

**MINUTES OF THE  
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.  
BOARD OF TRUSTEES MEETING  
Friday, December 20, 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.

A moment of silence was observed in memory of Trustee David Salazar.

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  
Dennis Trujillo

**ABSENT:**

Dolores McCoy  
Bruce Duran  
[One Vacancy]

**JMEC STAFF PRESENT:**

Ernesto Gonzales, General Manager  
Andrew Chávez, IT Director  
Karen Wisdom, Contract Administrator and Compliance Officer  
Laura Rendón, Executive Assistant  
Teresa Chávez, Account Manager  
Nathan Duran, District Manager, Westside  
Russ Groves, Engineering Director  
Eva DeAgüero, Billing Manager  
Lenny Ortiz, Vegetation Management Coordinator  
Eli Gallegos, Purchasing  
Dwight Herrera, HR Manager  
Randy Vigil, Operations Department  
Geraldine Romero, Accounting  
Timothy Pérez

**OTHERS PRESENT:**

Molly Montgomery, *Rio Grande Sun*

Bree Nimmich, HUB International

Brandon Mead, HUB International

**4. RECOGNITION OF GUESTS & STAFF**

Those present introduced themselves.

**5. APPROVAL OF AGENDA**

Manager Gonzales requested that executive session include a presentation from HUB Insurance and occur following approval of the membership list. Mr. Cordova requested that Tri-State be discussed during executive session. The Energy Committee report regarding the PRC would also be heard during executive session.

**ACTION:** Mr. Naranjo moved to approve the agenda as amended. Mr. Cordova seconded and the motion passed without opposition.

**6. ACTION ITEMS**

**a. Approval of the November 22, 2019: Regular Board Minutes**

An error was noted by the recording secretary.

**ACTION:** Mr. Cordova moved to approve as corrected. Mr. Tapia seconded. The motion passed without opposition.

**b. Approval of November 2019 Membership List**

**ACTION:** Mr. Jaramillo moved to approve. Mr. C. Trujillo seconded and the motion passed without opposition.

**11. EXECUTIVE SESSION**

**ACTION:** Mr. Naranjo moved to go into executive session. Mr. C. Trujillo seconded and the motion passed by unanimous voice vote.

[The Board met in executive session from 9:10 to 10:20]

**ACTION:** Mr. Tapia moved to return to open session. Mr. C. Trujillo seconded and the motion passed without opposition.

**7. GENERAL MANAGER'S UPDATE**

Manager Gonzales asked Andrew Chávez to repeat his words about David Salazar that he shared earlier this morning on KDCE's "Coffee Break" show.

Mr. Chávez said his comments were made on behalf of the Co-op:  
“...it is with great sadness and a heavy heart that I bring you sad news from our Co-op. On behalf of Jemez Mountains Electric Cooperative President of the Board, Mr. Leo Marquez and each member of the Board of Trustees, from our General Manager Ernesto Gonzales and the entire family of Co-op employees, we sadly share with you that on Wednesday, December 17, 2019, we lost not only a friend but an esteemed public servant and tenured member of the Jemez Mountains Electric Co-op Board of Trustees. Our dear friend and humble servant David R. Salazar...David was a lifelong resident of the beautiful Española Valley...David began his public service career elected as a trustee to the Jemez Mountains Electric Cooperative Board back in July of 1969. Mr. Salazar honorably served for 50 consecutive years until his recent passing...David’s dedicated work on the Jemez Mountains Electric Cooperative Board of Trustees will be greatly missed by his peers on the Co-op Board as well as by the entire Co-op family and his community... David’s professional demeanor and love for his community were some of the many profound characteristics that define David’s persona and his willingness to always place people first in all that he undertook as a public servant.

At this time the entire Jemez Mountains Electric Cooperative family would like to express our heartfelt condolences to the Salazar family and we thank you for sharing David with us the last 50 years...”

Mr. Chávez concluded his radio comments by thanking KDCE for their continued support and wishing the listening audience a Merry Christmas and Happy New Year.

Chair Marquez noted that the Co-op will be closed on December 24<sup>th</sup> in observance of Mr. Salazar’s death.

An insurance issue was discussed during executive session and the following motion was introduced:

**ACTION:** Mr. Tapia moved to continue coverage with HUB the existing insurance provider with the specified changes to lower the premium issue by removing the \$5 million umbrella for D&O as recommended by the HUB purveyor. Mr. Naranjo seconded and the motion carried by unanimous voice vote.

**A. Business Service and Finance**  
**1. Employee of the Month**

Manager Gonzales introduced Tim Pérez as the November employee of the month. Mr. Pérez received a round of applause and an award.

Manager Gonzales introduced Geraldine Romero as the December employee of the month. Ms. Romero received a round of applause and an award.

