

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

BOARD OF TRUSTEES MEETING

FRIDAY, JANUARY 24, 2020

HERNANDEZ, NEW MEXICO

1. This 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-cited date, at JMEC Headquarters, 19365 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
Lucas J. Cordova
Stanley Crawford
Bruce Duran
Delores McCoy
Dennis Trujillo
John Ramon Vigil

EXCUSED:

John Tapia, Asst. Secretary/Treasurer

JMEC STAFF PRESENT:

Ernesto Gonzales, General Manager
Andrew Chávez, IT Director
Karen Wisdom, Contract Administrator and Compliance Officer
Laura Rendon, Executive Assistant
Teresa Chavez, Account Manager
Russ Groves, Engineering Director
Eva DeAguero, Billing Manager
Lenny Ortiz, Vegetation Management Coordinator
Eli Gallegos, Purchasing
Dwight Herrera, HR Manager
Randy Vigil, Operations Department

OTHERS PRESENT:

Molly Montgomery, *Rio Grande Sun*
Luis Torres, Member

Chair Marquez announced, for the record, that the trustees' conflict of interest forms have been distributed and returned to staff. Mr. Duran noted that he would have his legal counsel review the form before he submits it to staff.

4. RECOGNITION OF GUESTS

5. APPROVAL OF AGENDA

General Manager Gonzales requested the addition of 9.A, Announcement of a Special Board Meeting for January 29th at 9 a.m. Chair Marquez added that the special meeting would be held in closed session to discuss the budget.

ACTION: Mr. Naranjo moved to approve the agenda as amended. Mr. C. Trujillo seconded and the motion passed.

Mr. D. Trujillo requested information about the dismissal of the westside manager.

Mr. Duran moved that the information regarding the westside manager's dismissal occur in open session, and Ms. McCoy seconded.

GM Gonzales pointed out that personnel issues should be discussed in closed session. Mr. Naranjo added that personnel related issues have always been within the domain of the general manager.

The motion failed as a result of a tie vote.

Chair Marquez included discussion of personnel during the executive session.

6. ACTION ITEMS

A. Approval of the Regular Board Minutes: December 20, 2019

ACTION: Mr. Vigil moved to approve. Mr. C. Trujillo seconded. The motion passed without opposition and Ms. McCoy abstaining.

B. Approval of the Special Board Meeting: January 10, 2019

Mr. Duran said he has an ongoing issue with attachments not included on his emails and therefore he was unable to review the minutes.

ACTION: Mr. Naranjo moved to approve. Mr. Cordova seconded. The motion passed without opposition and Mr. Duran abstaining.

C. Approval of December 2019 Membership List

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

7. GENERAL MANAGER'S UPDATE

A. Business Service and Finance

2. December 2019 Financial Information

Teresa Chavez, Account Manager, reviewed the December ratios and statistics. She explained that the Co-op's federal lender is Rural Utilities Service (RUS) and, as a borrower, the Co-op is required to meet ratios on an annual basis: Times Interest Earned Ratio (TIER) and Operating Times Interest Earned Ratio (OTIER). The TIER measures the borrower's ability to repay long-term debts and the OTIER measures the borrower's ability to generate sufficient revenue to repay debt. She reviewed RUS's minimum requirements. The Co-op's current debt is approximately \$50 million.

What follows are highlights of her review of December financials:

- There were 31,157 consumers, an increase of 135 from last year
- Total connects were up slightly for all three districts from last year
- Total disconnects were 136
- Solar net metering - year-to-date there were 45, an increase of six from last year
- Operating expense as a percentage of revenue is 28 percent, a decrease of 4 percent from last year
- Year-to-date line loss was 2,515,558 an increase of 111,521 from last year; a 7 percent loss for year-to-date
- Idle meters have decreased from last year by 2.24 percent
- There are currently 115 employees, an increase of four from this time last year
- Although there were more consumers in 2019, there was less energy consumption among all customer classes
- Cost of power was down \$70,000 from last year
- Energy accounts receivable were down from last year
- Accounts receivable aging have remained steady throughout 2019
- Bad debt write-offs show a reduction of \$2,000 from last year

Referring to Kinder Morgan, Ms. Chavez said there was a decrease of \$100,000 from last year. Based on reduced consumer demand, Kinder Morgan is not utilizing their Torreon station. Overall, there is a 2 percent decrease from last year's Kinder Morgan revenue. GM Gonzales said Kinder Morgan is holding above the contract minimum. Contract Administrator Wisdom was asked to provide contract information.

Ms. Chavez reviewed the Statement of Operations/Form 7 and noted there were increases in cost of power, operations, labor, customer services and information expenses. She mentioned coding issues that staff was correcting.

Chair Marquez acknowledged staff for their attention to the Co-op's financial stability.

