

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

BOARD OF TRUSTEES MEETING

Friday, October 26, 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
Victor Salazar, Trustee
John Tapia, Trustee at Large
Dennis Trujillo, Trustee

ABSENT:

David D. Salazar, Trustee

JMEC STAFF PRESENT:

Donna Montoya-Trujillo, General Manager/Chief Financial Officer
Karen Wisdom, Contract Administrator and Compliance Officer
Eli Gallegos, Purchasing
Laura Rendon, Executive Assistant
Teresa Chavez, Account Manager
Andrew Chavez, Director, IT
Nathan Duran, District Manager
Kavin Sorrow, Meter Reader Supervisor - Cuba
Gilbert Montoya, Engineering - Jemez
Matt Esquibel, IT

OTHERS PRESENT:

Chuck Garcia, Legal Counsel
Amanda Martinez, *Rio Grande Sun*
Chuck Wright, Dixon
Joel Bladow, Tri-State
Rhonda Mitchell, Tri-State
Matthew Haag, Tri-State

4. APPROVAL OF AGENDA

ACTION: Mr. Tapia moved to approve the agenda as published. Mr. Cordova seconded and the motion passed by unanimous [9-0] voice vote. [Mr. Duran was not present for this action.]

5. RECOGNITION OF GUESTS & STAFF

Those present introduced themselves.

6. BUSINESS WITH GUEST(S)

Chuck Wright, Dixon, addressed the Board regarding climate change and the Intergovernmental Panel on Climate Change recent report. The panel says capping global warming at 1.5 degree C above pre-industrial levels will require rapid, far-reaching and unprecedented changes in all aspects of society. At current levels of greenhouse gas emissions, the planet could pass the 1.5 degree C marker as early as 2030.

Earth's average surface temperature has gone up 1 deg C - enough to unleash a surge of deadly extreme weather - and is on track to rise another two or three degrees unless there is a sharp and sustained reduction in carbon pollution. New Mexico is warming at twice the global rate. According to the IPCC report, limiting the warming to 1.5 degree C is possible by reducing the worldwide carbon emissions by 45 percent by 2030. U.S. hurricanes set an all time high in the Accumulated Hurricane Energy index. 2018 will be the fourth highest year in recorded history in warmth behind 2015, 16 and 17.

In regard to Mr. Wright's personal PV system, he said it produced 1,000 KWH surplus last month and powered all of his transportation by electronvolt. Last year, JMEC emitted approximately 75 million pounds of CO₂. He said his PV system produces about 1,000 KWH, reduces Tri-State's emission by 2200 pounds of CO₂ and receives from JMEC about 3 cents per KWH. Mr. Wright urged the Board to take climate change seriously.

7. ACTION ITEMS

A. Approval of September 28, 2018 Board minutes

ACTION: Mr. Cordova moved approval as published. Mr. Marquez seconded and the motion passed by unanimous [10-0] voice vote.

B. Approval of August 2018 Membership List

Ms. Montoya-Trujillo said there were 127 new members.

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

8. GENERAL MANAGER'S UPDATE

A. Employee Recognition

Ms. Montoya-Trujillo introduced Gilbert Montoya and Kavin Sorrow, both 20-year employees. They received an award and round of applause.

Ms. Montoya-Trujillo introduced Matt Esquibel, JMEC's Employee of the Month. Mr. Esquibel worked in dispatch prior to moving to the IT department.

Ms. Montoya-Trujillo announced that JMEC had three apprentices that made journeymen this month and Karen Wisdom received a Procurement and Management Certificate from Oregon State University. Ms. Wisdom said the students represented a diverse group and she was able to network regarding investor owned utilities, rural electric cooperatives and municipal utilities.

Ms. Montoya-Trujillo said the Co-op has hired a new engineer, Russell Groves, a PE with several years of field experience in designing substations, transmission work and load coordination. Mr. Groves will be starting in November.

B. Business Services & Finance OMS System Update Status

Ms. Montoya-Trujillo highlighted the following:

- The TIER is 2.55 and budgeted at 2.10
- The OTIER is 1.86 and budgeted at 1.56
- Year-to-date TIER is 1.83, creating a small negative budget variance
- Year-to-date OTIER is 1.58, creating a small positive
- There is an increase of 79 consumers from September 2017
- Residential average KWH usage was 483
- Small consumer average KWH usage showed an increase from last year
- Large commercial average KWH usage showed a decrease from last year.
- Public authority KWH usage was down from last year same period which was attributed to solar gains
- Lighting was down. LED lighting has significantly lower KWH usage
- Total connects in September were 265
- Total disconnects in September were 216
- Revenue per KWH sold was \$0.13
- Revenue generated per mile was \$1,002.54
- Purchased power as a percent of revenue was 60 percent
- Operating expense as a percent of revenue was 25 percent

