

**MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES MEETING
Friday, August 30, 2019
HERNANDEZ, NEW MEXICO**

1. This regular meeting of the Jemez Mountains Electric Cooperative, Inc. Board of Trustees was called to order by Chairman Leo Marquez at 9:00 A.M. on the above-mentioned date, at JMEC Headquarters, 19365 S.R. 84/285, Hernandez, NM.

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

PRESENT:

Leo Marquez, Chair
Charlie Trujillo, Vice Chair
Nick Naranjo, Secretary
Johnny Jaramillo, Treasurer
John Tapia, Asst. Secretary/Treasurer
Lucas J. Cordova
Stanley Crawford
Dolores McCoy
George Rivera
David Salazar [9:20 arrival]
Dennis Trujillo

ABSENT:

None

JMEC STAFF PRESENT:

Andrew Chávez, Interim General Manager - Director, IT
Karen Wisdom, Contract Administrator and Compliance Officer
Laura Rendon, Executive Assistant
Teresa Chavez, Account Manager
Nathan Duran, District Manager, Westside
Russ Groves, Engineering Director
Eva DeAguero, Billing Manager
Lenny Ortiz, Vegetation Management Coordinator
Nora Tosa, Jemez Springs
Eli Gallegos, Purchasing
Dwight Herrera, HR Manager
Randy Vigil, Operations Department

OTHER(S) PRESENT:

Luis Torres, Owner Member
Charles Wright, Owner Member
Amanda Martinez, *Rio Grande Sun*
John Villareal, Owner Member
Dave Neal, Owner Member
C.M. Sperburg-McQueen, Owner Member
Lee Goodwin, Owner Member

4. APPROVAL OF AGENDA

ACTION: Mr. C. Trujillo moved to approve the agenda as published. Mr. Jaramillo seconded and the motion passed without opposition. [Mr. Salazar was not present for this action.]

5. RECOGNITION OF GUESTS & STAFF

Those present introduced themselves.

6. ACTION ITEMS

A. Approval of the July 26, 2019: Regular Board Minutes

ACTION: Mr. Naranjo moved to approve as submitted. Mr. C. Trujillo seconded. The motion passed without opposition. [Ms. McCoy abstained and Mr. Salazar was not present for this action.]

B. Approval of July 2019 Membership List

ACTION: Mr. Jaramillo moved to approve. Mr. Cordova seconded and the motion passed without opposition. [Mr. Salazar was not present for this action.]

C. Approval of Communications Policy

ACTION: Mr. Naranjo moved to approve. Mr. Rivera seconded. The motion passed without opposition. [Ms. McCoy abstained noting she was not able to review the policy and Mr. Salazar was not present for this action.]

7. GENERAL MANAGER'S UPDATE

A. Employees of the Month

Mr. Chávez introduced the two August Employees of the Month: Nora Tosa from Jemez Springs and Martha Austin from the Hernandez office.

20th Anniversary

Ms. Erlinda Baca was recognized for her 20 years of service to the Cooperative.

She received a round of applause and stated that she has enjoyed her time at JMEC where it feels like family.

Mr. Rick Romero was recognized for his 20 years of service to the Cooperative. Mr. Romero said he too has enjoyed his time at JMEC.

Employee Retirement

Mr. Chávez said the recipient of this award, Sam Archuleta, was unable to attend today's meeting.

Mr. Chávez commended and congratulated the entire JMEC staff stating they provide quality service to the membership.

B. Department Updates

Contract Administrator and Compliance Officer Karen Wisdom, said JMEC is working on the contracts with the architects and contractor on the new headquarters. She said the project was on schedule. Staff holds weekly OAC (owner, architect, contractor) meetings. She offered the following updates:

- The Special Use Permits with the Forest Service for Santa Fe and Carson national forests are being re-filed as the extensions are soon to expire
- The Tri-State rebates are being developed for commercial LED lighting for entities across the service areas. She works on the commercial rebates while Eva DeAgüero works on the residential ones. Information about the rebates can be found on the JMEC website and Tri-State also discusses it at the annual meeting. The residential LED light bulb rebate will end this year

[Mr. Salazar arrived at this time.]

Mr. Crawford recommended including a bill insert about the rebate program to better educate the membership.

