

**MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES MEETING
Friday, January 25, 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
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, Purchasing
Laura Rendon, Executive Assistant
Teresa Chavez, Account Manager
Andrew Chavez, Director, IT
Nathan Duran, District Manager
Russell Groves, Engineer
Eva Deaguero, Billing Manager
Randy Vigil, Operations Department

OTHERS PRESENT:

Jan Niclas, NM DOT, Assistant District 6 Engineer/Maintenance
Chuck Garcia, Board Counsel
Steve Duran, Member

OTHERS PRESENT (cont.)

Heather Nordquist, Member

Dave Neal, Member

Patrick Herrera, Member

Johnny Villareal, Member

Amanda Martinez, *Rio Grande Sun*

Beverly Duran, Member

Tim Cash, Member

4. APPROVAL OF AGENDA

Mr. Cordova requested that the Tri-State report be presented during executive session.

ACTION: Mr. Jaramillo moved to approve the agenda as amended. Mr. Cordova seconded and the motion passed by unanimous [10-0] voice vote. [Mr. Duran arrived directly after this action.]

5. RECOGNITION OF GUESTS & STAFF

Those present introduced themselves.

6. BUSINESS WITH GUEST(S)

A. DOT - Request for formal approval to use JMEC yard

Jan Niclas, NM DOT, Assistant District 6 Engineer/Maintenance, said DOT needs additional storage for salts and cinders for snow removal and is requesting use of JMEC's Lybrook yard. In exchange for the use of the yard, DOT would upgrade the driveway access of the Lybrook yard. Currently, JMEC stores equipment in DOT's San Ysidro yard.

Mr. Niclas provided an agreement drawn up by DOT's legal division to Ms. Montoya-Trujillo. The agreement states no money is being exchanged and it can be terminated by either party.

Ms. Montoya-Trujillo said she would have JMEC's counsel review the agreement for any liability issues.

Mr. D. Trujillo said this is a public safety issue and he was hopeful the Board could act on the request expeditiously.

B. Guest Comment(s)

Dave Neal, District 6, noted that the qualifications for a trustee are clearly delineated in the JMEC bylaws. They prohibit any trustee from having a financial interest in any business selling electrical energy. The conflict of interest statement also requires that trustees re-file their statements disclosing

any change in that status. He said Mr. Tapia should re-file and step down as a consequence of his association with CST. While he understood that Mr. Tapia was not involved in contract negotiations he does have an interest in a company that produces electricity which is a violation of the Board's policy.

Mr. Neal referred to a *Rio Grande Sun* article that said CST's solar array will sell electricity to JMEC. Mr. Tapia's violation of the bylaws may be punishable by the state's Attorney General. Speaking as a shareholder, Mr. Neal said he did not like what he saw and recommended the Board find another at-large.

Mr. Duran expressed dismay that he was not made aware of the fact that JMEC entered into a contract with CST or Rio Arriba County. Mr. Tapia stated there was no contract.

Mr. D. Trujillo said he was unaware of any contracts or negotiation with Rio Arriba County or CST. Chair Naranjo said JMEC was not party to any agreement with either entity.

Mr. D. Salazar introduced a motion that Mr. Tapia immediately step down from the Board and Mr. Duran seconded. The motion failed by majority [4-6] voice vote.

Mr. D. Salazar pointed out that voting against the motion was in effect "aiding and abetting" the violation of the bylaws.

Johnny Villareal, an electrical contractor, asked how JMEC monitored the metering systems. He said he has had calls from his neighbors to inspect their services because they have installed energy efficient methods and their electric bills continue to climb. He understands from staff that JMEC's meters cannot be calibrated which is not accurate information. Even after the installation of energy efficient lighting he has seen his bill increase from \$38 to \$150. He said the meters needs to be calibrated.

Mr. Villareal mentioned a neighbor whose bill went from \$80 to recently over \$300. This woman, who is on a fixed income, is so fearful of being cut off that she has disconnected a great deal of her household electric. He said he has talked to JMEC customer service numerous times and the issues have not been addressed; instead customer service said it's Christmas lights, heaters, etc.

