

**MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES MEETING
Friday, May 24, 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

ABSENT:

John Tapia, Trustee at Large
Dennis Trujillo, Trustee

JMEC STAFF PRESENT:

Andrew Chávez, Acting Manager - Director, IT
Karen Wisdom, Contract Administrator and Compliance Officer
Eli Gallegos, Purchasing
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
Dwight Herrera, HR Administrator

OTHER(S) PRESENT:

Luis Torres, Member/Owner
Amanda Martinez, *Rio Grande Sun*
Beverly Duran Cash, Member

A moment of silence was observed honoring Trustee Dennis Trujillo's mother.

4. APPROVAL OF AGENDA

ACTION: Mr. Cordova moved to approve the agenda with the Tri-State report to be heard during executive session. Mr. Trujillo seconded and the motion passed by unanimous [9-0] voice vote.

5. RECOGNITION OF GUESTS & STAFF

Those present introduced themselves.

6. ACTION ITEMS

A. Approval of the April 2019 Board Minutes

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

B. Approval of April 2019 Membership List

ACTION: Mr. Jaramillo moved to approve. Mr. Trujillo seconded.

Mr. D. Salazar asked whether the May list of new members will be approved before the elections. Chair Naranjo said he would call for a special board meeting to approve the May members.

The motion passed without opposition.

Ms. McCoy said there appeared to be individuals with double memberships. She understood there was one membership per family. Mr. Marquez said an individual can have a number of meters and memberships but is only allocated one vote.

C. Approval to issue RFPs for Construction and Archaeological Survey for the San Ysidro washout

Karen Wisdom, Contract Administrator, said San Ysidro experienced a washout creating an emergency situation. The lines cross an arroyo and engineering plans exist for the new project. BLM has required a archaeological survey to move the poles. She said an additional RFP is necessary for construction of the high power lines.

ACTION: Mr. Marquez moved to approve issuance of the two RFPs. Mr. V. Salazar seconded.

Regarding cost, Engineer Russ Groves said there are two possible proposals: wood poles or steel poles. The wood pole solution is approximately \$120,000 and the steel pole solution, \$260,000.

Nathan Duran said the existing structure has been there over a year maybe two years. The problem is constant erosion. The pole needs to be outside of the floodplain and he suggested concrete with a steel structure.

Mr. B. Duran advocated selecting a solution with the longest lifespan.

The motion passed by unanimous voice vote.

D. Approval for Testing Proposal of new Headquarters

Ms. Wisdom said an RFP was issued for onsite inspection and materials testing during construction for the new headquarters. Testing proctors are required for the duration of the project. Two bids were received. She recommended the low bidder, Geo-Test. The architects reviewed both proposals to ensure they met and did not exceed what was requested: they too recommended Geo-Test.

ACTION: Mr. Marquez moved to award the contract to Geo-Test. Mr. Trujillo seconded.

Ms. Wisdom said the RFP calls for onsite field technicians to test soil density, basecourse density, asphalt density, concrete test, field tests, sampling mortar and grout, observation and reporting. Basically, the testing of all materials is to ensure specifications are met. The project contractor is Bradbury Stamm and the awarded price is approximately \$9.363 million.

Mr. B. Duran said he was surprised to see construction had begun and asked why the testing was not part of the negotiated contract with Bradbury Stamm. He said his projects have always included the soil analysis and he was surprised to see that as a separate component. [See page 7 for additional information]

The motion passed without opposition.

A discussion ensued regarding communication to Board members and Executive Assistant Rendon said JMEC's website includes notice of meetings, agendas and minutes. Further, she sends emails out to the Board members.

E. Tree Trimming Contract for reissue of Gilman Tunnel

Lenny Ortiz, Vegetation Management Coordinator, reminded the Board that the Gilman Tunnel project was reissued because the original contractor withdrew from the project following the completion of 25 percent of the project. The RFP was re-issued and a mandatory pre-bid meeting was held with three contractors attending. The site contains 17 archaeological sites that requires flagging and monitoring. The bids were due on May 21st and Innovations was the only bidder. That bid came in substantially higher than staff's cost estimate and staff recommends rejecting the bid.

The Forest Service has okayed cutting in the area, and Mr. Ortiz said staff will make an effort to have the sites flagged and treatment and monitoring.

