provided the attorney expenses as follows: Long, Komer & Associates, \$4,468.49, and Cuddy and McCarthy, \$9,231.15. The total attorney fees were \$13,698.64.

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

Mr. Duran asked about litigation and Manager Montoya-Trujillo said there was litigation regarding a former co-op employee and other charges related to loan and mortgage filings with the counties. Attorney bills were circulated for the Board's perusal.

The motion passed without opposition.

d. Consultant Expenses

Mr. Jaramillo reviewed the charges as follows: Eide Bailly, \$28,000; FBT Architects, \$40,890.42; and Axiom CPAs, \$5,562.59.

ACTION: Mr. Jaramillo moved to accept the consultant expenses of \$74,453.10. His motion was seconded by Mr. Cordova and passed by unanimous voice vote.

e. Trustee Vouchers

Mr. Jaramillo said the April vouchers were vetted by management and reviewed by the Finance Committee. He noted the information was provided to the Board members.

ACTION: Mr. Jaramillo moved to approve the trustees' vouchers as presented to the Finance Committee for April 2018. His motion was seconded by Mr. Marquez.

Noting there were a number of meetings the Trustees attended, Ms. McCoy requested information regarding the agenda, who was in attendance, etc. Chair requested the GM provide written information regarding the meetings.

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

g. RFPs, Contracts and Purchasing

1. Increase in the U.S. Electrical Contract

Ms. Montoya-Trujillo said this item was tabled at the Finance Committee meeting pending additional information and an estimate. Karen Wisdom, Contract Administrator and Compliance Officer, said she would be communicating with the contractor on this issue.

f. April 2018 Bank Account Summary

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

h. Requests for Donation

Española Summer Basketball Program

Ms. Montoya-Trujillo said for consistency, the Finance Committee determined donating to the program rather than to a particular team was best practice.

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

That concluded the Finance Committee business.

9. NEW BUSINESS

Mr. Duran asked whether Ms. Montoya-Trujillo was seeking to fill her vacated position as JMEC CFO. Ms. Montoya-Trujillo said staff was working well together and she was serving as CFO. At this point, she was not recommending filling that position; in fact, she was working with personnel to improve staff compensation.

[Mr. Duran excused himself from the meeting.]

10. COMMITTEE REPORTS

a. Energy Committee

Mr. Tapia reported the Committee continues to work on potential commercial opportunities with Rio Arriba County and the Pojoaque Schools. Staff is working on JMEC's ability to buy power back from them. The Tri-State contract and structure of credit impedes JMEC's ability to benefit from solar. Tri-State Policy 115 creates a financing problem. He recommended dedicating a portion of a future agenda to the financing of this program. The Committee has asked staff to work on a five-year plan with KPIs (Key Performance Indicators) as a measurable value with customer numbers that demonstrate how effectively the program can work. He said it was important the solar program align with JMEC's policies and Tri-State requirements.

Mr. Cordova said the Tri-State Board will be discussing Policy 115 at its June meeting.

DIRECTIVE: Staff was asked to post Tri-State Policy 115 on the JMEC website

Mr. Tapia said the policy impedes on JMEC's ability to seek commercial opportunities.

Rio Arriba County Economic Development Director Christopher Madrid thanked JMEC for the opportunity to develop solar. The county is working on design for various scenarios.

b. Audit Committee

Mr. Marquez said the committee met and discussed the work order matrix. Manager Montoya-Trujillo said the matrix is being rebuilt with additional metrics for each step of the process through to closure. Staff is meeting weekly to ensure efficiency in the process.

Eva De Agüero, Billing Manager, stated staff has been addressing meter tampering and associated safety issues.

Mr. Marquez said he reviewed the document that Mr. Duran distributed at the JMEC meeting held in Cuba. The document referred to Kit Carson and their problems. Mr. Marquez said the Audit Committee is working to do JMEC's due diligence and has identified the authority to approve contracts, validation of contract work and contract dollar amounts.

11. EXECUTIVE SESSION

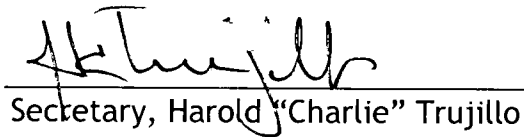
No business was introduced for executive session at this time.

12. ADJOURNMENT

Chair Naranjo declared this meeting adjourned at approximately 10:30 a.m.

APPROVE


Chairman, Nick Naranjo


Secretary, Harold "Charlie" Trujillo