- Margins as a percent of revenue was 6 percent
- 31,504,355 KWH were purchased from Tri-State
- 32,201,932 KWH were sold
- JMEC's own KWH use was 41,456
- There was a line loss of 739,033 which is tracking at 2 percent - the total is corrected when a 12-month period is reviewed
- Total miles of line was 4,124 with 7.53 customers per mile
- Plant investment per mile is \$28,990.11
- RUS loans as a percent of total loans was 79 percent
- Co-Bank and CFC loans make up 21 percent of the total outstanding long-term debt
- There are 109 employees up 4 from last year same time

Ms. Montoya-Trujillo the KWH sold on a comparative basis from 2016 to date. She noted the Kinder Morgan revenue was down. Staff continues to negotiate an amendment to Kinder Morgan's contract to give Kinder Morgan utilization of their stations and to protect JMEC from consumer impact.

2. Finance Committee Meeting

Johnny Jaramillo, Chair of the Finance Committee, reported that the committee met with a quorum yesterday, Thursday, October 25th at the Hernandez office and reviewed the finance-related materials for September 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. [Mr. Cordova was not present for this action.]

b. Credit Cards

Mr. Jaramillo said the committee reviewed the Wells Fargo credit card charges made by the four authorized users. The total charges for the month were \$4,345.02.

ACTION: Mr. Jaramillo moved to accept the Wells Fargo charges of \$4,345.02. Mr. V. Salazar seconded and the motion passed by unanimous [9-0] voice vote. [Mr. Cordova was not present for this action.]

c. Attorney Expenses

Mr. Jaramillo said JMEC received one invoice from Cuddy & McCarthy for \$3,143.37.

ACTION: Mr. Jaramillo moved to accept the attorney expenses. His motion was seconded by Mr. Marquez and the motion passed by unanimous [9-0] voice vote. [Mr. Cordova was not present for this action.]

d. Consultant Expenses

Mr. Jaramillo provided the charges as follows:

Bolinger...Moss	\$ 400.00
Transmission & Dist.	6,330.11
FBT Architects	5,879.54
Total	\$12,609.65

He indicated that the committee reviewed the invoices and charges.

ACTION: Mr. Jaramillo moved to accept the consultant expenses of \$12,609.65. His motion was seconded by Mr. V. Salazar and passed by unanimous [9-0] voice vote. [Mr. Cordova was not present for this action.]

e. Trustee Vouchers

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

Ms. Montoya-Trujillo said the total voucher budget for the Board is \$180,000 which includes the annual meeting. She confirmed the actuals were under budget and discrepancies from last month were corrected.

ACTION: Mr. Jaramillo moved to approve the trustees' vouchers as presented to the Finance Committee for September 2018. His motion was seconded by Mr. Tapia. The motion passed by majority [8-1] vote with Ms. McCoy opposed and Mr. Cordova not present for this action.

f. September 2018 - Bank Account Summary
i. Morgan Stanley Statement Review

Mr. Jaramillo said staff reviewed the account summary and the Morgan Stanley statement.

Ms. Montoya-Trujillo reminded the Board that \$950,000 was placed in an investment account with Morgan Stanley that holds CDs with individual institutions providing the SDIC security insurance. Stanley Morgan acts as the investment manager and at this point there are no fees. The CDs with staggered maturities are earning an average of 3 percent.

g. RFPs, Contracts and Purchasing

None were presented.

h. Requests for Donation

Mr. Jaramillo said JMEC received a request from the west side Nageezi Chapter of \$500 for their annual community Christmas dinner. The committee discussed the request and recommends \$250.

ACTION: Mr. Jaramillo moved to approve a \$250 donation to the Nageezi Chapter. Mr. Marquez seconded and the motion passed by unanimous [9-0] voice vote. [Mr. Cordova was not present for this action.]

As an information item, Mr. Jaramillo said JMEC received a request from the Northern New Mexico College Foundation to purchase a table at their gala and auction on November 10th. The table was \$1,000 and the consensus of the committee was to refer the request to JMEC's Foundation Committee to instead make an education donation of \$1,000.

That concluded the Finance Committee business.

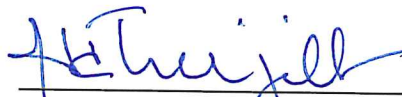
9. EXECUTIVE SESSION

- a. **Tri-State Generation and Transmission Associations, Inc. - Joel Bladow, Senior VP**

Mr. C. Trujillo made a motion to go into executive session directly following a 10 minute break. Mr. Marquez seconded and the motion passed without opposition.

10. ADJOURNMENT

Chair Naranjo declared this meeting adjourned following Executive Session.



Secretary, Harold "Charlie" Trujillo

APPROVED:



Chairman, Nick Naranjo

