

MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES MEETING
Friday, July 26, 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, 9365 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
George Rivera
David Salazar [arrives during executive session]

ABSENT:

Dennis Trujillo
Dolores McCoy

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
Randy Vigil, Operations Manager
Eli Gallegos, Purchasing
Dwight Herrera, HR Manager

OTHER(S) PRESENT:

Charles Garcia, JMEC Counsel
Luis Torres, Member
Charles Wright, Member

Amanda Martinez, *Rio Grande Sun*
Tabitha Clay, *Rio Grande Sun*
E. Romero
Jeff Hernandez

4. APPROVAL OF AGENDA

ACTION: Mr. Tapia moved to approve the agenda as published. Mr. Cordova seconded.

Under discussion, Mr. Crawford requested the agenda include a discussion on his open letter dated 7/26/2019 to the Board [*Exhibit 1*]. Chair Marquez said that would occur during executive session. Mr. Tapia asked that the open letter to the customers from Nick Naranjo be read into the record [*Exhibit 2*].

Mr. Cordova requested that item 10. A (Tri-State Report) also occur during executive session.

Chair Marquez said executive session would occur following approval of the agenda.

The motion passed by majority voice vote with Mr. Crawford voting nay and Mr. Salazar not present.

11. EXECUTIVE SESSION

ACTION: Mr. Naranjo moved to meet in closed session. Mr. Tapia seconded and the motion passed by majority voice vote with Mr. Crawford voting nay and Mr. Salazar not yet present.

[The Board met in closed session from 9:05 - 9:50]

Returning to open session, Chair Marquez requested that Board Counsel Garcia read the July 19, 2019 open letter to members and customers of JMEC, Inc. signed by then board President Nick Naranjo. [*Exhibit 2*].

This is an open letter to members and customers of Jemez Mountains Electric Cooperative, Inc., dated July 19, 2019. Mr. Garcia read the letter as follows:

"I am writing to clearly state to you that JMEC has not raised its electric rates without the approval of the New Mexico Public Regulation Commission (NMPRC), contrary to the reporting of *Rio Grande Sun* reporter Amanda Martinez, in an article published on July 18, 2019.

"JMEC has not made any change in its rates and specifically its net metering Rate No. 14, Standard Tariff for Electricity Purchases from and Sales to Qualifying Facilities. JMEC could not make any change in rates without notice to its customers pursuant to NMPRC Rule No. 540. To

the contrary, the Board of Trustees for JMEC passed a change in policy to be implemented in the future regarding the billing on its net metering rate. However, the Board has not taken the necessary steps to implement this change in policy or change any rate, which requires compliance with NMPRC Rule 540. Representatives of JMEC met with the staff of the Utilities Division of the NMPRC back in March 2019 and explained the actions of JMEC's Board and that no rate change had been implemented and would not be implemented outside the Rule No. 540 procedures. To date, JMEC has heard nothing further on any concerns from the NMPRC staff.

"The *Sun* article authored by reporter Amanda Martinez, erroneously reports that JMEC raised electricity rates without approval. In fact, no such thing ever occurred. Indeed, Ms. Martinez erroneously attributed statements from the staff of the NMPRC to the former general manager of JMEC, Milo Chavez, as "Attorney Milo Chavez." Mr. Chavez is not an attorney, and to JMEC's knowledge has never been an attorney. In fact, Mr. Chavez is employed in the Utilities Division of the NMPRC, not the legal division of the NMPRC.

"Such erroneous reporting leads to misinformation and confusion on the part of JMEC's members and customers. I write to clearly and unequivocally inform JMEC's members and customers that the Board of JMEC has not raised its rates. As members and customers of JMEC should you have any questions or need additional information please contact Mr. Andrew J. Chávez, JMEC's Interim General Manager, at 505 367-1155 or send an email to ajchavez@jemezcoop.org."

5. RECOGNITION OF GUESTS & STAFF

Those present introduced themselves.

6. ACTION ITEMS

A. Approval of the June 28, 2019: Regular Board Minutes

ACTION: Mr. Naranjo moved to approve as submitted. Mr. Tapia seconded. The motion passed without opposition. [Msrs. Crawford and Rivera abstained]

Mr. Salazar recalled that the attorney fees were higher than reflected in the minutes. Finance Committee Chair Jaramillo confirmed that the numbers were correct.

