

**MINUTES OF THE  
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.  
BOARD OF TRUSTEES MEETING  
Friday, July 27, 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  
Victor Salazar, Trustee  
John Tapia, Trustee at Large  
Dennis Trujillo, Trustee

**ABSENT:**

None

**JMEC STAFF PRESENT:**

Donna Montoya-Trujillo, General Manager/Chief Financial Officer  
Karen Wisdom, Contract Administrator and Compliance Officer  
Eli Gallegos, Facilities Manager  
Teresa Chavez, Account Manager  
Laura Rendon, Executive Assistant  
Eva De Aguero, Billing Manager  
Angel Martinez, Office Assistant  
Tomas Vigil, Warehouse staff  
Lenny Ortiz, Vegetation Manager

**OTHERS PRESENT:**

Molly Montgomery, *Rio Grande Sun*  
Chuck Wright, Energy Advisory Committee  
Tony Gomez, Energy Advisory Committee  
Suzy Salazar, Member

**4. APPROVAL OF AGENDA**

Mr. Marquez requested that item 9, Committee Reports, be heard after item 7, Action Items. Manager Montoya-Trujillo asked that 7. c, Approval of Minutes of the 2018 Organization Meeting, follow 7.a, Approval of June 2018 Minutes.

**ACTION:** Mr. Tapia moved to approve the agenda as amended. Mr. Marquez seconded and the motion passed by unanimous [10-0] voice vote. [Mr. Duran was not present for this vote and arrived shortly thereafter.]

**5. RECOGNITION OF GUESTS & STAFF**

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

**6. BUSINESS WITH MEMBER GUESTS**

Chuck Wright from Dixon showed a copy of the magazine issued by the Power and Engineering Society, a subgroup of the IEEE, the Institute of Electrical Engineers. The latest issue has articles from all over the world on lower carbon energy systems with the theme, "Electrify Energy."

**DIRECTIVE:** Staff to make copies for the Board.

**7. ACTION ITEMS**

**A. Approval of June 2018 Board minutes**

**ACTION:** Mr. Cordova moved approval as published. Mr. Marquez seconded and the motion passed by unanimous [11-0] voice vote.

**C. Approval of Minutes of the 2018 Organizational Meeting**

**ACTION:** Mr. Marquez moved approval and Mr. Jaramillo seconded. The motion passed by unanimous [11-0] voice vote.

**B. Approval of Minutes of June Membership List**

Manager Montoya-Trujillo referred to the June membership list. Ms. McCoy noted that there were fewer members in District 2.

**ACTION:** Mr. Marquez moved approval and Mr. V. Salazar seconded. The motion passed by unanimous [11-0] voice vote.

**9. COMMITTEE REPORTS**

**a. Audit Committee**

Manager Montoya-Trujillo said the Audit Committee met on June 18<sup>th</sup> to discuss preparation of the RFP for the new audit contract. She explained that

committee reports reflect June activities. Work orders, meter tampering report and other contracts were also reviewed.

Mr. Marquez noted there was also a meeting on July 25<sup>th</sup> when the responses to the audit RFP were opened. Contract Administrator Karen Wisdom stated the bids for the annual audit were due July 23<sup>rd</sup> and sealed bids were opened on July 25<sup>th</sup>. There was only responder, Eide Bailly, who bid \$33,000 exclusive of NMGRT.

Mr. Marquez noted this was less than last year. The Audit Committee recommends approval of the contract for a one-year extension not to exceed three years and that recommendation was forwarded to the Finance Committee.

Ms. McCoy asked where the RFP was published. Ms. Wisdom said it was on the website and was emailed to Eide Bailly, Joseph Salazar and Moss Adams.

Mr. Jaramillo said the Finance Committee reviewed Eide Bailly's response and approved it.

**ACTION:** Mr. Jaramillo moved to approve Eide Bailly. Mr. V. Salazar seconded and the motion passed by unanimous [11-0] voice vote.

#### **B. Building Committee**

Manager Montoya-Trujillo said the Building Committee met on June 16<sup>th</sup>. The architects requested a floodplain analysis on the proposed building site. The committee met again on June 20<sup>th</sup> to review the drawings and design and to follow up on the floodplain engineering report, which will be reviewed next week.