ACTION: Mr. C. Trujillo moved to reject the bid from Innovations. Mr. Marquez seconded and the motion passed without opposition.

Mr. Marquez thanked staff for their professionalism in connection with an issue in Nambe.

7. GENERAL MANAGER'S UPDATE

B. Business Services & Finance

1. April 2019 Financial Information

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

- The TIER was 1.87 and budgeted at 2.44
- The OTIER was 1.73 and budgeted at 1.57
- Year-to-date ratios indicate strong revenues
- There were 31,166 consumers, 187 up from last year at this time
- Residential average KWH usage was up from last year
- Large commercial average KWH usage was up last year which was attributed to Kinder Morgan
- Total connects were 212
- Total disconnects were 173
- There were 291 consumers per employee
- Revenue per KWH sold remained at \$0.13
- Revenue generated per mile was \$1,022.43
- Purchased power as a percent of revenue was 57 percent
- Operating expense as a percent of revenue was 26 percent
- Margins as a percent of revenue was 4 percent; last year it was 0 percent
- 32,095,215 KWH was purchased from Tri-State
- 33,525,331 KWH were sold
- JMEC's own KWH use was 66,070
- Line loss calculation was -1,496,196 which is a timing difference
- Average cost for KWH was 0.07 cents - last year it was 0.08 cents
- Average cost for residential KWH was 0.14 cents
- Average cost for large commercial KWH was 0.10 cents
- Total miles of line was 4,130
- Number of consumers per mile of line was 7.55
- Plant investment per mile is \$29,243.33 - an increase from last year
- Inventory as a percentage of plant is 1.76 percent
- Idle meters were at 1.42 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 107 employees
- Consumer expense per consumer is \$6.05 - last year it was \$6.25
- Admin and general expense per consumer is \$14.11

Regarding the line loss, Mr. Groves said it appears to be a timing issue with what is used and what is purchased. Chair Naranjo recalled the average at year end tends to be 6 to 8 percent.

Ms. Chavez reviewed three-year comparisons of KWH sold, electric energy revenue, other revenues (wheeling, joint pool use and service charges), cost of power and accounts receivable information. She noted that Kinder Morgan shows an increase of \$181,653 from last year,

Regarding an increase in bad debt write-offs, Ms. Chavez said HPOC Drilling had a debt of \$31,800 when they sold and the new owner agreed to pay \$21,000. The remaining \$10,800 was written off by JMEC.

Mr. D. Salazar advocated that the Board establish a process to pay capital credits. Having a process will ensure payments. He said it is possible that legislation will be introduced requiring cooperatives to pay interest on capital credits. Chair Naranjo pointed out that the Board recently approved credits in the amount of \$2 million. Mr. Marquez noted that the \$62 million appearing in JMEC's books is Tri-State's money not JMEC's.

Returning to the Geo-Test contract, Mr. B. Duran expressed his concern that by contracting with a third-party JMEC has relieved Bradbury Stamm of responsibility if there is a problem. Ms. Wisdom said that since inception of the project, the RFP has been published and available on the website. Any Board member could have contacted her with concerns. Mr. Jaramillo requested discussing this item during executive session.

B. Finance Committee Meeting - January 2019 information

Johnny Jaramillo, Chair of the Finance Committee, reported that the committee met with a quorum, Thursday, May 23rd at the Hernandez office, and reviewed the finance-related materials for April 2019.

1. General Fund Expenditures

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

Mr. D. Salazar requested a copy of JMEC's contract with Cuddy & McCarthy.

Ms. McCoy had questions regarding a number of expenditures that staff addressed. Ms. McCoy noted that the \$1,573 luncheon for the lineman appreciation at Hernandez seems exceedingly high compared to Cuba's luncheon for \$200. Also, she recalled the Board had set a cap for Socorro's at \$400 and the costs appear to be escalating.

Mr. B. Duran reminded the Board that they are not permitted to use radio air time paid by the Co-op to endorse candidates.

The motion passed without opposition.

[Mr. B. Duran excused himself from the remainder of the meeting.]

2. Credit Cards

The committee reviewed the Wells Fargo credit card charges made by five authorized users. The total for the month was \$6,148.37. Mr. Jaramillo noted the breakdown was also provided and reviewed.

Chair Naranjo commended staff for the success of the Spelling Bees.

