

**MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES MEETING
FRIDAY, FEBRUARY 21, 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
John Tapia, Asst. Secretary/Treasurer
Lucas J. Cordova [9:20 departure]
Stanley Crawford
Bruce Duran [10:10 departure]
Dolores McCoy
Dennis Trujillo
John Ramon Vigil

ABSENT:

None

JMEC STAFF PRESENT:

Ernesto Gonzales, General Manager
Andrew Chávez, IT Director
Karen Wisdom, Contract Administrator and Compliance Officer
Laura Rendon, Executive Assistant
Teresa Chavez, Chief Financial Officer
Russ Groves, Engineering Director
Eva DeAgüero, Billing Manager
Lenny Ortiz, Vegetation Management Coordinator
Elf Gallegos, Purchasing
Dwight Herrera, HR Manager
Randy Vigil, Operations Department
Jim Wiseman, Safety Coordinator
Darryl Leyba, Meter Reading Department

OTHERS PRESENT:

Kyle Land, *Rio Grande Sun*
Easton Hamblin, Bradbury Stamm
Taylor Koch, Bradbury Stamm
Michael Gutierrez, Bradbury Stamm

4. RECOGNITION OF GUESTS

5. APPROVAL OF AGENDA

General Manager Ernesto Gonzales requested the addition of two items: 6.D., Dedication of the new building; and with representatives from Bradbury Stamm present, an update on the new building construction under item 7.

ACTION: Mr. Naranjo moved to approve the agenda as amended and Mr. C. Trujillo seconded. The motion passed without opposition.

6. ACTION ITEMS

A. Approval of the Regular Board Minutes: January 24, 2020

ACTION: Mr. Cordova moved to approve. Mr. C. Trujillo seconded.

Mr. D. Trujillo requested that on page 8, “movant” be changed to “maker of the motion” and page 9 Mr. Kilgore should be changed to Ms. Kilgore.

The motion was amended to include the corrections and passed by unanimous voice vote.

B. Approval of January 2020 Membership List

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

C. Approval of Tri-State Voting Delegate and Alternate

Delegate

ACTION: Mr. Jaramillo nominated Lucas Cordova to serve as JMEC’s delegate to Tri-State. Mr. C. Trujillo seconded. The motion passed without opposition.

Alternate

ACTION: Mr. Cordova nominated John Tapia to serve as the alternate. Mr. Naranjo seconded.

ACTION: Mr. Duran nominated Dennis Trujillo and Mr. Vigil seconded.

A vote was taken on the first nomination of John Tapia to serve as alternate which passed by majority [6-5] roll call vote as follows:

Leo Marquez	Yes
Charlie Trujillo	Yes
Nick Naranjo	Yes
Johnny Jaramillo	Yes
John Tapia	Yes
Lucas J. Cordova	Yes
Stanley Crawford	No
Bruce Duran	No
Dolores McCoy	No
Dennis Trujillo	No
John Ramon Vigil	No

D. Dedication of New Building

Karen Wisdom, Contract Administrator and Compliance Officer, said if the Board chooses to dedicate the new building a plaque needs to be ordered. Management's recommendation is to dedicate the building to the founders of the Co-op, Fred Abousleman and Johnny Montoya, the two individuals instrumental in securing the funding and incorporating the Co-op in 1948.

ACTION: Mr. Tapia moved to accept management's recommendation. Mr. Cordova seconded.

Mr. Duran requested documentation evidencing Mr. Abousleman and Mr. Montoya's contribution. Ms. Wisdom said the information was available in the Board books and the Articles of Incorporation.

Ms. Wisdom said the dedication references their foresight and efforts to get the original cooperative started in 1948. At then president Naranjo's request, she compiled the history of the Co-op and presented it at the 70th anniversary annual meeting.

The motion passed by unanimous voice vote.

Mr. Cordova was excused from the remainder of the meeting.

7. GENERAL MANAGER'S UPDATE

A. Finance & Staff Reports

1. Employee of the month - Darryl Leyba

General Manager Gonzales introduced Darryl Leyba as February's employee of the month. Mr. Leyba works in the meter department. He received a plaque and a round of applause.

2. January 2020 Financial Information

Teresa Chavez, Chief Financial Officer, reviewed the January ratios and statistics. She reviewed the ratios that the Co-op's federal lender, Rural Utilities Service (RUS), requires the Co-op to meet and explained how the ratios are developed.

What follows are highlights of the January financials:

- There were 31,207 consumers
- Total connects were 174 for the three districts, down slightly from last year
- Total disconnects were 151 for the three districts
- Solar net metering - there were five installs for the month
- Per mile, the Co-op generated \$1,161.48 - a decrease of \$45 from last year
- Line loss was 2,117,254 a decrease of 5 percent from last year
- Plant investment per mile was \$30,067 a slight increase which was attributed to addressing of work orders
- There are currently 115 employees
- KWH sold decreased by 616,601
- Electric revenues also decreased which was attributed to a rate rider journal entry carry-forward balance which will be reviewed during the audit and adjusted
- There was a decrease in service charges resulting in a decrease in other revenues
- Kinder Morgan made up 6 percent of the Co-op's revenue, a decrease of 3 percent from last year
- Cost of power was down \$212k from last year
- Bad debt write-offs were up which was attributed to a small commercial account going to collections.

Mr. Naranjo asked about the reduction in Kinder Morgan's use and GM Gonzales said management talked with them and they indicated that consumption will mirror the last quarter. The contract expires in July 2021. He assumed they would want to renegotiate for a lower rate but doubted with their large infrastructure investment they would turn to another source. Mr. Duran encouraged management to continue discussions with Kinder Morgan.

Ms. Chavez reviewed the Form 7 and noted that the Co-op is in good financial standing.