Mr. V. Salazar noted building costs are going up as much as an additional \$5 million. The cost of steel is rising and a larger water tank for fire protection is needed. Mr. Marquez recommended doing value engineering. Mr. Duran recommended additional review of the building.

Manager Montoya-Trujillo indicated there will be a special Board meeting with the architects.

Responding to a question from Mr. D. Trujillo, it was noted that it will be a design-build contract. Mr. Duran said the problem with value engineering is that it can give rise to change orders.

**DIRECTIVE:** Schedule a Board meeting for the middle of August after coordinating with the architects.

#### **C. Energy Committee**

Manager Montoya-Trujillo said the committee met on June 19<sup>th</sup> and submittals to Tri-State were discussed, concerning projects for Rio Arriba County and the Pojoaque School District. There was also an update on the Shine project, the

approval or two pole projects for Nambe Pueblo, and the Tri-State policy changes.

Mr. Cordova said the Tri-State request will be heard on August 4<sup>th</sup>.

**D. Personnel Committee**

The Personnel Committee met on June 7<sup>th</sup> to review budget-to-actuals for personnel, the organizational chart and union negotiations coming at year-end.

Mr. D. Trujillo asked about the lack of a staff engineer. Manager Montoya-Trujillo said contract engineers are providing feedback on the solar project. SGS Engineering is familiar with the projects. Anything over 300 amp service or requiring certification is being done by contract engineers and is charged item by item, for instance plans for meter cabinet replacement. Mr. D. Trujillo asked if the contractors assumed liability. Manager Montoya-Trujillo said they do in cases of certification.

Mr. Duran expressed his concern that JMEC was operating without an engineer on staff. Chair Naranjo said they were looking into it and it would be discussed in executive session. Mr. Tapia noted that the Española and Pojoaque projects were engineered and signed off on by Mr. Roybal before he left.

**8. GENERAL MANAGER'S UPDATE**

**A. Safety Topic**

Manager Montoya-Trujillo stated testing was done on trucks, mechanical jumpers, line hoses, etc. for Cuba, Jemez Springs and the Española office. Evacuation-competent person training was done in Farmington, and first aid training was conducted in Española.

**B. Employee Recognition**

**i. Employee of the Month**

Manager Montoya-Trujillo announced the Employee of the Month is Angel Martinez, a general office assistant in the Española office. She works closely with customers and assumes a variety of duties as help is needed. She received a certificate and a round of applause.

[There was a recess from 9:28 to 9:38.]

**C. Business Services and Finance**

**1. June 2018 Financial Information.**

Manager Montoya-Trujillo said the TIER ratio for June was 2.59, versus the budgeted amount of 2.10, resulting in a variance of .49. OTIER was 2.13, budget was 1.56, and variance was a positive .57. The interest on long-term debt for the month was \$196,000 and the operating margin was \$222,000.

Year-to-date ratios: by the end of the year TIER needs to be 1.25; OTIER should be 1.10. Actuals were TIER - 1.84; budget 2.03. OTIER is at 1.59 versus budget of 1.56. Interest on long-term debt YTD is approximately \$1.2 million, margin is \$986,000.

Ratios and Statistics: Number of consumers is up 44 to 31,011 YTD.

Mr. Tapia asked about the budget impact of the downturn in large commercial and Manager Montoya-Trujillo said they continue to run a positive margin.

Manager Montoya-Trujillo said consumers per employee were 279, down 13 from last year.

She reviewed the revenue statistics, noting revenue per KWH sold was 13 cents; revenue per mile is \$943.84; purchased power as percent of revenue was 69 percent; operating expense as percentage of revenue is 22 percent, a slight decrease from last year; margins as percent of revenue of 8 percent.

She reviewed the purchased power statistics for the month:

KWH purchased -	33,900,123	
KWH sold -	29,692,147	
Used by Co-op	52,962	
Line loss	4,155,014	(12 percent attributed to timing)
Average KWH costs:	.08	
Residential	.14	
Small commercial	.13	
Large commercial	.12	
Lighting	.18	
Public authority	.15	

There were 4,159 miles of line, yielding a density of 7.46 consumers per mile. Plant investment per mile was \$28,630.06; depreciation was 47 percent; inventory as percent of plant is 1.67 percent and is going back down towards 1.5 percent; O&M expense as percentage of plant is .72 percent; and idle meter services is 5.02 percent.