## 2. November 2019 Financial Information

Teresa Chavez, Account Manager, reviewed the November ratios and statistics and noted the Co-op had very good ratios for November. What follows are highlights of her review:

- The year-to-date TIER and OTIER ratios are within the annual RUS minimum requirements
- There were 31,193 consumers in November, an increase from last year of 105
- Total connects were up by one for all three districts from last year
- Total disconnects were 153, an increase of 13 from last month
- Consumers per employee was 271 a decrease of 9 from last year
- Solar net metering - there was an increase of seven and 40 year to date
- KWH sold remains the same
- There was a line loss of 2,109,918 an increase of 52,190 from last year; however, overall it is 8 percent less than last year. This has to do with a timing difference

Mr. Tapia expressed concern about the line loss and suggested the meters be audited. Manager Gonzales said Tri-State reads JMEC's meters midnight the last day of the month which overlaps with JMEC's billing cycle.

Continuing, Ms. Chávez noted that:

- KWH costs for all classes remained consistent
- There are currently 115 employees, an increase of four from last year same time
- Average and general expense per consumer was \$10.52 for a decrease of \$3.36 from last year

Ms. Chávez reviewed comparison graphs of KWH sold, electric revenue, other revenue (wheeling, joint pole use and service changes), Kinder Morgan revenue, cost of power, energy accounts receivable, aging accounts (30, 60 and 90 days), and bad debt write-offs. The joint use poles and Los Alamos' wheeling contract garnered additional funds. Kinder Morgan did not run its Torreon site during November and it appears it has not been used during December. She expected to see lower revenues from Kinder Morgan.

The trustees discussed a renegotiated contract with Kinder Morgan which they understood guaranteed the purchase of a certain amount of power. Karen Wisdom, Contract Administrator, said the load factor was lowered to 50 percent from 65 percent in order for Kinder Morgan to use more kilowatt hours. She said the contract has a review date that she will check on. Mr. Tapia understood that Kinder Morgan would reevaluate their production as their demand increases and take the load factor back up.

Mr. Naranjo requested that staff provide an evaluation of the Kinder Morgan contract.



Ms. Chávez noted that Kinder Morgan is showing a 1 percent decrease in total revenue from last year.

Ms. Chávez reviewed the RUS Form 7.

Referring to line loss, Manager Gonzales noted that the US average at cooperatives is 8.6 percent and JMEC is at 6 percent year to date.

Manager Gonzales reported on the accounting firm working on the capital credits reconciliation. Mr. Tapia pointed out that JMEC is required to send notice regarding capital credits to its consumers. Manager Gonzales the final reconciliation is anticipated before the end of December.

**d. Finance Committee Meeting - November 2019 information**

Johnny Jaramillo, Chair of the Finance Committee, reported that the committee met with a quorum, Thursday, December 19<sup>st</sup> at the Hernandez office, and reviewed the finance-related materials for November 2019.

**1. General Fund Expenditures**

Mr. Jaramillo said the committee reviewed the expenditure list and staff addressed questions. This item is presented as informational since the payments have been made.

**ACTION:** For informational purposes, Mr. Jaramillo moved to accept the general fund expenditures. Mr. Naranjo seconded. The motion passed without opposition.

**2. Credit Cards**

Mr. Jaramillo said the committee reviewed the Wells Fargo credit card charges made by the authorized users. He noted there is only one account and authorized users with charges this month were Nathan Duran, Laura Rendón and the plant. He provided a breakdown and announced the total as \$5,948.58.

**ACTION:** Mr. Jaramillo moved to accept the Wells Fargo charges of \$5,948.58. Mr. Cordova seconded and the motion passed with no opposition.

Chair Marquez complimented staff on the float they created for this year's Christmas Electric Light Parade.

**3. Attorney Expenses**

Mr. Jaramillo offered to circulate the invoices and said the committee reviewed and approved the expenses as follows: Long, Komer &

Associates, \$10,442.61; Wiggins, Williams & Wiggins, \$304.21; Cuddy & McCarthy, \$50,970.31.

**ACTION:** Mr. Jaramillo moved to approve the attorney fees of \$61,717.13. Mr. Naranjo seconded and the motion passed without opposition.

Chair Marquez advised Dwight Herrera, HR Director, that JMEC has access to an HR attorney through HUB insurance.

#### 4. Consultant Expenses

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

FBT Architects	\$	5,756.44
Transmission & Dist. SVCS	\$	345.20
<b>Total</b>	<b>\$</b>	<b>6,101.64</b>

Manager Gonzales noted that T&D's charges relate to the closeout documents for the Cuba and Lybrook substations.

**ACTION:** Mr. Jaramillo moved to accept the expenses of \$6,101.64. His motion was seconded by Mr. Naranjo and passed.

Responding to Mr. Naranjo, Ms. Wisdom stated that JMEC has paid FBT Architects approximately 89 percent of their fees.

#### 5. Trustee Vouchers

Mr. Jaramillo said the November vouchers were reviewed by the Finance Committee. The material was available within the Trustee packets.

**ACTION:** Mr. Jaramillo moved to approve the November trustees' vouchers. His motion was seconded by Mr. D. Trujillo and passed without opposition.

