

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

**BOARD OF TRUSTEES MEETING**

**Friday, February 22, 2019**

**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  
Dennis Trujillo, Trustee

**ABSENT:**

John Tapia, Trustee at Large

**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 Chávez, Director, IT  
Nathan Duran, District Manager  
Russ Groves, Engineer  
Eva DeAguero, Billing Manager  
Randy Vigil, Operations Department  
Lenny Ortiz, Vegetation Coordinator/Manager  
Dwight Herrera, HR Director  
Ken Norris, Accounting  
Eleanor Duda, Cashier

#### 4. APPROVAL OF AGENDA

**ACTION:** Mr. Cordova moved to approve the agenda with the Tri-State report to be heard during executive session. Mr. Marquez seconded and the motion passed by unanimous [10-0] voice vote.

Ms. Montoya-Trujillo advised the Board that the packets were posted on Diligence February 6<sup>th</sup>. Ms. McCoy and Mr. Duran did not receive the information electronically. Ms. McCoy said the .pdf was not printable and too tiny to read. Ms. Montoya-Trujillo said she would have a hard copy of the packet delivered to Ms. McCoy and Mr. Duran.

#### 5. RECOGNITION OF GUESTS & STAFF

Those present introduced themselves.

#### 6. ACTION ITEMS

##### A. Approval of January 2019 Board minutes

Mr. D. Trujillo noted a clarification on page 6, first paragraph, that July 21<sup>st</sup> will be the annual meeting.

**ACTION:** Mr. Cordova moved to approve as corrected. Mr. V. Salazar seconded and the motion passed without opposition.

##### B. Approval of February Special Board minutes

Ms. Montoya-Trujillo noted that the motion on page 3 should reflect the cost as \$9,636,500. She understood the Board is interested in preserving the Board room for educational purposes.

**ACTION:** Mr. Jaramillo moved to approve as corrected. Mr. Cordova seconded and the motion passed without opposition.

##### C. Approval of January 2019 Membership List

Ms. Montoya-Trujillo announced there were 117 new members.

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

##### D. Approval of Tri-State Voting Delegate

Ms. Montoya-Trujillo said this is a standard annual request from Tri-State.

**ACTION:** Mr. Jaramillo nominated Lucas Cordova to serve as JMEC's voting delegate. Mr. C. Trujillo seconded.

Under discussion, Mr. Duran observed that Lucas Cordova has been representing JMEC for many years. He recommended electing a different delegate in the future.

The motion passed without opposition.

**E. Approval of election locations, dates and cutoff date for membership list**

Ms. Montoya-Trujillo recommended the following dates and locations for elections:

District 4:	June 21, 2019	Headquarters' Board room
District 5:	June 24, 2019	High School
District 6:	June 26, 2019	TBD

The cutoff date for membership - May 31, 2019

The June JMEC Board meeting will be held June 14, 2019 to allow for approval of the membership list.

Mr. D. Salazar said June 24<sup>th</sup> is San Juan Day and not a good day to have the District 5 election.

**ACTION:** Mr. Cordova moved to approve the manager's recommended election dates, locations and cutoff for membership. Mr. C. Trujillo seconded. The motion passed by majority voice vote with Mr. D. Salazar voting against.

**F. Approval of Tree Trimming Contract Awards**

Ms. Montoya-Trujillo requested the approval of two contracts pursuant to RFPs that were issued: Thompson Ridge Circuit and the Fish Hatchery Circuit to the lowest eligible bidder, Southwest Fire Defense.

RFPs for the remaining circuits will be reissued because no acceptable proposals were received.

Lenny Ortiz, Vegetation Coordinator/Manager said he anticipated the next round of bids to come in lower because the rights-of-way will be reclaimed. The bids for the five RFPs were rejected because, at this point, it was not in the Co-op's best interest to move forward.

The RFPs were issued January 6<sup>th</sup> and the pre-bid meeting occurred on January 11<sup>th</sup> with five companies attending.

In response to Mr. Duran's reminder of the recent fire in Paradise, California, Mr. Ortiz said there's over four feet of snow in the area and that this was the first time in his five years as vegetation manager that there has been this much moisture.

Thompson Ridge: This was identified as a three-plus mile project at the top of the ridge. Eleven miles have already been completed.

Mr. Ortiz said the recommended awardee is a local contractor, has been in business five years, attended the mandatory meeting and meets all the Co-op requirements. He identified the five companies that attended the mandatory pre-bid meeting as well as the other bidders. Staff reviewed the bids and recommends awarding it to Southwest Fire Defense in the amount of \$35,268.