Vegetation Management Coordinator Lenny Ortiz, offered the following:

- An RFP was reissued for the Truchas area and reduced from 47 miles to 24 miles. The RFP was published on the website on August 5th with a mandatory pre-bid meeting with three contractors attending. Of the three, two contractors bid on the job and those bids came in over the estimate. Management and staff want to reject the bids and move forward with T&E (time and equipment) on the hotspots and trouble areas in those community
- Southwest Fire Defense tree trimmers finished its work in the Thompson Ridge and are now working at the fish hatchery
- Family Tree Service is working in the Deer Lake area in Cuba
- Asplundh is working on the Gilman Tunnels below the Girls Scouts in the Jemez Springs/Cuba area and an archaeologist is working with them in the Forest Service area

- In Española the in-house tree trimming crew is doing trouble shooting/service calls
- The expectation for the year is clearing of 66 miles of the overhead primary line. Last year 55 miles were cleared

Chair Marquez requested that staff discuss a recent incident in District 6. Mr. Ortiz said the incident was off CR 84C and had nothing to do with JMEC. A JMEC crew was at a residence on Friday removing a dead hazardous tree and the arrangement with the property owner was that JMEC would top the tree and the property owner would remove and take care of all the debris. The crew raked and removed the debris away from the ditch and took photos of that. About 300 feet west from the site a Siberian elm fell into the ditch and caused a culvert to plug up. Contrary to what was stated by some, it had nothing to do with JMEC's crew

Mr. Crawford said one of his farm workers snagged an overhead line and he complimented the JMEC crew that responded quickly and reconnected the line.

Operations Line Department, Randy Vigil provided a update:

- 271 work orders have been completed which includes the completion of the re-conductor and the Fairview circuit in El Llano which is part of the four-year work plan project
- Most of the Avenida Cañada subdivision in El Llano has been completed and that too is part of the four-year workplan
- System reliability is being addressed on the Santa Cruz circuit
- Secondary undergrounds are being replaced and repaired which have been failing for the past 20 to 30 years
- Raptor protection has been installed at Nambe Lake to deter the ospreys from nest building

Purchasing, Eli Gallegos said they have been working closely with the HQ contractors and the project is moving smoothly. He reported that:

- Purchase-wise, four of the Chevy Colorados have been received for the Española meter-reader department. Two will be in service next week
- The track-digger was received for the line department
- They are finalizing capital purchases for this year
- The remodel at the Jemez Springs office has been completed
- Work is ongoing to address drainage at the Cuba office and DOT permitting for access is underway

District Manager, Westside, Nathan Duran, stated that:

- Cross training is ongoing
- 90 percent of the poles have been reviewed
- The remodels at Cuba and Jemez have made the offices more professional and safer for employees
- Staff-wise there are three positions open

- Operationally, two big jobs were completed in the WAPA project in the Blanco area which feeds water to the Navajo Nation

Engineering, Russ Groves, said the big focus has been on conducting trainings. In the past six weeks, 20 employees have received extensive training. Some have gone to meter reading school and he attended Milsoft training. He has directed his supervisors to develop ideas to improve on ensuring safe, affordable and reliable power to customers.

C. Business Service and Finance
1. July 2019 Financial Information

Teresa Chavez, Account Manager, reviewed the July ratios and statistics and what follows are highlights:

- The TIER (times interest earned ratio) was 1.21
- The OTIER (operating times interest earned ratio) was 1.14
- The year-to-date ratios are within the RUS annual minimum requirements
- There were 31,115 consumers last month, up 97 from the same time last year
- Large commercial (six accounts) average KWH usage was up substantially from last year which was attributed to Kinder Morgan's increase in production
- Total connects were up 47 for the three districts from last year
- Total disconnects were up 26 for the three districts from last year
- Solar net metering - there were four installs during July and the year to date total was 29, up 10 from last year
- There were 289 consumers per employee
- Cost of purchasing power as a percent of revenue was up 11 percent which is attributed to more power purchased throughout the year
- There was an 8 percent increase in line loss that corresponds to the timing difference in cycle billings
- O&M expense as a percentage of plant decreased by .60 percent attributed to reconciliation
- The Co-op is in good financial standing with a net worth of 52 percent
- Administrative and general expense per consumer decreased - attributed to reconciliation
- There was a decrease in KWH purchased and a decrease in electric revenue
- Other revenue showed an increase from last year and is approximately 2 percent of total revenue
- Kinder Morgan was up from last year by \$83,000+ which makes up approximately 13 percent of total revenue

Referring to the Form 7, Ms. Chavez noted that the year to date total was \$1,532,980 which is under the budgeted amount.