Ms. Chavez said JMEC has not received end of year information from Tri-State regarding capital credits.

Commenting on the turmoil at Tri-State and its \$3+ billion debt, Chair Marquez recommended a feasibility study on opting out of Tri-State. Mr. Duran was fully supportive of this recommendation, as were the other Board members.

Mr. Duran recalled that former GM Sanchez was researching the feasibility of changing distributors. Mr. Duran expressed concern about what he perceived as a lack of continuity at the Co-op. Mr. Naranjo said that before GM Sanchez left the Co-op, there was an estimate of over \$90 million to conduct a buyout from Tri-State.

Mr. D. Trujillo said Tri-State was exploring alternatives and he recommended a meeting to possibly renegotiate the contract and increase the solar allocation.

ACTION: Mr. D. Trujillo moved to move proceed with a formal resolution to conduct a feasibility study and explore alternatives with Tri-State, etc. Mr. Vigil seconded and the motion passed without opposition. [Mr. Cordova abstained]

B. Finance Committee Meeting - December 2019 information

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

1. General Fund Expenditures

Mr. Jaramillo said the committee reviewed the expenditure list and staff addressed questions. He noted that these items have already been paid and are presented as informational.

ACTION: For informational purposes, Mr. Jaramillo moved to accept the general fund expenditures. Mr. Naranjo seconded. The motion passed without opposition. Ms. McCoy abstained, noting that she received the information late yesterday.

2. Credit Cards

Mr. Jaramillo said the committee reviewed the Wells Fargo credit card charges made by the authorized users. He noted that there is only one account and authorized users with charges this month were Laura Rendon, accounting and the plant. He provided a breakdown and announced the total as \$5,641.32.

ACTION: Mr. Jaramillo moved to accept the Wells Fargo charges of \$5,641.32. Mr. Naranjo seconded and the motion passed with no opposition.

Mr. Duran requested a breakdown of card charges by user name on the next report.

3. Attorney Expenses

Mr. Jaramillo said no payment have been made pending approval of the Board. The committee reviewed and approved the expenses as follows: Long, Komer & Associates (Oct), \$12,080.77; Wiggins, Williams & Wiggins (Dec), \$234.63 and Cuddy & McCarthy (Nov), \$14,577.29. The total legal fees were \$26,892.69.

ACTION: Mr. Jaramillo moved to approve the attorney fees of \$26,892.69. Mr. Naranjo seconded.

Mr. Duran requested a copy of the contracts of Cuddy & McCarthy and JMEC's General Manager. He said it was important that the full Board have access to information.

Ms. McCoy said she failed to receive January and December's board packets in a timely manner.

Mr. D. Trujillo requested a breakdown and totals of legal fees for each of the providers.

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

Ms. Chavez outlined staff's process regarding Board packets: once the information is compiled, it is uploaded onto Diligent the Friday before the meeting. A single email goes out to all the trustees, advising that the Board packet is available on Diligent. The email has no attachment; it merely alerts the trustee to the fact the information is now available on Diligent. For those having difficulties, she recommended meeting with JMEC's IT department.

4. Consultant Expenses

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

Bolinger, Segars, Gilbert & Moss	\$ 6,075.00
FBT Architects	\$ 5,756.44
Geo-Test, Inc.	\$ 3,226.45
Total	\$15,057.89

ACTION: Mr. Jaramillo moved to accept the expenses of \$15,057.89. His motion was seconded by Mr. Naranjo.

Ms. Chavez said that Bolinger is a CPA firm that has been working with JMEC regarding 990s, the Foundation and other Co-op related issues. GM

Gonzales said Bolinger continues to assist in the reconciliation of the total capital credit which affects the Foundation fund.

The motion passed by unanimous voice vote.

5. Trustee Vouchers

Mr. Jaramillo said the December vouchers were reviewed by the Finance Committee. The material was available within the packets.

Chair Marquez said inconsistencies were found in the voucher ledger and staff is working on it. Ms. Chavez said the monthly summary is correct. The issues arose in the year-to-date data.

ACTION: Mr. Jaramillo moved to approve the December trustees' vouchers. His motion was seconded by Mr. Naranjo and passed with Ms. McCoy voting against. [Mr. Duran was not present for this action.]

6. December 2019 Cash Flow Analysis

Ms. Chavez reviewed the cash flow analysis with a beginning balance of \$14,348,566.10. Total beginning balance plus deposits for the month was \$19,064,268.52. Total disbursements were \$5,735,835.57. The end of the month book balance was \$13,328,433.

Miscellaneous cash includes advertisement reimbursements and rebates from Tri-State, as well as the solar applications.

7. Review of the 2020 Budget

Mr. Jaramillo said the Committee reviewed the information and it will be presented to the entire Board at a special meeting.