**ACTION:** Mr. Marquez moved to award the Thompson Ridge contract to Southwest Fire Defense. Mr. C. Trujillo seconded.

In response to Ms. McCoy's concern regarding the vast discrepancy in bids, Mr. Ortiz said staff was also surprised.

Mr. Marquez remarked that Southwest Fire Defense is a reputable company and recently completed a \$2.2 million project with the Forest Service. Mr. Ortiz said they met all the Co-op requirements.

Mr. Ortiz said the areas for tree trimming are those that were cut 30 to 40 years ago. The growth has been considerable and it takes time to reclaim the rights-of-way and meet Forest Service standards. He estimated it would take 10 years to complete the entire 400 miles through Forest Service property adding it will be a cyclical ongoing process.

The motion to award the Thompson Ridge contract to Southwest Fire Defense passed by unanimous voice vote.

Fish Hatchery: Off State Road 126 and approximately seven miles. This job was originally awarded but the contractor was unable to complete the job.

Southwest Fire Defense again bid the lowest at \$179,550 with a 28-week completion date. He expected the firm to start work in late May because of the heavy snow in the area.

The other bidders were identified.

**ACTION:** Mr. Marquez moved to award the Fish Hatchery contract to Southwest Fire Defense. Mr. C. Trujillo seconded. The motion passed by majority vote with Ms. McCoy voting against.

Chair Naranjo said he was pleased to see a local vendor obtaining the contract.

#### **G. Approval of Draft Policy 151**

Ms. Montoya-Trujillo said this policy is specifically drafted to address all matters, issues, complaints, comments or other similar communications from the members of JMEC. The policy sets out that the complaint should be filed

on a request form. If the GM can adequately resolve the complaint the full Board review will not be necessary. This will make complaint resolution more efficient for the membership. The Board President may determine that the entire Board needs to hear a complaint.

**ACTION:** Mr. C. Trujillo moved to approve Policy 151. Mr. Marquez seconded.

Mr. D. Salazar said when he hears from a constituent about a problem he will refer the issue directly to JMEC staff. Having the members go through a procedure of a written form and then having the GM address it did not seem the best use of the GM's time. Chair Naranjo said he'd prefer the GM address the issue and/or forward it to the appropriate staff member rather than having a Board member get involved.

Mr. D. Trujillo said he understood the policy established a format in which to deal with consumer complaints.

The motion passed by majority voice vote with Trustees D. Salazar, Duran and McCoy voting against. Mr. Duran and Ms. McCoy said they did not see the policy in advance of this meeting and were not prepared to vote on it.

**DIRECTIVE:** Verbally check with Ms. McCoy and Mr. Duran the day the packet is posted on Diligence and if they are not in receipt of it, hand delivery a hard copy to them.

Mr. D. Trujillo preferred that the approval of a policy be unanimous and he suggested bringing this back.

#### H. Approval of Vehicle Purchases

Staff is recommending the purchase of four 2019 Chevy Colorados for the Española meter reading department. The new vehicles will replace at-the-end-of-service trucks currently in use. This item was budgeted for and the total cost is \$96,980.

Eli Gallegos, Purchasing, said the units came in at \$29,795 and including the Tri-State rebate and the trade-in allowance, the prices went down to \$23,995 for three units and \$24,995 for one. The trade-ins have between 120,000 and 155,000 miles. The trucks are being purchased through Henry Valencia.

**ACTION:** Mr. Marquez moved to approve the purchase of the four trucks. Mr. D. Trujillo seconded. The motion passed by unanimous voice vote.

**DIRECTIVE:** Staff to investigate Blue Book prices prior to future trade-in.

**I. Approval of Non-union rate**

Ms. Montoya-Trujillo requested the approval of non-union raises of 3 percent of the salary pool, approximately \$70,000. The total pool for non-union employees is approximately \$2.3 million. The allocations will be made based on individual department levels and performance as determined through the employee evaluation process.

**ACTION:** Mr. Marquez moved to approve the non-union rate. Mr. Jaramillo seconded.

Ms. Montoya-Trujillo confirmed that the union increase was 3 percent.

Mr. Duran said he has heard concern from constituents that their rates are increasing and he asked whether the new wages may contribute to that. Ms. Montoya-Trujillo said there has not been a rate increase; however, a local rate rider has been applied. She added that the wage increase was included in the budget.

Mr. Duran said it was important the Board adhere to its goal to maintain affordable energy.

Ms. Montoya-Trujillo said there were 40 non-union employees and except her, all of them will receive a raise. The increase for union employees was retroactive to the beginning of the year; however, this does not apply to the non-union employees. Ms. Montoya-Trujillo said she had no problem providing an accounting of the salaries of the JMEC employees.