Chair Marquez requested that minutes, upon Board approval, be posted on the website.

B. Approval of Special Board Minutes: July 3, 2019

ACTION: Mr. Naranjo moved to approve. Mr. Cordova. The motion passed without opposition. [Msrs. Crawford and Rivera abstained]

C. Approval of Special Board Minutes: July 15, 2019

ACTION: Mr. Tapia moved to approve. Mr. Naranjo seconded. The motion passed without opposition. [Msrs. Crawford and Rivera abstained]

D. Approval of Organizational Meeting Minutes: July 21, 2019

ACTION: Mr. Jaramillo moved to approve. Mr. Cordova seconded. The motion passed with Mr. Salazar voting against and Msrs. Crawford and Rivera abstaining.

E. Approval of June 2019 Membership List

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

F. Approval to Renew Expired Contracts - July 2019 [See pages 7-9]

ACTION: Mr. Naranjo moved to approve. Mr. Tapia seconded. [Motion and second subsequently rescinded.]

Karen Wisdom, Contract Administrator and Compliance Officer, began to introduce the contracts requiring renewal when Mr. Tapia recommended that this item be moved to the Finance Committee reports. He noted that the committee vetted the information and it was more appropriately handled at that time.

Mr. Naranjo agreed and the motion and second were rescinded.

G. Approval to Purchase two 16,000 lb. lifts for new mechanic shop

This item was also vetted by the Finance Committee and moved to the Finance Committee Report.

7. GENERAL MANAGER'S UPDATE

A. Employees of the Month

Mr. Chávez introduced the two July employees of the month: Lenny Ortiz, vegetation manager and Bobby Joe Chavez from the Cuba office. Mr. Ortiz noted that he has worked for JMEC for 26 years. The employees received a round of applause, certificates of recognition and a cash award.

Chair Marquez also recognized Randy Vigil for his assistance during a recent power outage. Mr. Chávez commented that there were multiple outages last night and he commended JMEC crews for their hard work to correct the issue.

B. Business Service and Finance
1. June 2019 Financial Information

Teresa Chavez, Account Manager, said the revenues at \$4.3 million were strong during June. She reviewed the June ratios and statistics and what follows are highlights:

- The TIER (times interest earned ratio) was 1.40 and budgeted at 2.44
- The OTIER (operating times interest earned ratio) was 1.47 and budgeted at 1.57
- JMEC is within its RUS requirements for TIER and OTIER
- There were 31,167 consumers last month up 156 from the same time last year
- Residential and small commercial average KWH usage was down from 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 236
- Total disconnects were 202
- There were 289 consumers per employee
- Revenue per KWH sold remained at \$0.14
- Revenue generated per mile was \$1,006.70
- Purchased power as a percent of revenue was 60 percent
- Operating expense as a percent of revenue was 29 percent
- 31,480,706 KWH was purchased from Tri-State
- 30,319,132 KWH were sold
- JMEC's own KWH use was 50,771
- Line loss at 4 percent has decreased from last year's 12 percent
- Average cost for KWH was 0.079 cents
- Average cost for residential KWH was \$0.14
- Average cost for small commercial KWH was \$0.15
- Average cost for large commercial KWH was \$0.10
- Total miles of line was 4,131
- Number of consumers per mile of line was 7.54
- Plant investment per mile is \$29,154.10 - an increase from last year
- Depreciation as a percentage of plant was 49 percent
- Inventory as a percentage of plant is 1.70 percent
- Idle meters were at 1.91 percent
- RUS loans as a percent of total loans was 81 percent; Co-Bank and CFC loans make up 19 percent of the total outstanding long-term debt
- There are 108 employees
- Expense per consumer was \$5.98, down from last year
- Admin & General expense per consumer was \$14.06, up from last year

Presented in a graph format, Ms. Chavez reviewed comparisons over a three-year period of KWH sold, electric revenues, revenues from wheeling, joint pole

use and service charges, the increase in Kinder Morgan revenues, cost of power, energy accounts receivable, and bad debt write-offs. With higher temperatures last year, more residential KWH were sold. The Form 7 and its accompanying balance sheet were presented indicating JMEC's good financial standing.

