

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

**BOARD OF TRUSTEES MEETING**

**Friday, June 28, 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, 19365 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  
Dolores McCoy, Trustee  
David D. Salazar, Trustee  
Victor Salazar, Trustee  
John Tapia, Trustee at Large

**ABSENT:**

Bruce Duran, Trustee  
Dennis Trujillo, Trustee

**JMEC STAFF PRESENT:**

Andrew Chávez, Acting 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 DeAgüero, Billing Manager  
Lenny Ortiz, Vegetation Management Coordinator  
Randy Vigil, Linemen Manager

**OTHER(S) PRESENT:**

Charles Garcia, JMEC Counsel  
Stan Crawford, Incoming Board member  
Heather Nordquist

Sylvia Salazar  
Amanda, Martinez, *Rio Grande Sun*  
Patrick Herrera  
Phillip D. Roybal  
G. Dianne Roybal  
G. D. Lewinsky  
John Villareal  
Dave Neal

#### 4. APPROVAL OF AGENDA

**ACTION:** Mr. Marquez moved to approve the agenda as published. Mr. C. Trujillo seconded and the motion passed by unanimous voice vote.

#### 5. RECOGNITION OF GUESTS & STAFF

Those present introduced themselves.

#### 6. ACTION ITEMS

##### A. Approval of the May 2019 Regular Board Minutes

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

##### B. Approval of Special Board Minutes: 5/18/2019

**ACTION:** Mr. Marquez moved to approve. Mr. C. Trujillo seconded. The motion passed. [Later in the meeting, Ms. McCoy declared her vote in opposition to the approval of these minutes.]

##### C. Certification/Non-certification for Districts 4, 5, & 6 Elections

JMEC Board Secretary, C. Trujillo read the certifications of notice for the elections as follows:

##### District 4 Ward A, June 21, 2019:

Lucas Cordova	299
Patrick Herrera	160

**ACTION:** Mr. C. Trujillo moved to accept the election results as noted above. Mr. Jaramillo seconded and the motion passed without opposition.

##### District 5 Ward A, June 24, 2019:

Stanley Crawford	308
Victor Salazar	290

**ACTION:** Mr. C. Trujillo moved to accept the election results for District 5. Mr. Marquez seconded and the motion passed without opposition.

District 6 Ward B, June 26, 2019:

Mr. C. Trujillo stated that Bruce Duran was uncontested in this election; however, serious concerns have been raised regarding Mr. Duran's qualification/residency under Article IV, Section 3 of the Bylaws. Consistent with the Board's duty to ensure the election complies with the requirements of the Bylaws, the Board will pursue an investigation and make its determination following the investigation.

Speaking from the audience, as a member of District 6, Heather Nordquist said the district must be represented and asserted this was a "movida."

**ACTION:** Mr. C. Trujillo moved to not certify the election of District 6. Mr. Marquez seconded.

Under discussion, Mr. D. Salazar referred to two letters dated 2/22/2019 and 3/29/2019 [*Exhibits 1 and 2*] from counsel retained by JMEC District Manager Nathan Duran regarding violations of JMEC Board of Trustee Polices and Personnel Policies. Mr. D. Salazar questioned how it was that he and Mr. Bruce Duran are investigated and Chair Naranjo was not.

In response to Mr. D. Salazar, some of the Trustees claimed not to have received the letters referred to and Mr. D. Salazar said they were clearly sent by email to all Board members.

In response to questions asked by Mr. D. Salazar, Board counsel Charles Garcia said he participated in a meeting that Mr. D. Salazar attended, regarding misconduct where Mr. D. Salazar had an opportunity to defend himself.

The motion passed with Ms. McCoy and Mr. D. Salazar voting against.