Manager Montoya-Trujillo stated debt statistics remain constant from the previous year. There are now 111 employees and net worth is 49 percent.

Ms. McCoy asked about the employee vacancies. Manager Montoya-Trujillo said the employee numbers will increase as they fill out the in-house tree-trimming crew. Finance and accounting is staffed appropriately and engineering requires additional staff.

Manager Montoya-Trujillo reviewed the graphs on KWH sold, where actuals were down due to Kinder Morgan. She noted this was the first year demand peaked in the summer. She said electric revenue is still a bit low. The Kinder Morgan revenue shows recovery is starting and they are watching the account

closely. There is an overall increase in accounts receivable due to timing of the billing cycle. She reviewed the ageing and debt write-offs, which she characterized as typical. 86 percent are under 30 days and a very small percentage is over 90 days.

## 2. Finance Committee Meeting

Johnny Jaramillo, Chair of the Finance Committee, reported that the committee met with all members present the previous day, Thursday, July 26<sup>th</sup> at the Hernandez office and reviewed the finance-related materials for June 2018.

### a. General Fund Expenditures

Mr. D. Trujillo asked about Check # 191613 for Affordable Tree Trimming. Lenny Ortiz, Vegetation Manager, explained that payments are not made until he inspects the work.

Mr. D. Trujillo also asked about check #191703 to the Sandoval County Treasurer. Manager Montoya-Trujillo stated that is for property tax on substation buildings and miles of line. She said all co-ops pay taxes which is a big item for county budgets, and, in fact, these taxes will be going up. The rate depends on various factors such as whether they are in or out of a school district.

**ACTION:** Mr. Jaramillo moved to accept the general fund expenditures for information. Mr. V. Salazar seconded. The motion passed by [10-1] majority vote with Ms. McCoy voting against.

### b. Credit Cards

Mr. Jaramillo said the committee reviewed the Wells Fargo credit card charges made by the following authorized users: Ms. Rendon charged \$8,409.23; the plant charged 191.39; Mr. Duran charged 518.41; Accounting charged 1,688.95. The total charges for the month were \$10,807.98.

**ACTION:** Mr. Jaramillo moved to accept the Wells Fargo charges of \$10,807.98 for June 2018. Mr. Cordova seconded.

Ms. McCoy asked about the charge from Chicago and it was speculated that was from the trip to Washington, DC.

The motion passed without opposition.

**c. Attorney Expenses**

Mr. Jaramillo provided the attorney expenses as follows: Virtue and Najjar, 401.22; and Cuddy and McCarthy, \$1,071.89. The total attorney fees were \$1,473.11. The attorney invoices were circulated for the Board's review.

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

Chairman Naranjo noted the Long Komer invoice would be coming next month.

The motion passed by unanimous [11-0] voice vote.

Mr. D. Salazar asked about the personnel charges from Cuddy and McCarthy and Manager Montoya-Trujillo said she would provide the invoices to be discussed in executive session.

**d. Consultant Expenses**

Mr. Jaramillo reviewed the charges as follows:

Wilson & Company	\$ 1,192.15	- Jemez Springs wrap-up
Marron and Associates	1,882.13	- ARC assessments/tree-trimming
SGS Engineering	3,750.50	- Review of Rio Arriba and Pojoaque Valley School District projects
Axiom CPAs	2,647.72	- Final 2018 property tax filing

Manager Montoya-Trujillo mentioned in the future tax filings will be done in-house.

**ACTION:** Mr. Jaramillo moved to accept the consultant expenses of \$9,472.50. His motion was seconded by Mr. D. Trujillo.

Ms. McCoy asked if Marron and Associates pertained to the Blanco project. Manager Montoya-Trujillo said they are doing EAs on the two WAPA projects on the Westside.

Referring to the legal charges, Mr. Duran expressed his concern over the term "miscellaneous litigation." Chairman Naranjo said that will be discussed in executive session.

The motion passed by unanimous voice vote.

**e. RFPs, Contracts and Purchasing**

Manager Montoya-Trujillo noted the audit contract was approved earlier under Committee reports.