The Board thanked Ms. Chavez for her thorough reporting.

The new Board members were encouraged to participate in the National Rural Electric Cooperative Association (NRECA) next training this fall.

C. Finance Committee Meeting - June 2019 information

Johnny Jaramillo, Chair of the Finance Committee, reported that the committee met with a quorum, Thursday, July 25th at the Hernandez office, and reviewed the finance-related materials for June 2019. He noted the Finance Committee documents were provided to all Board members within their packet materials.

1. General Fund Expenditures

ACTION: Mr. Jaramillo moved to accept the general fund expenditures for information. Mr. Naranjo seconded and the motion passed without opposition.

2. Credit Cards

The committee reviewed the Wells Fargo credit card charges made by the authorized users. The total for the month was \$4,539.35. Mr. Jaramillo provided a breakdown of the charges by users. The charges were vetted by the committee.

ACTION: Mr. Jaramillo moved to accept the Wells Fargo charges of \$4,539.35. Mr. Tapia seconded and the motion passed by unanimous voice vote.

3. Attorney Expenses

Mr. Jaramillo provided the attorney expenses as follows: Wiggins, Williams & Wiggins, \$629.45 and Cuddy & McCarthy, \$20,024.03. The total attorney fees were \$20,653.48. Wiggins, Williams & Wiggins serve JMEC as labor counsel. Invoices were available for review.

As a point of information, Mr. Tapia stated that payments are issued following Board action.

ACTION: Mr. Jaramillo moved to accept the attorney expenses. His motion was seconded by Mr. Naranjo. The motion passed by unanimous voice vote.

4. Consultant Expenses

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

FBT Architects	\$ 5,671.00
Burns & McDonnell	\$15,600.00
Total	\$21,271.00

FBT was identified as the architects for the new headquarters and Burns & McDonnell provided an analysis on the San Ysidro area.

ACTION: Mr. Jaramillo moved to accept the consultant expenses of \$21,271.00. His motion was seconded by Mr. Cordova and passed by unanimous voice vote.

Mr. Tapia mentioned that the San Ysidro washouts have been problematic and costing JMEC a great deal of money. The new steel poles placed in concrete will eliminate those issues.

5. Trustee Vouchers

The June 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 June trustees' vouchers. His motion was seconded by Mr. C. Trujillo. The motion passed without opposition.

6. June 2019 - Bank Account Summary

Mr. Jaramillo said this was presented to the Committee as information.

7. RFPs, Contracts and Purchasing

a. Renewal of expired contracts

Ms. Wisdom presented the contract information to the Board.

Affordable Tree Trimming: Staff recommends extending the trouble call contract with Affordable until 12/31/2019 when it will be reissued for RFP. Affordable responds on an as-needed basis when management deems necessary.

Chair Marquez noted that the contracts were all vetted by JMEC's Audit Committee before being forwarded to the Finance Committee.

ACTION: Mr. Jaramillo moved to approve the contract extension to 12/31/2019. His motion was seconded by Mr. C. Trujillo. The motion passed without opposition.

Eloyda Romero: Provides janitorial services for the Cuba and Jemez Springs offices. In the past, Mrs. Romero was the only responder to the RFP and management is recommending a two-year extension to her contract. Ms. Wisdom said it is her understanding from the district and facilities managers that Mrs. Romero is doing an excellent job. There is no increase to the contract amount.

ACTION: Mr. Jaramillo moved to approve the contract renewal as recommended by management. Mr. Rivera seconded and the motion passed without opposition.

NV5 (formerly Marron & Associates): This archaeological firm provides monitoring while the tree trimming crew is working in a section of the Santa Fe National Forest. Archaeological monitoring is a requirement of the SFNF for JMEC's special use permit. The archaeologists are required to flag the sites and be present during the tree trimming efforts. Lenny Ortiz will coordinate the efforts and a 60-day extension is necessary.

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

Saby Janitorial: Ms. Wisdom said this firm provides services for the Española office. Management is recommending extending the contract until July 2020 when an RFP will be issued for janitorial services in the new building. She noted that the firm has done an excellent job and is maintaining the same charges.

ACTION: Mr. Jaramillo moved to approve the contract extension. Mr. Rivera seconded and the motion passed without opposition.