Chair Naranjo requested that JMEC Engineer Russ Groves meet with Mr. Villareal.

Mr. Villareal said the new smart meters are inaccurate and a third party monitors the information. He offered to provide information to Ms. Montoya-Trujillo. He asked if the old style meters could be reinstalled and Ms. Montoya-Trujillo said it was possible.

Heather Nordquist ceded her time to Dave Neal.

Mr. Neal said he was not contesting the contract negotiations. JMEC's bylaws clearly state that none of the trustees are to be working for a company that sells energy to the co-op. The Board is in violation of the bylaws because Mr. Tapia has an interest in an energy producing company.

Chair Naranjo assured the speaker that this would be discussed with Board counsel.

Steve Duran addressed the Board and asked who serves as legal counsel. Ms. Montoya-Trujillo responded Chuck Garcia adding that Nancy Long is also utilized by JMEC for legal assistance. She noted that JMEC uses different attorneys who specialize in different aspects of the law.

Mr. Steve Duran asked who has legal oversight over the co-op and the response was RUS, the PRC and the membership. In response to Mr. Steve Duran's questions, Mr. Tapia said he was not employed by CST but rather Mosher Enterprise. Mr. Steve Duran said he would personally file a complaint with the Attorney General's Office if Mr. Tapia were involved in the contract with Rio Arriba.

Mr. Steve Duran expressed his concern that there are members of the Board that are here to serve their own interest rather than that of the co-op.

7. ACTION ITEMS

A. Approval of December 21, 2018 Board minutes

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

Ms. McCoy noted that the last page of the August 2018 minute were not on line.

B. Approval of December 2018 New Membership List

Manager Montoya-Trujillo announced there were 79 new members.

ACTION: Mr. Jaramillo moved to approve. Mr. Tapia seconded and the motion passed without opposition.

C. Approval of Net Metering Policy

Ms. Montoya-Trujillo said this operational policy was presented to the policy committee and the final draft was provided digitally and in the packet. The policy addresses the sizing of the solar system, the purchasing policy for the produced solar energy and contains information to protect JMEC's system. At this point, the policy addresses individual solar systems.

Burns & McDonnell has been engaged to conduct a systems impact study looking at the circuits and substations. An application update with Tri-State will be necessary to enter into an agreement.

Mr. Cordova pointed out that the policy addresses rooftop-like systems. It will not address large-scale systems.

Mr. Duran said he was out of the loop on this and requested better communication. He mentioned a meeting that Tri-State attended last week which had representatives from different co-ops and he was disappointed that JMEC's Energy Committee was not represented. Mr. Marquez, chair of the Energy Committee, said he was not aware of the meeting until after it occurred.

Mr. Duran said there are a lot of co-ops that are upset with Tri-State's 5 percent solar cap. Mr. Tapia said he understood the issue was the credit schedule. The majority of the co-ops in New Mexico are not close to 5 percent solar. The issue is Tri-State is changing the credit schedules. Tri-State is evaluating standby meters that are paid for by solar. This will be coming before the legislature.

Mr. D. Trujillo recommended amending the policy to clarify it refers to single family home systems. Ms. Montoya-Trujillo said the policy addresses small premises under 30kW and is not limited to rooftop because wind also applies.

ACTION: Mr. Cordova moved to approve the operational policy on net metering. Mr. C. Trujillo seconded and the motion passed by majority [7-3] voice vote with Mr. Duran, Ms. McCoy and Mr. D. Salazar voting nay. Mr. D. Salazar explained his vote stating he was unable to access his on line board packet.

D. Approval of Extension of the General Manager Contract

Ms. Montoya-Trujillo said the contract expires February 19th before the next regularly scheduled Board meeting. The request is to extend the contract terms for a two-month period.

ACTION: Mr. C. Trujillo moved to extend the contract for two months. His motion was seconded by Mr. V. Salazar.

Mr. D. Trujillo asked whether an evaluation of the general manager has been scheduled and who would be involved in that process. Chair Naranjo said the entire Board would participate in the evaluation and it would occur prior to the end of the two-month extension.