#### **D. Approval of RFP for Engineer Design for San Ysidro**

Engineering Director Ross Groves said this is one of the most pressing issues before JMEC. The transmission line that feeds the Jemez Pueblo and San Ysidro customers continues to fail. There have been erosion issues where the poles are falling into the arroyo. Staff has made emergency repairs and is now prepared to make permanent corrections. The lines cross BLM land and the right-of-way for the transmission line has expired. It is questionable whether there is right-of-way for the distribution line. BLM requires a plan with a signed seal of a licensed civil engineer.

In February 2019, JMEC signed a contract with Burns and McDonnell for engineering work. The firm was instructed to develop a wood pole design and following further review, JMEC determined the recommended pole locations experienced a great deal of erosion and were not adequate. A redesign moved the poles further back to avoid future erosion and because of that and the Board's previous instructions, the plans were revised and steel poles were



included. The total amount is \$117,000 for the engineering package, geotech/erosion studies and surveys. The actual design on construction was \$44,000. The Finance Committee approved this request at its meeting yesterday.

**ACTION:** Mr. Jaramillo moved to approve issuing the RFP for steel pole construction of the San Ysidro line. Mr. C. Trujillo seconded and the motion passed by unanimous voice vote.

**E. Approval of RFP for Professional Service Engineering review of work orders for 2019 reports (yrs. 2016-2018)**

Karen Wisdom, Contract Administrator and Compliance Officer, said staff is recommending the approval of an RFP for engineering services to review and stamp a percentage of the work orders as required by RUS for the years 2016, 2017 and 2018.

**ACTION:** Mr. Jaramillo moved to approve the request and Mr. Marquez seconded.

Mr. Groves confirmed that he is a registered and professional engineer in the State of Kansas which does have reciprocity with New Mexico. Ms. Wisdom said JMEC's previous engineer did not stamp the plans. The request before the Board is to receive bids on review and engineer stamps.

Mr. Groves said he was currently working on the process to obtain a New Mexico license.

The motion passed without opposition.

**F. Approval for the Advantage Group TAG/Professional Finance Company Transition**

Eva DeAgüero, Billing Manager, said JMEC's current collection agency is Advantage Group and they are being bought out by Professional Finance Company. In order not to miss any time collecting on past due accounts, she recommended that the Board approve transitioning to Professional Finance Company.

**ACTION:** Mr. Jaramillo moved to approve staff's recommendation and transition to Professional Finance Company. Mr. Cordova seconded. The motion passed by unanimous voice vote.

**G. Approval of Bids for El Llano Project Phase II**  
*[Exhibit 3: Map of El Llano]*

Randy Vigil said the 30-year-old underground lines have been failing. It requires an RFP because buildings have been constructed over the

undergrounds as well as a junk car yard and staff cannot access those lines. The RFP is for boring work and conduit to replace the old cable. In addition to the borings, Mr. Groves said the neighborhood has grown and the plan is to reroute it to a different substation for greater reliability.

Mr. Marquez mentioned that JMEC has more issues with this station than any other and he was pleased to see a solution is underway.

It was mentioned that there were a few more phases following the one under consideration.

The RFP was posted on JMEC's website and direct mailed to past JMEC boring contractors. There was a mandatory pre-bid site visit with only Kelly Cable of New Mexico in attendance. They were the only bidders. Staff recommends awarding the bid (\$36,255.69) to Kelly Cable.

**ACTION:** Mr. Jaramillo moved to approve the bid by Kelly Cable and Mr. Cordova seconded. The motion passed without opposition.

#### **H. Approval of JMEC closure for July 5, 2019**

Mr. Chávez requested the closure of all JMEC offices on July 5<sup>th</sup>.

**ACTION:** Ms. McCoy moved to approve and Mr. C. Trujillo seconded.

Under discussion, Mr. D. Salazar asked whether the union(s) need to approve this closure. Mr. Chávez said it will be considered annual leave and if one does not have annual leave then it will be considered leave without pay.

The motion passed without opposition.