ACTION: Mr. Jaramillo moved to accept the Wells Fargo charges of \$6,148.37. Mr. Cordova seconded and the motion passed by majority voice vote with Ms. McCoy voting against. [Mr. B. Duran was not present for this action.]

3. Attorney Expenses

Mr. Jaramillo provided the attorney expenses as follows: Cuddy and McCarthy, \$25,633.38, and Wiggin, Williams & Wiggins, \$396.45. The total attorney fees were \$26,029.83. 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. Cordova. The motion passed by majority voice vote with Ms. McCoy voting against because she was not able to adequately review the invoices. [Mr. B. Duran and Mr. Marquez were not present for this vote.]

4. Consultant Expenses

Mr. Jaramillo said the Prime Group charged \$914.26 and Eide Bailly, \$28,000.

ACTION: Mr. Jaramillo moved to accept the consultant expenses of \$28,914.26. His motion was seconded by Mr. Cordova.

Ms. Chavez said there is one more billing from Eide Bailly for the audit in the amount of \$5,000.

The motion passed by unanimous voice vote. [Mr. B. Duran and Mr. Marquez were not present for this vote.]

5. Trustee Vouchers

The April 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. C. Trujillo. The motion passed by unanimous vote. [Mr. B. Duran was not present.]

Mentioning that the May 22nd Special Board meeting lasted 5 minutes, Ms. McCoy advised the Board she would only be charging mileage and hoped the other trustees would do the same.

6. April 2019 - Bank Account Summary

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

7. **RFPs, Contracts and Purchasing** [See pages 2-4]
 - i. RFP for construction and Arch Survey for San Ysidro washout
 - ii. Request for Testing Proposal of New Headquarters
 - iii. Reissue Tree trimming Contract for Gilman
8. **Requests for Donation**
 - i. Crisis Center of Northern New Mexico
 - ii. Sandoval County 4H Club
 - iii. Española Valley Arts Festival

ACTION: Mr. Jaramillo moved to approve the donations as follows:
Crisis Center of Northern New Mexico, \$250
Sandoval County 4H Club, \$1,000
Española Valley Arts Festival, \$250

Mr. C. Trujillo seconded and the motion passed by unanimous voice vote. [Mr. B. Duran was not present for this action.]

That concluded the Finance Committee business.

7. D. Approval for Testing Proposal of new Headquarters (cont.)

Ms. Wisdom said she contacted the architect for the new headquarters to address the issue Mr. Duran brought up. The architect advised Ms. Wisdom that the State of New Mexico requires the property owner hire a third-party to conduct testing of concrete, ground density, welding, etc. State CID requires this for consumer protection. This testing could not be included in Bradbury Stamm's contract.

[The Board recessed for 10 minutes]

8. COMMITTEE REPORTS
A. Audit Committee

Mr. Marquez said the committee met May 21rd and discussed meter tampering, equipment purchases, meter replacement and purchase initiative, third-party analysis of meters, and updates on projects.

B. Personnel Committee

There was no meeting in April.

C. School Committee

Ms. Rendon said JMEC awarded \$3,000 scholarships to 19 graduating seniors. She identified the number of scholarships awarded to the six high schools within the JMEC service area and how many students were in each graduating class.

Regarding the Junior School Board, Ms. Rendon reported that four students will travel to Washington, DC. The students are from Pojoaque Valley, Jemez, Coronado, and Española Valley high schools. Next year, JMEC will contact the schools earlier to expand on student engagement and interest in the program.

Ms. McCoy commended Ms. Rendon for her outstanding work on the school/student projects. She requested that in the future JMEC reach out to the Navajo School and the Native American population within the service area.

9. NEW BUSINESS

Mr. Chávez thanked staff and the Board for their confidence in him during this transitional period.

A. Selection of Committee for 2019 Elections

Chair Naranjo appointed Board members Tapia, Jaramillo and McCoy to serve on the 2019 Election Committee. Mr. Marquez was originally slated to serve and he declined, stating he wanted to remove himself from the election process.

10. BOARD REPORTS
A. Tri-State - Moved to Executive Session

11. BUSINESS WITH MEMBER GUESTS

None was presented.

12. EXECUTIVE SESSION

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

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

13. ADJOURNMENT

Following executive session, Chair Naranjo declared the meeting adjourned.




Secretary, Harold "Charlie" Trujillo

APPROVED:


Chairman, Nick Naranjo