Ms. Chavez said she has requested an amortization schedule from RUS regarding JMEC's loans.

Chair Marquez advised the Board that Ms. Chavez will be reconciling the books back to 2013.

Mr. Salazar mentioned an RUS annual report that would serve as a good companion/comparison document to Ms. Chavez' report.

[The Board recessed for 10 minutes]

D. Finance Committee Meeting - July 2019 information

Johnny Jaramillo, Chair of the Finance Committee, reported that the committee met with a quorum, Thursday, August 29th at the Hernandez office, and reviewed the finance-related materials for July 2019.

1. General Fund Expenditures

Mr. Jaramillo said the committee scrutinized the list and staff answered all questions.

ACTION: Mr. Jaramillo moved to accept the general fund expenditures for information. Mr. Cordova seconded.

Chair Marquez stated that Ernesto Gonzales will assist staff with an ongoing audit. Mr. Tapia clarified that these are not necessarily financial issues but instead are comprised of where items should be budgeted, etc.

The motion passed with Mr. Crawford and Ms. McCoy abstaining. Neither received the report. Staff was directed to work with Mr. Crawford and Ms. McCoy to ensure they receive the necessary reports.

2. Credit Cards

The committee reviewed the Wells Fargo credit card charges made by the authorized users. The total for the month was \$25,755.66. Mr. Jaramillo provided a breakdown of the charges by users adding that the committee vetted the charges.

ACTION: Mr. Jaramillo moved to accept the Wells Fargo charges of \$25,755.66. Mr. Naranjo seconded and the motion passed with Mr. Crawford and Ms. McCoy abstaining.

3. Attorney Expenses - moved to Executive Session

4. Consultant Expenses

Mr. Jaramillo said the consultants' expenses were reviewed by the committee and he provided them as follows:

| | |
|-------------------|---------------------|
| Big Rock Builders | \$ 41,889.88 |
| Bradbury Stamm | \$ 531,842.16 |
| FBT Architects | \$ 5,682.26 |
| Geo-Test, Inc. | \$ 4,780.20 |
| Total | \$584,194.50 |

Big Rock was the contractor on the Jemez Springs office remodeling. The Bradbury Stamm payment is the first for the new headquarters. FBT are the architects for the new headquarters and Geo-Test conducted density testing at the new headquarters.

Under discussion, Mr. D. Trujillo recommended redefining the consultant expenses and listing construction and remodeling as a capital expense.

ACTION: Mr. Jaramillo moved to accept the expenses of \$584,194.50. His motion was seconded by Mr. Naranjo and passed with Mr. Crawford abstaining.

5. Trustee Vouchers

Mr. Salazar asked why an up to date list of trustees' expenditures has not been provided. Chair Marquez said year to date as well as monthly information is available through Ms. Chavez.

Ms. McCoy questioned a training/education session Mr. Naranjo attended and Ms. Chavez recognized that was a clerical error that would be corrected.

Mr. Jaramillo said the July vouchers were reviewed by the Finance Committee.

ACTION: Mr. Jaramillo moved to approve the July trustees' vouchers. His motion was seconded by Mr. Naranjo and passed without opposition and Mr. Crawford abstaining.

6. July 2019 - Cash Flow Analysis

Referring to the cash flow analysis for the general fund, Ms. Chavez said this is informational. The beginning balance was \$22,386,142. Total cash disbursements were \$4,715,234. The total book balance as of July 31st was \$17,670,907.

7. July 2019 - Work Order Updates

Mr. Groves said at yesterday's Finance Committee meeting they discussed that there were 900+ open work orders on the system. The focus has been on clearing out the older work orders. He has been approving work orders and

rebates to customers that dated back to 2013. At this point, the work orders are dated 2018 and staff is within 18 months of being caught up.