A question was raised by an audience member whether this closure would open JMEC to arbitration. Counsel Garcia said he was not familiar with the collective bargaining agreement regarding this issue. The Co-op, stated Mr. Garcia, should comply with the requirements of the collective bargaining unit. Mr. Tapia advised staff to talk to the union.

### **7. GENERAL MANAGER'S UPDATE**

#### **A. Employees of the Month**

Mr. Chávez introduced the two June employees of the month: Teresa Baca and Patricia Vigil. The employees received a round of applause and certificates of recognition.

#### **B. Business Service and Finance**

##### **1. May 2019 Financial Information**

Teresa Chavez, Account Manager, offered the following ratios and statistics:

- The TIER was 1.11 and budgeted at 2.44
- The OTIER was 0.84 and budgeted at 1.57
- Year-to-date ratios indicate strong revenues
- Two new columns were added to consumer stats to indicate year-to-date averages for 2019 and 2018
- Residential average KWH usage was down from last year
- Large commercial average KWH usage was up last year which was attributed to Kinder Morgan's increase in production
- Total connects were 248
- Total disconnects were 186
- There were 288 consumers per employee
- Revenue per KWH sold remained at \$0.13
- Revenue generated per mile was \$911.73
- Purchased power as a percent of revenue was 64 percent
- Operating expense as a percent of revenue was 27 percent
- Margins as a percent of revenue was 1 percent; last year it was 6 percent
- 32,263,220 KWH was purchased from Tri-State
- 28,820,924 KWH were sold
- JMEC's own KWH use was 59.710
- Average cost for KWH was 0.074 cents
- Average cost for residential KWH was 0.15 cents
- Average cost for large commercial KWH was 0.10 cents
- Total miles of line was 4,134
- Number of consumers per mile of line was 7.53
- Plant investment per mile is \$29,106.94 - an increase from last year
- Inventory as a percentage of plant is 1.76 percent
- Idle meters were at 1.64 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

Regarding Kinder Morgan, Mr. Tapia requested an update on the renegotiated contract and how that impacts the Co-op.

Noting the importance of historical context, Mr. D. Salazar requested that staff review previous Form 7s in regard to the cost of power. Mr. Marquez suggested comparing the number of customers to that review.

Ms. Chavez reviewed the remaining graphs that included 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.



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

Johnny Jaramillo, Chair of the Finance Committee, reported that the committee met with a quorum, Thursday, June 27<sup>th</sup> at the Hernandez office, and reviewed the finance-related materials for May 2019.

#### 1. General Fund Expenditures

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

#### 2. Credit Cards

The committee reviewed the Wells Fargo credit card charges made by five authorized users. The total for the month was \$8,376.55. Mr. Jaramillo noted the breakdown was reviewed by the committee.

**ACTION:** Mr. Jaramillo moved to accept the Wells Fargo charges of \$8,376.55. Mr. Tapia seconded and the motion passed by unanimous voice vote.

#### 3. Attorney Expenses

Mr. Jaramillo provided the attorney expenses as follows: Cuddy and McCarthy, \$2,980.61, and Wiggin, Williams & Wiggins, \$320.39. The total attorney fees were \$3,301.00. The committee reviewed the invoices and they were available for additional 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 the consultants' expenses were reviewed by the committee and he provided them as follows:

Timothy T. Trujillo, lobbyist	\$ 7,809.44
FBT Architects	\$15,579.44
Edie Bailly LLP	\$ 5,000.00
Axiom CPA	\$ 5,897.53
Total	\$34,283.41

**ACTION:** Mr. Jaramillo moved to accept the consultant expenses of \$34,283.41. His motion was seconded by Mr. Marquez.

Ms. McCoy asked if the lobbyist obtained favorable results for JMEC. Mr. Marquez recalled a report that Trujillo provided and staff was asked to make it available for the Board.

Mr. Tapia requested a running spreadsheet on FBT's charges. He said it appears the architects have exceeded the budgeted amount. Mr. Marquez said he'd call a special audit committee meeting to review the contract and instruct staff.