The motion passed by unanimous voice vote.

E. Approval of Annual Meeting Date

There will be elections for three trustees this year and to ensure alignment with the bylaws, Ms. Montoya-Trujillo suggested July 14th, the second Sunday in July. Last year the meeting was held on the third Sunday of July.

For better attendance, Mr. Duran introduced a motion that every third year the annual meeting be held in Española. Mr. D. Salazar seconded.

Ms. Montoya-Trujillo said the annual meeting is budgeted at \$75,000.

Mr. Jaramillo said he would not support the motion at this time; however, when the new headquarters are completed he would support holding the annual meeting there.

Speaking from his 50 years of experience on the Board, Mr. D. Salazar said he can only recalled one time where there was a quorum of the membership present. Chair Naranjo said the membership attended because JMEC had a drawing for a new car at the meeting.

Mr. Duran said the membership needs to attend and have a vote.

The motion to hold the meeting in Española every third year failed by majority [4-6] voice vote with Trustees D. Trujillo, McCoy, Duran and D. Salazar voting for.

Continuing, possible dates were mentioned that conflicted with county fairs and summer markets.

ACTION: Mr. Marquez moved to hold the Annual Meeting Sunday, July 21st. The motion was seconded by Mr. D. Trujillo and passed by unanimous voice vote.

F. Approval of the Updated Design for the San Ysidro Transmission Pole

ACTION: Mr. Cordova moved to enter into the contract for the updated design. Mr. C. Trujillo seconded. The motion passed by unanimous voice vote.

G. Approval of the El Llano Boring Project Contract Award

Contract Administrator Karen Wisdom said the cooperative released an RFP for the replacement of underground cable in El Llano in an occupied subdivision. There have been a series of faults in the area which is approximately 1,350 feet of line.

The RFP was issued on January 9th with bids due January 22nd. Two bids were received and both bidders were contractors that have worked with JMEC in the past. One bid came in at \$61,775 plus tax, the other was \$25,069.59 plus tax. Staff recommends awarding the contract to the low bidder, Kelly Cable of New Mexico

A discussion ensued regarding the discrepancy in the bid amounts. Ms. Montoya-Trujillo said that the higher bidder, US Electrical, worked on Highway 4 for JMEC and had boring issues and it may be that their high bid is in response to that previous situation. Given El Llano's location, staff is confident that rock will not be an issue.

Ms. McCoy noted that along with the price discrepancy there was also a difference in the duration of the job ranging from one week to five weeks.

Mr. Duran said there may be a bonding issue with such a wide spread in bids. In courtesy to the low bidder, he recommended tabling the item for further review.

Mr. Marquez said each time the system goes down in El Llano 1,500 people are without power. He thanked Mr. Groves and Ms. Wisdom for working on a solution.

ACTION: Mr. Marquez moved to award the bid to Cable of New Mexico. Mr. C. Trujillo seconded and the motion passed without opposition.

Ms. Montoya-Trujillo said she would take the Board's concerns under advisement.

[The Board recessed for 10 minutes]

8. GENERAL MANAGER'S UPDATE

A. Union Contract Ratification

Manager Montoya-Trujillo updated the Board about the contract discussed at the previous meeting. The Board granted her the authority to enter into a contract if approved by the union members. The contract was ratified by the union members on January 10th. The wage increases will be retroactive to January 1st.

Ms. Montoya-Trujillo said an internal committee and JMEC's labor attorney worked on negotiations with the union. The salaries are divided by pre- and post-1998.

The increase of salaries mostly affects those making the least amount of money which does not greatly impact the budget. The union wanted the increases to be met in one year and through negotiations the co-op has three years to meet the salary increases. A disparity in salaries has been rectified.

B. PV on a Pole/SHINE. Update

Ms. Montoya-Trujillo said the SHINE program provides opportunities of solar energy to JMEC's lower income consumers. JMEC received \$10,000 from Cornerstones, a non-profit, to place two systems on Native American land. The

two systems will be located in Nambe. There will be a ribbon cutting ceremony.

JMEC entered the Solar in Your Community Challenge.