Ms. Montoya-Trujillo said the union employees' wage increase is not based on an evaluation; however, JMEC has the flexibility with non-union employees to compensate based on performance.

The motion passed without opposition

[The Board recessed for 10 minutes]

**7. GENERAL MANAGER'S UPDATE**

**A. Employee of the Month**

Ms. Montoya-Trujillo announced Ken Norris as the January 2019 JMEC Employee of the Month, Eleanor Duda as the February 2019 JMEC Employee of the Month.

The Board held a moment of silent prayer for a strong recovery for former Board member Levi Valdez.

Ms. Montoya-Trujillo offered the following updates:

- Boring work will begin on El Llano circuit and no outage is expected

- The external audits will be onsite March 11<sup>th</sup>
- Staff is working on the property taxes, 990s, and the end-of-the-year Foundation account
- Allocation notices were sent out in January
- Reconciliation of easements will be filed with PRC in April and may impact consumer billing. Last year the impact was consumer positive
- The fuel cost and debt adjustments will also be filed with the PRC

## **B. Business Services & Finance**

Manager Montoya-Trujillo invited Teresa Chavez, Account Manager, who is currently in an MBA program to review the account ratios for the month.

### **1. January 2019 Financial Information**

Ms. Chavez presented the ratios and statistics as follows:

- The TIER was 2.71 and budgeted at 2.44
- The OTIER was 2.9 and budgeted at 1.57
- Year-to-date ratios have not changed
- There were 31,152 consumers, 125 up from last year at this time
- Residential average KWH usage was 760
- Small commercial average KWH usage was 3,719
- Large commercial average KWH usage was down from last year which was attributed to Kinder Morgan
- Total connects in January were 197
- Total disconnects in January were 169
- There were 278 consumers per employee; a reduction from last year
- Revenue per KWH sold was \$0.13 - flat from last year
- Revenue generated per mile was \$1,206.60
- Purchased power as a percent of revenue was 65 percent
- Operating expense as a percent of revenue was 22 percent
- Margins as a percent of revenue was 5 percent; last year it was 9 percent
- 43,137,263 KWH purchased from Tri-State
- 38,894,775 KWH were sold
- JMEC's own KWH use was 129,186
- Line loss calculation was 4,113,302 which is a timing difference
- Average cost for KWH was 0.074 cents - same as last year
- Average cost for residential KWH was 0.13 cents
- LED lights reduce the cost of KWH and public authorities are using solar
- Total miles of line was 4,123
- Number of consumers per mile of line was 7.56
- Plant investment per mile is \$29,224.99 - a slight increase from last year
- Inventory as a percentage of plant is .89 percent - in 2018 it was 1.53 percent
- Idle meters were at .36 percent

- RUS loans as a percent of total loans was 80 percent; Co-Bank and CFC loans make up 20 percent of the total outstanding long-term debt
- There are 112 employees
- Consumer expense per consumer is \$6.82 - last year it was \$5.39. The increase is attributable to the mailing of allocations
- Admin and general expense per consumer is \$14.32

Ms. Montoya-Trujillo reviewed the charts, prepared by Ms. Chavez, noting that the Co-op sold more KWH than budgeted which was attributed to the January cold weather. Other revenue which includes wheeling, joint pole use, service charges and the interest for the cushion of credit, should normalize. The Kinder Morgan contract amendment was effective in January and staff will continue to monitor those meters. The aging account receivables continue to be strong.

#### C. Finance Committee Meeting - January 2019 information

Johnny Jaramillo, Chair of the Finance Committee, reported that the committee met with a quorum, Thursday, February 21<sup>st</sup> at the Hernandez office, and reviewed the finance-related materials for January 2019.

##### 1. General Fund Expenditures

**ACTION:** Mr. Jaramillo moved to accept the general fund expenditures for information. Mr. Marquez seconded. The motion passed by majority voice vote with Ms. McCoy and Mr. Duran voting against because they had not received their packet information.

##### 2. Credit Cards

The committee reviewed the Wells Fargo credit card charges made by four authorized users: Laura Rendon, plant, Nathan Duran and accounting. The total for the month was \$6,399.06. Mr. Jaramillo noted the breakdown by user was also provided and reviewed.

**ACTION:** Mr. Jaramillo moved to accept the Wells Fargo charges of \$6,399.06. Mr. Cordova seconded and the motion passed by majority voice vote with Ms. McCoy and Mr. Duran voting against because they had not received their packet information.