Wordswork: Ms. Wisdom requested a two-year extension on the contract and noted modifications to the extension include an increase to the hourly rate, electronic record retention and a digital/e-copy of the minutes.

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

Mr. Tapia noted for the record that Ms. Wisdom is a licensed and certified contracting officer.

Bolinger, Segars, Gilbert & Moss: This firm performs a number of services for the Co-op with different contracts. Ms. Wisdom said management is recommending rolling those contracts into one master service agreement. The firm has served the Co-op for decades, is considered experts in their field and specialists in capital credits. Management is requesting a two-year contract on an as-needed basis not to exceed \$50,000 a year.

ACTION: Mr. Jaramillo moved to approve the contract as presented. Mr. Naranjo seconded and the motion passed without opposition.

Chair Marquez pointed out that all contracts come before the Board for approval. For record keeping and transparency, Ms. Wisdom added that each contract contains a Board Action.

b. Two 16,000 lb. lifts for new mechanic shop - existing lifts did not pass inspection

Mr. Eli Gallegos said JMEC had planned on relocating the two existing lifts to the new mechanical shop; however, those two lifts failed annual inspection. It was determined that purchasing new lifts from Eaton Services for a total of \$30,242.46 was the appropriate course of action.

ACTION: Mr. Jaramillo moved to approve the purchase of two new lifts as presented. Mr. Rivera seconded.

To continue using them until the new facility is ready, Mr. Gallegos said new electrical disconnects were installed on each motor. He said it would be a liability to sell them and recommended disassembling when the new facility is ready.

In response to Mr. Crawford's question, Mr. Gallegos said JMEC has all their lifts and hoists inspected annually. Some of the bushings in the lift are no longer available. The electrical disconnects make it possible to use the lifts but they cannot be relocated.

The motion passed without opposition.

8. Requests for Donation
i Jemez Valley Public Schools - Volleyball Team

ACTION: Mr. Jaramillo moved to approve a donation of \$250 to the Jemez Valley Public Schools - Volleyball Team. Mr. Naranjo seconded and the motion carried without opposition. [Mr. Crawford was not present for this action.]

That concluded the Finance Committee business.

Mr. D. Salazar said in 1998 JMEC's revenue was \$24.9 million and the cost of power that year \$15 million. At the end of 2017 JMEC's revenue was \$53 million and the cost was \$32 million. He asked about solar credits and net metering. Mr. Tapia said it was important that JMEC is receiving credits from Tri-State that go back into the general fund.

8. COMMITTEE REPORTS

No reports were presented.

9. NEW BUSINESS

Chair Marquez asked the Board members to review the Board committees and advise him of which they desire to serve on. Because of fiduciary responsibilities, the School Committee/Foundation has been integrated into the Executive Committee.

Mr. Chávez thanked his staff for their tireless assistance in making the annual meeting successful.

10. BOARD REPORTS

A. Tri-State - This item was discussed during executive session.

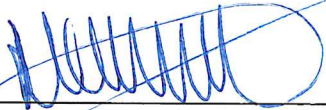
11. ADJOURNMENT

Chair Marquez declared the meeting adjourned at approximately 11:00 a.m.



Secretary, Nick Naranjo

APPROVED:



Chairman, Leo Marquez



9. NEW BUSINESS

Chair Marquez asked the Board members to review the Board committees and advise him of which they desire to serve on. Because of fiduciary responsibilities, the School Committee/Foundation has been integrated into the Executive Committee.

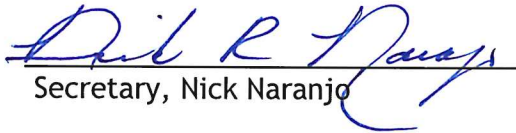
Mr. Chávez thanked his staff for their tireless assistance in making the annual meeting successful.

10. BOARD REPORTS

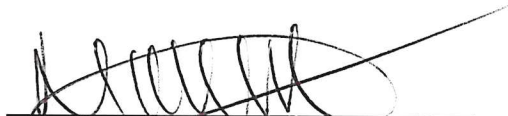
A. Tri-State - This item was discussed during executive session.

11. ADJOURNMENT

Chair Marquez declared the meeting adjourned at approximately 11:00 a.m.


Secretary, Nick Naranjo

APPROVED:


Chairman, Leo Marquez