C. Legislative/PRC Activity Update

Management has been watching the legislation particularly anything on the PRC's agenda. There are union, family leave and other items that are being tracked.

Regarding the oil field inspections that CID is no longer performing, JMEC is requesting that the inspections continue with an independent third party paid by the oil industry before a project is energized.

A power outage on January 16th in the Española area impacted five substations and was reported to PRC.

The rate rider will be reconciled in February/March and filed with the PRC.

A metering project is underway with an internal working committee. The project will provide the consumer information on monitoring their electric consumption.

Mr. D. Salazar said he was affected by the outage in Española and emphasized the importance of getting the power back up as soon as possible, especially for those on oxygen. Ms. Montoya-Trujillo said staff is very concerned about that and works as quickly as possible to get the power back up.

D. Business Services & Finance

1. December 2018 Financial Information

Ms. Montoya-Trujillo highlighted the following statistics for December:

- The TIER is 1.21 and budgeted at 2.10
- The OTIER is .97 and budgeted at 1.56
- This December was colder than the past few years
- Year-to-date TIER is 1.69
- Year-to-date OTIER is 1.47
- There were 31,022 consumers
- Residential average KWH usage was 633 - the increase attributed to cold weather
- Small commercial average KWH usage was 3,381 - an overall reduction in this rate class
- Large commercial average KWH usage was down - attributed to Kinder Morgan
- Total connects in December were 156
- Total disconnects in December were 133

- There were 279 consumers per employee; a reduction from last year
- Revenue per KWH sold was \$0.13 - flat from last year
- Revenue generated per mile was \$1,074.89
- Purchased power as a percent of revenue was 69 percent
- Operating expense as a percent of revenue was 26 percent
- Margins as a percent of revenue was 1 percent
- 30,883,196 KWH were purchased from Tri-State
- 34,531,301 KWH were sold
- JMEC's own KWH use was 138,465
- Line loss calculation was 6,213,430 which is a timing difference
- Average cost for residential was 0.075 cents KWH
- KWH remained fairly consistent from last month
- Total miles of line was 4,128 - that number is being reviewed for tax purposes
- Plant investment per mile is \$29,081.42
- Inventory as a percentage of plant is 2.03 percent - up from last year to improve in house inventory
- Idle meters were at 4.80 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 111 employees
- The increase in KWH sold directly relates to the cold weather

Mr. D. Salazar requested a comparison of average KWH cost per consumer class with other co-ops. He also requested the average RUS interest rate. Ms. Montoya-Trujillo said JMEC has the lowest rates in the state and offered to get the interest rate information.

Ms. Montoya-Trujillo reminded the Board that JMEC entered into a revised contract with Kinder Morgan that will bring more revenue to JMEC.

The Form 7 is not available because of the government shutdown.

D. 2. Finance Committee Meeting

Johnny Jaramillo, Chair of the Finance Committee, reported that the committee met with a quorum, Thursday, December 24th at the Hernandez office, and reviewed the finance-related materials for December 2018.

a. General Fund Expenditures

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

Ms. McCoy had a series of questions that staff addressed.

Although the manager has the authority, it was requested that in the future bonuses be presented to the Board.

The motion passed by majority voice vote with Ms. McCoy voting against.

b. Credit Cards

The committee reviewed the Wells Fargo credit card charges made by the five authorized users. The total for the month was \$4,176.34. Mr. Jaramillo noted the breakdown by user was also provided and reviewed.

Chair Naranjo asked that staff monitor Wells Fargo. Mr. Marquez requested that staff investigate transferring JMEC's general account to a local bank.

Ms. McCoy asked whether there was a limit to the expenditures on the Light parade. Ms. Montoya-Trujillo said there is a limit of around \$500.

ACTION: Mr. Jaramillo moved to accept the Wells Fargo charges of \$4,176.34. Mr. Cordova seconded and the motion passed without opposition.

c. Attorney Expenses

Mr. Jaramillo provided the attorney expenses as follows: Cuddy and McCarthy, \$4,662.62, Long, Komer & Assoc., \$6,654.74, and Wiggin, Williams & Wiggins, \$106.80. The total attorney fees were \$11,424.16. He noted that the invoices were being circulated.