Chair Naranjo noted that Ms. McCoy and Mr. Duran will have printed copies delivered to them if they do not receive the information digitally from Diligence.



**3. Attorney Expenses**

Mr. Jaramillo provided the attorney expenses as follows: Cuddy and McCarthy, \$2,464.02, Long, Komer & Assoc., \$4,983.55, and Wiggin, Williams & Wiggins, \$3,941.19. The total attorney fees were \$11,388.76. Invoices were made available for review.

**ACTION:** Mr. Jaramillo moved to accept the attorney expenses. His motion was seconded by Mr. Marquez. The motion passed by majority voice vote with Ms. McCoy voting against.

**4. Consultant Expenses**

Mr. Jaramillo said FBT Architects for the new building charged \$11,715.45 and Marron and Associates \$5,468.87. The total amount was \$17,184.32.

Ms. Montoya-Trujillo said the Marron charges are related to the WAPA (Western Area Power Administration) Project and the charges will be reimbursed through the project.

**ACTION:** Mr. Jaramillo moved to accept the consultant expenses of \$17,184.32. His motion was seconded by Mr. Marquez. The motion passed by majority voice vote with Ms. McCoy voting against.

**5. Trustee Vouchers**

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

**ACTION:** Mr. Jaramillo moved to approve the trustees' vouchers. His motion was seconded by Mr. V. Salazar. The motion passed by majority vote with Ms. McCoy and Mr. Duran voting against.

**6. January 2019 - Bank Account Summary**

Mr. Jaramillo said this was provided as an informational item.

**7. RFPs, Contracts and Purchasing**

- i. Tree Trimming Contracts - addressed as item 6.f.

**8. Requests for Donation**

- i. Global Opportunities, Inc.

Laura Rendon, Executive Assistant, reviewed the information provided by Global Opportunities which specializes in providing outdoor activities

to individuals with special needs. They also serve veterans. Ms. Rendon said Global has offered to advertise the co-op's generosity.

**ACTION:** Mr. Jaramillo moved to approve a donation of \$250 to Global Opportunities. Mr. Cordova seconded and the motion passed by unanimous voice vote.

That concluded the Finance Committee business.

**8. COMMITTEE REPORTS**

**A. Audit Committee**

Mr. Marquez said the committee did not meet in February

**B. Personnel Committee**

Mr. C. Trujillo said they discussed the non-union 3 percent raises. The committee members include Mr. C. Trujillo, Mr. Tapia and Mr. Cordova.

**DIRECTIVE:** Provide the Board with an updated organizational chart

Ms. McCoy recommended that the committee have trustee representation from the west side

**C. School Committee**

Ms. McCoy reported that the committee met and discussed the spelling contests, the Youth Tour and the Foundation scholarships. The Youth Tour will occur in June.

Ms. Rendon said the Youth Tour will mirror the NRECA tour and bring high school students to Washington, D.C. the third week of June. She will be contacting the NRECA for inclusion in their program

Regarding the spelling bees, Ms. Rendon said the English bee will be held on April 11<sup>th</sup> and the Spanish bee on April 12<sup>th</sup>. Information has been provided to the JMEC service area schools. The word list and rules and regulations have been completed.

The essay topic will be posted on the website for the scholarship program. Ms. Rendon said she has reached out to the high schools' counselors. The deadline for essay submission is March 31<sup>st</sup>.

Banners (4x6) have been obtained for all of JMEC's service area schools which state: "Supporting today's youth for tomorrow's leadership." Chair Naranjo mentioned that Tri-State paid for the banners.

**D. Policy Committee**

Mr. D. Trujillo said the committee discussed the notion of having a summer student project with students at each office. Ms. Montoya-Trujillo said the program was not budgeted for this year; however, she would investigate dates and costs.

**9. BOARD REPORTS**

**A. Tri-State - Moved to Executive Session**

Ms. Rendon reported that hotel reservations have been made for the annual meeting in Denver starting on Tuesday, April 2<sup>nd</sup> with departure on April 4<sup>th</sup>. She offered to forward the reservation and annual meeting information.

**10. BUSINESS WITH MEMBER GUESTS**

None were presented.

**11. EXECUTIVE SESSION**

**ACTION:** Mr. C. Trujillo moved to meet in Executive Session and Mr. Marquez seconded. The motion passed by unanimous voice vote.

The Board recessed to Executive Session at 10:55 a.m.

**12. ADJOURNMENT**

Following executive session, Chair Naranjo declared the meeting adjourned



*[Handwritten signature]*  
Secretary, Harold "Charlie" Trujillo

*[Handwritten signature]*  
Chairman, Nick Naranjo