The motion passed with Ms. McCoy voting against.

## **5. Trustee Vouchers**

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

**ACTION:** As an informational item, Mr. Jaramillo moved to approve the May trustees' vouchers. His motion was seconded by Mr. C. Trujillo.

Mr. Chávez indicated that the voucher information was provided for each board member. Mr. D. Salazar and Ms. McCoy appeared not to have received that information.

The motion passed with Ms. McCoy and Mr. D. Salazar voting against.

## **6. May 2019 - Bank Account Summary**

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

## **7. RFPs, Contracts and Purchasing [See pages 3-5]**

Mr. Jaramillo said the items were discussed and reviewed by the committee and presented to the Board under action items earlier in the meeting.

- i. New projected cost for San Ysidro
- ii. Professional Service Engineering review of work orders for reporting; yrs 2016-2019
- iii. The Advantage Group/Professional Finance Company Transition
- iv. Present bids for El Llano Project Phase II

## **8. Requests for Donation**

- i. Española Humane Society

**ACTION:** Mr. Jaramillo moved to approve a donation of \$300 to the Española Humane Society. Mr. Tapia seconded and the motion carried without opposition.



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 Naranjo announced a special JMEC Board meeting on July 3<sup>rd</sup> at 2 p.m.

## **10. BOARD REPORTS**

### **A. Tri-State**

Mr. Cordova distributed highlights from the June Tri-State Board of Directors meeting. He pointed out that Tri-State has been exempted from FERC (Federal Energy Regulatory Commission) regulations regarding providers of wholesale service. The Tri-State board has discussed potential FERC jurisdiction since the New Mexico rate protests in 2012; however, the New Mexico and Colorado rate settlements reduced the urgency of the issues.

Mr. Tapia said FERC could void Tri-State's rate regulations under PRC; however, he understood JMEC's rates would still be under PRC's regulation.

## **11. BUSINESS WITH MEMBER GUESTS**

Mr. Chávez said he was unaware of any business with member guests.

## **9. NEW BUSINESS (cont.)**

Mr. D. Salazar read a letter addressed to the Board officers, Andrew Chávez and Laura Rendon [*Exhibit 4*] from Patrick Herrera. Mr. Herrera's letter asserts that according to JMEC's bylaws, Lucas Cordova is not eligible to serve as the representative of District 4, Ward A because he lives outside that district.

Chair Naranjo noted that the letter was received yesterday and legal counsel will review it.

Mr. D. Salazar said that according to the bylaws any elected Board member can take office immediately upon being declared the winner. Chair Naranjo said it has been the Board's practice to welcome new board members at the annual meeting.

Recognizing there were guests in the audience wishing to address the Board, Ms. McCoy asked what is required of them to get on the agenda. Mr. Chávez cited Policy 151 which states an individual is required to submit, in writing, a request to speak at the Board meeting within five working days prior to the meeting.

Ms. Nordquist suggested posting that information on the website. Mr. Dave Neal said he had questions he would like addressed.

Ms. McCoy said she continues to receive Board notification/information late.

Mr. D. Salazar requested that the record reflect the audience was not given an opportunity to speak.

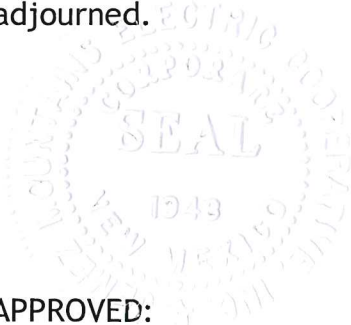
## 12. EXECUTIVE SESSION

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

The Board recessed to Executive Session at 11:00 a.m.

## 13. ADJOURNMENT

Following executive session, Chair Naranjo declared the meeting adjourned.



Secretary, Harold "Charlie" Trujillo

APPROVED:

Chairman, Nick Naranjo