8. Listing of Corrections and Reclassifications - deferred
9. RFPs, Contracts and Purchasing
 - a. Review Bids for the RFP for the Truchas Circuit

Ms. Wisdom said a revised RFP was reissued, there was a mandatory pre-bid conference and bids were due on August 27th. The two bids came in much higher than the estimate.

As mentioned in his update, Mr. Ortiz recommended that the two bids be rejected and move forward with a T&E contractor on the hotspots.

Ms. Wisdom said the bid format is a lump sum price bid and is non-negotiable.

ACTION: Mr. Jaramillo moved to reject the two bids. Mr. Naranjo seconded and the motion passed without opposition.

- b. Extend two contracts - CRV Land Surveying and T&D Engineering to finalize the NM DOT permit for the Cuba Office

Ms. Wisdom said the current contract needs to be extended with Clyde Vigil (CRV) who has served as surveyor for the past two years. JMEC relies on Mr. Vigil a great deal since NM DOT has increased their requirements for any JMEC activities near a state highway. She offered examples of Mr. Vigil's assistance to JMEC stating he is crucial to operations. Staff requests a two-year extension this contract.

Ms. Wisdom said T&D Engineering is assisting in a project at the Cuba substation where there was a drainage issue. T&D will provide assistance with the civil engineering.

ACTION: Mr. Jaramillo moved to extend the contracts for a two-year period. His motion was seconded by Mr. Rivera and passed without opposition.

Mr. Salazar expressed concern about the cashiers' safety. Ms. Wisdom said FBT Architects' design included a security engineering firm for the front as well as the back of the facility. Mr. Chávez said there are security measures in place for cashiers in Española, Cuba and Jemez Springs.

- c. Lightning Protection for new HQ

Ms. Wisdom stated that the new headquarters are being built to code for stabilization and grounding lightning protection. A lightning incident at the current building left Co-op in a disabled state with its phone and IT

affected. Following a review of the project plans, staff has requested additional lightning protection for the building.

Mr. Chávez said at this point, the item is for information.

- d. Request to purchase line truck for Jemez Springs
- e. Request to purchase meter reading pickup for Cuba
- f. Request to purchase truck for staker estimator for Cuba
- g. Request to purchase unit for district manager - Duran

ACTION: Mr. Jaramillo moved to approve the purchase of the four vehicles in the amount of approximately \$150,028. Mr. Tapia seconded.

Mr. Crawford asked whether electric vehicles are being considered for administrative use. Chair Marquez said that has been discussed.

The motion passed without opposition.

- h. Request to repair engine for Unit #32 - Cuba

Mr. Gallegos said Unit 32 is a 2014 digger derrick currently at the Jemez Springs. The engine has been compromised and unfortunately engines are not covered under insurance. It no longer qualifies under warranty. The repairs will run \$28,623.82. He recommended repair because new units are approximately \$200,000.

Responding to Mr. Crawford, Mr. Gallegos said the warranty on the repair is for three years and he was exploring extending warranties on other large equipment.

ACTION: Mr. Jaramillo moved to approve the request and repair the unit. Mr. D. Trujillo seconded. The motion passed without opposition. [Mr. Salazar was not present for this action.]

- i. Discussion/Approval AMR/Turtle System Integration

Mr. Gallegos said this is for an approval to install turtle flex meter-reading equipment. The current reading system is solid; however, the TS1 turtle meters have been discontinued. TS2 and flex readers are available. Installing the flex system will provide greater flexibility in reading flex meters TS2s and TS1s. Installing this equipment at the Española substation will free up approximately four days of meter readers time. At the Cuba site this will free up TS1s to relocate to other substations. These two installations will improve operations.

Mr. Groves characterized this as a mid-course correction and will address immediate needs for a shortage of TS1s.

Mr. Gallegos said the cost to equip the Cuba substation is \$57,045. All of the meters and equipment have an 18-month warranty that takes effect at the time of installation. The Española substation cost is \$52,045 with the same warranty. The meters run approximately \$177 apiece and would be purchased a pallet at a time and changed out as needed. As the TS1s fail, they will be replaced with the flex.

ACTION: Mr. Jaramillo moved to approve the request. Mr. Cordova seconded and the motion passed by unanimous voice vote. [Mr. Rivera was not present for this action.]

j. Request for Donation

Mr. Jaramillo said the two requestors did not qualify and were rejected by the Committee.