#### 6. November 2019 Cash Flow Analysis

Ms. Chavez reviewed the cash flow analysis with a beginning balance of \$15,764,565. Total balance plus deposits for the month was \$19,267,306. Cash disbursements were \$4,918,740. The end of the month book balance was \$14,348,566. She noted the numbers match with the Form 7 numbers. The four JMEC investments currently total \$547,317

#### 7. RFPs/Contracts/Purchasing

##### i. Approval for 219 inspections years 2016 through 2019

Manager Gonzales said the inspection will be of work orders dating back to 2016. The work orders during that period amounted to \$5.3 million. T&D

quoted \$134,000. The inspection will take between 16 and 20 weeks to complete. Staff recommended approving the quote and proceeding with the inspection of approximately 189 work orders.

**ACTION:** Mr. Naranjo moved to approve the inspections as recommended by staff. Mr. Jaramillo seconded.

Under discussion, Mr. Tapia recommended awarding contracts to two engineering firms and issue task orders to complete the inspections. This would eliminate the need to bring it back to the Board for action. He added that four to five months seemed an excessive amount of time.

Manager Gonzales noted that an RFP was released for the inspection in July 2019 and T&D were the only bidders. At this time, staff is requesting approval to conduct the inspections back to 2016 which will bring JMEC current. Following that, JMEC will conduct inspections every six months.

Ms. Wisdom said the RFP was sent to a number of firms.

The total work orders for the 2016 to 2019 period amounted to 1,893 and 189 is 10 percent as required by RUS, stated Manager Gonzales.

The motion to move forward with the inspections passed without opposition.

**ACTION:** By motion, Mr. Tapia authorized staff to post an RFP to conduct future 219 work order inspections, contract with two firms and task order the work to the lowest bidder. Mr. Jaramillo seconded and the motion passed by unanimous voice vote.

#### ii. Approval for work plan amendment

Manager Gonzales said Cuba and Lybrook substations, and Gallina switching station require a work plan amendment to address those issues. As a sole source, T&D has not provided a quote.

**ACTION:** Mr. Naranjo moved to approve the work plan amendments. Mr. Tapia seconded and the motion passed without opposition.

#### iii. Approval to extend tree trimming contract

Lenny Ortiz, Vegetation Management Coordinator, said Affordable Tree Trimming has a time and equipment contract with JMEC for trouble calls that will be expiring this month. Affordable Tree is a local contractor and staff is requesting a two-year extension of the contract. The rates remain the same.

**ACTION:** Mr. C. Trujillo moved to approve the contract extension. Mr. Naranjo seconded and the motion passed without opposition.



**8. Requests for Donation - None were presented.**

Mr. Crawford said he received a call from a representative of Dixon who had requested and was denied funding for the Dixon light parade. He asked what happened with that request. Executive Assistant Rendón offered to review the request and recalled that it was not approved at the Finance Committee.

That concluded the Finance Committee business.

**8. COMMITTEE REPORTS**

- A. **Communications Committee** -No report
- B. **Energy Committee** - heard during Executive Session
- C. **School Committee**

Mr. D. Trujillo said the committee met on December 9<sup>th</sup> with himself, Manager Gonzales and Ms. McCoy in attendance. A schedule was developed for the spelling bees in April, the scholarship deadline and eligibility for those scholarships will be listed on the website.

Chair Marquez said former Trustee Salazar reached out to Manager Gonzales last week and requested that Mr. Crawford assume his committee appointments, and the Chair said he would honor his wishes.

**9. NEW BUSINESS**

- A. **Special Board Meeting - January 17, 2019 - review 2020 Budget**
  - i. **Finance Committee**
  - ii. **Communications Committee**
  - iii. **Energy Committee**

Manager Gonzales said the Board would hold a special meeting to review the 2020 budget. Also, he recommended the Finance, Communications and Energy committees meet that day.

Chair Marquez requested that the Board agenda include filling the Board vacancy.

**B. Approval of RUS Resolutions**

Manager Gonzales said the resolutions are required by RUS. The resolutions include the Secretary's Certificate and a Certificate of Authority giving the general manager and the security administrator Teresa Chavez the ability to submit Form 7 and other documents to RUS.

**ACTION:** Mr. Cordova moved to approve the resolutions and Mr. D. Trujillo seconded. The motion passed by unanimous roll call vote as follows:

Leo Marquez	Yes
Charlie Trujillo	Yes
Nick Naranjo	Yes



Johnny Jaramillo	Yes
John Tapia	Yes
Lucas J. Cordova	Yes
Dennis Trujillo	Yes
Delores McCoy	Absent
Bruce Duran	Absent
[One Vacancy]	

Chair Marquez announced that the documents have been finalized for the property behind the Cuba office. The 21+ acres will mitigate flooding issues and provide land for a solar array.

Holiday wishes were shared.

## 12. ADJOURNMENT

Having completed the agenda and with no further business to come before the Board, Chair Marquez declared the meeting adjourned at approximately 11:30 a.m.

  
Secretary, Nick Naranjo

APPROVED:

  
Chairman, Leo Marquez