Manager Montoya-Trujillo said this is a request to move \$200,000 back to tree-trimming contracts from the in-house apprenticeship program and issue an RFP. Mr. Ortiz stated the 2018 budget for tree-trimming was for \$1.4 million, \$400,000 of that was set aside for in-house crews. However, only one position was filled. In order to complete the Nambe circuit and reclaim the right-of-way, 27 miles of line need to go out to bid. He reminded the Board that an RFP was issued in November but only one bid was received and too high.

The problems involved in trimming in the Nambe area were discussed. Access is problematic and the contractors are aware of the difficulty in dealing with the residents' reluctance to have their trees trimmed. Some people sign waivers. Questions of liability remain in the case of outages.

**ACTION:** Mr. Jaramillo moved to approve issuing the RFP. His motion was seconded by Mr. Cordova.

Mr. Ortiz said 70 percent of the property owners allow their trees to be trimmed. Mr. D. Trujillo pointed out that they should have the authority to trim within their right-of-way. Problems arise when the property changes hands. He added the contractor vehicles are well identified but sometimes residents lock their gates making access is problematic.

The motion carried without opposition.

**DIRECTIVE:** Contract to be expedited.

**f. Trustee Vouchers**

**ACTION:** Mr. Jaramillo moved to approve the trustees' vouchers as presented to the Finance Committee for June 2018. His motion was seconded by Mr. Cordova. The motion passed by majority [10-1] voice vote with Ms. McCoy voting against.

**g. June 2018 Bank Account Summary**

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

**h. Requests for Donation**

Mr. Jaramillo said there were requests from the Sandoval County 4-H and the Rio Arriba County Fair Association. There was consensus from the Finance



Committee to approve \$1,000 for each organization. A JMEC banner will be displayed.

**ACTION:** Mr. Jaramillo moved to approve \$1,000 donations for the Sandoval County 4-H and the Rio Arriba County Fair Association. His motion was seconded by Mr. D. Trujillo and passed unanimously.

Mr. Jaramillo indicated the McCurdy Charter School is requesting money to support various school needs, such as equipment. The Finance Committee recommends a \$150 donation.

**ACTION:** Mr. Jaramillo moved to approve the donation of \$150 to McCurdy Charter School. His motion was seconded by Mr. C. Trujillo. The motion carried by unanimous voice vote.

That concluded the Finance Committee business.

**10. Board Reports**  
**a. Tri-State Report**

Mr. Cordova stated at the August Tri-State board meeting there was a discussion of last year's assessment of how to improve relations. There was also discussion of Policy 115, which allows co-ops to reduce five percent of their power. A committee of 43 members, one person from each co-op will work on this issue. It was said 80 percent of all GNTs allow no other production. Five allow 5 percent - including JMEC - and two allow 8 percent. Tri-State is currently at 31 percent renewables. A handout was distributed.

Chairman Naranjo said it appeared Tri-State exceeded the others at 31 percent. He added they produce no energy; they buy it. Mr. Cordova indicated even producers will buy when the market is cheap enough. A discussion ensued on the future of coal.

Further discussion regarding Tri-State would occur during executive session.

**11. NEW BUSINESS**

Mr. D. Salazar asked if minutes were kept of executive sessions and Manager Montoya-Trujillo said they were. Mr. D. Salazar read Policy 8 which states minutes are to be kept by legal counsel.

Mr. D. Trujillo asked that the record reflect his recommendation that a committee be formed to begin negotiations with the Pueblos of Jemez and Zia regarding rights-of-way trespass indicated in the audit. He said negotiations are better than litigation in every respect. A formal committee of JMEC should be established for the negotiations.

Chairman Naranjo said JJMEC's attorneys communicate with the pueblos consistently. Mr. Cordova suggested continuing payments at the old easement

rate. Mr. D. Trujillo said he has been contacted and he advocated sitting down with their attorneys for potential solutions.

Mr. Tapia said JMEC's tribal easement policy requires that the representative from the district needs to be involved in the talks.

## 12. EXECUTIVE SESSION


Upon motion by Mr. C. Trujillo and second by Mr. D. Trujillo, the Board recessed at 10:40 and decided to go into executive session.

## 13. ADJOURNMENT

Chair Naranjo declared this meeting adjourned following executive session.

  
Secretary, Harold "Charlie" Trujillo

APPROVED:

  
Chairman, Nick Naranjo