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

Mr. D. Salazar said he understood that Long, Komer were JMEC's chief counsel and did not recall the hiring of Cuddy and McCarthy.

Mr. Duran asked whether the Board paid legal expenses of sued trustees. That item would be discussed during executive session.

The motion passed by majority [7-3] voice vote with Trustees Duran, D. Trujillo and McCoy voting against.

d. Consultant Expenses

Mr. Jaramillo said Bolinger/Segars/Gilbert & Moss invoiced JMEC for tax preparation in the amount of \$6527.50, and FBT Architects for the new building at \$6,369.50. The total amount was \$12,897.

ACTION: Mr. Jaramillo moved to accept the consultant expenses of \$12,897. His motion was seconded by Mr. Marquez. The motion passed by majority voice vote with Ms. McCoy voting against. She explained her vote stating she received her packet late and did not have time for an adequate review.

Ms. Montoya-Trujillo said her practice is to have the packet materials on Diligent the Friday before the meeting. This month the finance material was available on Friday but some of the material was entered later.

Mr. Duran said he missed the December meeting because he was not notified of the date change. Executive Assistant Rendon said she sends all the information to the trustees and recommended that Mr. Duran verify his email address with staff.

e. Trustee Vouchers

The December 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. Marquez.

Mr. Duran observed an increase in trustee vouchers since last year and asked for an explanation.

Mr. Marquez requested that Andrew Chavez inspect the trustees' Diligent software to ensure the information is coming through. Mr. D. Trujillo suggested staff send the trustees an email notice when the materials have been downloaded on Diligent.

The motion passed by majority [8-2] vote with Trustees McCoy and Duran opposed.

f. December 2018 - Bank Account Summary

Mr. Jaramillo said this was provided as an informational item to the committee.

g. RFPs, Contracts and Purchasing

- i. Extension of General Manager Contract - postponed**
- ii. Consultant for AMI RFP - tabled pending review**
- iii. San Ysidro - approved earlier**
- iv. El Llano - approved earlier**

- v. **Environmental analysis - Request to issue RFP -**
RFP approved and will come to Committee and Board
with staff recommendation on responses

- h. **Requests for Donation**

- i **Cuba Rural Pathways -** tabled pending information

That concluded the Finance Committee business.

9. COMMITTEE REPORTS

A. Audit Committee

Mr. Marquez said the committee met on January 23rd and reviewed the work orders status. He commended staff for their attention to the orders. Meter tampering has been substantially reduced and there were no incidents this month. The committee reviewed the pole attachment agreement.

Ms. Wisdom said she reviewed the pole attachment agreements and while the initial terms have expired they continue on an evergreen clause.

Mr. Marquez said he has requested an inventory of Satview to address the issue.

Ms. Montoya-Trujillo said the external audit will begin March 11th and the agency that provides workers compensation has requested a field audit.

B. Personnel Committee

Mr. C. Trujillo said they discussed the evaluation for the GM.

In response to Mr. D. Trujillo's question, Ms. Montoya-Trujillo said an additional GIS position was incorporated into the approved agenda. The mapping technician position will be posted next week and supports the entire co-op. Mr. Marquez said the west side map information is weak.

Nathan Duran, District Manager, said maps exist but they have not all been entered into the GIS mapping system.

C. New Headquarters Committee

This item will be discussed during executive session.

D. School Committee

Ms. McCoy reported that she will be working with Ms. Rendon on activities with the schools.

Mr. Marquez said he'd like to see JMEC banners hanging in the service area schools.

Mr. D. Trujillo said internships with high school students require a JMEC policy.

10. BOARD REPORTS


A. Tri-State Report - Moved to executive session

11. EXECUTIVE SESSION

The Board recessed to Executive Session at 12:00

12. ADJOURNMENT

Following executive session, Chair Naranjo declared the meeting adjourned


Secretary, Harold "Charlie" Trujillo

APPROVED:


Chairman, Nick Naranjo