That concluded the Finance Committee business.

Ms. McCoy requested a total of expenses of the annual meeting. She also requested that the Board be advised of the committee meetings that occur during the month.

8. COMMITTEE REPORTS
Audit Committee

Audit Committee Chair Naranjo said they discussed increasing the scope of the audit.

Ms. Wisdom said at the committee's request a letter was sent to Eide Bailey that requested a scope expansion to include: the check register, credit cards, trustees' vouchers, the audit of purchasing, and cashing. At this point, she has not heard back from the firm.

Eva DeAgüero, Billing Manager, said the meter tampering has been greatly reduced and there were only three incidents this month.

Other Committees

Chair Marquez said the Policy Committee met and forwarded the Communications policy that was approved earlier in this meeting. The Executive Committee met combined with Personnel and Energy.

Mr. Salazar said he understood the Chair combined the Foundation and School committees and he wanted it on the record that he disagreed with that action. The Foundation Committee should be an entity onto itself.

Mr. Salazar said the Board should not be a participant on the Personnel Committee. That should be entirely within management's purview. Mr. D. Trujillo suggested reviewing JMEC's personnel policies. Mr. Tapia said this is also covered in the union contract

Mr. Tapia said the Energy Committee has been tasked to develop a formal policy with JMEC's HR director regarding employee performance and compensation.

9. NEW BUSINESS

Mr. Crawford requested that he be appointed to the Energy Committee. Recognizing that organizations tend to exist in bubbles, Mr. Crawford recommended that JMEC reach out to other organizations. He suggested inviting Kit Carson's manager Luis Reyes to talk with the BOT.

In response to Mr. Crawford's question of why the State Police were in attendance, Chair Marquez said they are Co-op members and they are not paid to be present.

10. BOARD REPORTS

A. Tri-State

Mr. Cordova provided handouts from Tri-State and reviewed the RFP timelines regarding renewables. The handout outlined the percentages and projects that deal with solar. The information also indicated the percentage of overall solar distributed energy within the Tri-State system. He said the Tri-State agenda could be forwarded to the board.

7. D. g. Approval of BOT Resolution for New Organization of Board Members for JMEC Financial Institution Accounts

Mr. Chávez said this item was inadvertently skipped earlier.

Chair Marquez said this provides signatory authority.

ACTION: Mr. Tapia moved to approve and Mr. C. Trujillo seconded.

Ms. Wisdom requested a roll call vote which resulted in the motion passing as follows:

| | |
|------------------|---------|
| Leo Marquez | Yes |
| Charlie Trujillo | Yes |
| Nick Naranjo | Yes |
| Johnny Jaramillo | Yes |
| John Tapia | Yes |
| Lucas J. Cordova | Yes |
| Stanley Crawford | Abstain |
| Dolores McCoy | No |
| George Rivera | Yes |

David Salazar Yes
Dennis Trujillo Yes

11. EXECUTIVE SESSION

A. FERC (Federal Energy Regulatory Commission)

The Board recessed into executive session at 11:20 and returned to open session at 12:20.

ACTION: Mr. Tapia moved to direct JMEC's legal counsel to evaluate the current situation with Tri-State and FERC and develop either a formal communication to Tri-State or an intervention status based on JMEC's neutrality with parts of the decision to allow JMEC the opportunity to educate itself on the future impacts of the decision. Mr. Naranjo seconded and the motion passed by unanimous voice vote.

ACTION: Mr. Jaramillo moved to approve the attorney charges of multiple months in the amount of \$64,758.09. Mr. C. Trujillo seconded and the motion passed with Mr. Crawford voting against and Ms. McCoy abstaining.

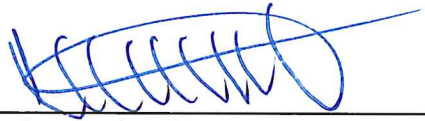
Mr. Tapia requested that management review the attorney charges to ensure accuracy.

12. ADJOURNMENT

Upon motion and second and having completed the agenda, Chair Marquez declared the meeting adjourned at approximately 12:25 p.m.


Secretary, Nick Naranjo

APPROVED:


Chairman, Leo Marquez