Chair Marquez directed the GM to review all the budget numbers, mark the budget as draft, and provide a copy to the Board members. The Wednesday, January 29th special Board meeting will be closed to review the budget. Mr. Crawford advised the Board that he will be unavailable for the special meeting.

8. RFPs/Contracts/Purchasing

- a. **RFQ for the Demolition Abatement Survey for the Demolition of the existing JMEC Headquarters**
- b. **RFQ for Abatement Survey for the existing Meter Shop and Warehouse**

Ms. Wisdom said item "a" is a survey and report on the existing building, and depending on the results total abatement may be required. Two bids were received on this RFQ - Keers Environmental and Rhodes Environmental.

A separate quote was requested for an abatement survey for the meter shop and warehouse. A survey is valid for a three-year period. Keers conducted a survey in the past but it has expired. Once the survey is completed, an RFP will be issued for abatement of the building when appropriate. Keers Environmental and Rhodes Environmental also responded to this RFP.

Ms. Wisdom noted there was a third responder; however, the bid was deemed incomplete.

Staff recommended awarding the contract to Keers Environmental for item "a."

ACTION: Mr. Jaramillo introduces a motion to contract with Keers Environmental for the demolition abatement survey for the demolition of the existing JMEC Headquarters. Mr. Naranjo seconded.

Eli Gallegos stated that over the years with remodels to the existing headquarters an asbestos survey was required, and certain portions of the building have incurred asbestos abatement.

The motion passed by unanimous voice vote.

Regarding the abatement survey for the meter shop and warehouse, staff is recommending Keers since they will be conducting the survey on the existing headquarters.

ACTION: Mr. Jaramillo introduces a motion to contract with Keers Environmental for the abatement survey for the existing meter shop and warehouse. Mr. Cordova seconded and the motion passed by unanimous voice vote.

**c. Review and approve contract for Trujillo Enterprises
2020 Legislative Session**

Mr. Jaramillo said Trujillo Enterprises will review proposed legislation and serve as the Co-op's lobbyist throughout the 30-day session. GM Gonzales said Trujillo Enterprises is a firm that will work for the Co-op's interest, i.e., a proposed bill to tax solar/renewable energy. If the bill goes through, JMEC will probably have to pass that tax back to the consumers. The firm will also provide relevant legislative updates which management will forward to the trustees. The contract amount is \$10,000.

ACTION: Mr. Jaramillo moves to approve the contract with Trujillo Enterprises. Mr. Naranjo seconded.

Under discussion, Mr. Crawford said he'd like a representative from the firm to appear before the Board to discuss proposed legislation, and requested the maker of the motion amend it to include such.

Mr. Jaramillo agreed to the amendment that a representative of the firm appear at a Board meeting. The amended motion passed by majority vote with Ms. McCoy, Mr. Duran, Mr. Vigil and Mr. Crawford abstaining.

9. Donations

Mr. Jaramillo said the Española Valley Chamber of Commerce has requested that JMEC support their event and sponsor a table for 10. Executive Assistant Rendon said that emails were sent to all the trustees inviting them to attend the function tonight. Mr. Vigil will be attending and available tickets will be offered to staff.

ACTION: Mr. Jaramillo moved to support the function and purchase a table for 10. Mr. Naranjo seconded and the motion passed without opposition.

GM Gonzales noted that the event is good advertising for JMEC and Touch Stone will reimburse the Co-op at 50 percent.

That concluded the Finance Committee business.

8. COMMITTEE REPORTS - There were no reports presented.

9. NEW BUSINESS

A. Special Board Meeting - January 29, 2019 at 9 a.m. to review the 2020 Budget

GM Gonzales said the budget will be forwarded electronically and hard copies will be available at that meeting. Chair Marquez repeated that this will be a closed meeting.

Regarding the request made earlier by Mr. Crawford about a personnel issue, Chair Marquez asked that the GM and HR Director Herrera phone Ms. Kilgore to discuss the issue with interested trustees. The Chair said the former employee has filed a suit against the Board and he would not participate in the call nor will he involve himself in any personnel issues.

Mr. Duran requested an update on tree trimming, the new building - schedule and budget - and the solar project. GM Gonzales said he will include staff reports on future agendas.

10. BOARD REPORTS

A. Tri-State Report - This item was moved to Executive Session

11. EXECUTIVE SESSION

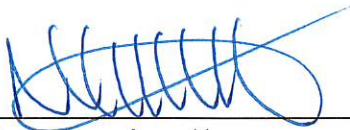
This session occurred following adjournment.

12. ADJOURNMENT

Mr. Cordova moved to adjourn and Mr. C. Trujillo seconded. Chair Marquez declared the meeting adjourned at approximately 10:30 a.m.


Secretary, Nick Naranjo

APPROVED:


Chairman, Leo Marquez