Mr. Duran questioned that viability of good standing when the Co-op is carrying a long-term debt of \$50 million. The GM said the only way to reduce the debt is to increase the rates. The Co-op uses its own funds for system improvements for its consumers. Management is investigating refinancing to see if the loans can be paid with lower interest rates.

Mr. Naranjo requested a spreadsheet of JMEC loans' originating dates, interest rates, pay-out dates, payments to date and outstanding amounts. Chair Marquez requested information on other cooperative loan activities. GM Gonzales said that information was available through RUS that included the number of consumers and revenue and he will pull it together for the Board's review. Mr. Crawford suggested a presentation of the information.

3. Report on the New Building

Ms. Wisdom introduced the Bradbury Stamm team: Easton Hamblin, Senior Project Management; Taylor Koch, Assistant Project Manager; and Michael Gutierrez, Superintendent. The new headquarters will cost \$10 million and currently JMEC has paid out \$5.3 million.

Easton Hamblin said the project team has been working diligently and adhering to a tight schedule. Stating the building is "absolutely gorgeous" he commended the design team and offered to provide a tour of the building. Speaking from his 12 years of experience as a project manager, Mr. Hamblin said the project's change orders are exceedingly low at .05 percent; the industry standard is 3 percent.

Mr. Gutierrez said the wiring will occur within the next few weeks for the three-coat stucco system. He assured the Board that the stucco will be protected from the cold and noted that propane heaters are being used inside to guard against freezing. Mr. Hamblin said heat is used to protect paint, texture, concrete, asphalt, stacked stone, etc.

Mr. Hamblin said there are weekly meetings with the architect to discuss a very detailed schedule and an update to JMEC management occurs. Board members were invited to tour the building on Fridays. JMEC Safety Coordinator Wiseman said he would make sure there were available hardhats and eye protection to tour.

Ms. Wisdom said the inspectors will be surveying the current building next week and an RFP for the abatement will be issued. Eli Gallegos, Purchasing, said an asbestos survey was conducted on the three building (meter shop, mechanic shop and headquarters). However, the study has expired. The new study will include all three buildings.

[A five minute recess occurred.]

4. Finance Committee Meeting - January 2020 information

Johnny Jaramillo, Chair of the Finance Committee, reported that the committee met with a quorum, Thursday, February 20th at the Hernandez office, and reviewed the finance-related materials for January 2020.

4. a. **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.

b. **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 GM Gonzales, Laura Rendon, Eli Gallegos and Erlinda Baca in accounting. He provided a breakdown and announced the total as \$14,458.66.

ACTION: Mr. Jaramillo moved to accept the Wells Fargo charges of \$14,458.66. Mr. Naranjo seconded.

Ms. Rendon said the charges on her card reflect the expenses for the annual NRECA meeting in New Orleans and noted there were a few additional charges to be made.

The motion passed without opposition.

c. **Attorney Expenses**

Mr. Jaramillo outlined the attorney expenses as follows:

Long, Komer & Associates (Nov)	\$ 4,665.44
Wiggins, Williams & Wiggins (Dec)	\$ 1,298.34
Cuddy & McCarthy (Dec)	\$ 18,306.59
Total	\$ 24,270.37

ACTION: Mr. Jaramillo moved to approve the attorney fees of \$24,270.37. Mr. Naranjo seconded.

Ms. McCoy said that those on the Board that are not on the Finance Committee, are not provided adequate time to review the invoices. Mr. Duran said the invoices have not been made available to him. Chair Marquez said the materials are available for Board review through the manager's office. He said the attorney invoices include information regarding negotiations, lawsuits, employees as well as Board members and requires confidentiality.

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

d. Consultant Expenses

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

Bolinger, Segars, Gilbert & Moss	\$ 4,954.37
FBT Architects	\$ 5,684.15
Geo-Test, Inc.	\$ 1,736.30
Bradbury Stamm	\$ 490,972.38
NV5/Marron & Assoc.	\$ 29,517.64
Total	\$532,864.84

ACTION: Mr. Jaramillo moved to accept the expenses of \$532,864.84. His motion was seconded by Mr. Naranjo.

Lenny Ortiz said NV5/Marron & Associates' charges were for environmental monitoring in tree trimming areas as required by the US Forest Service. These charges come out of the tree trimming budget.

Mr. Duran excused himself from the remainder of the meeting.

The motion passed by unanimous [9-0] voice vote.

e. Trustee Vouchers

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

ACTION: Mr. Jaramillo moved to approve the January trustees' vouchers. His motion was seconded by Mr. Naranjo.

Chair Marquez asked about the inconsistencies that were found in the vouchers at an earlier meeting and Ms. Chavez said that has been corrected.

The motion passed with Ms. McCoy voting against.

f. January 2020 Cash Flow Analysis

Mr. Tapia commented on the Co-op's current loans and advised management that any refinancing would need to come to the Board for approval.

Chair Marquez recommended scheduling a special meeting following the first quarter to be focused on finances.

Ms. Chavez reviewed the cash flow analysis with a beginning balance of \$13,328,432.95. She reviewed the miscellaneous cash receipts which included Hartford Insurance, patronage capital from NRECA, rebate/pass through from Tri-State and attorney fee reimbursements. Total beginning balance plus deposits for the month was \$18,076,242.04. Total disbursements were

\$5,319,766.07. The end of the month book balance was \$12,756,476. The total JMEC investments total \$543,824 and the cushion of credit is \$2,297,788.

Mr. Naranjo asked about the Scholarship fund and Ms. Chavez offered to compile that information.

g. RFPs/Contracts/Purchasing
1. RFP for Tree Trimming

Mr. Ortiz said a mandatory pre-bid meeting was held and five contractors attended. Four sites were identified: Truchas, Cordova, Dixon and Jaconita. The bids were opened on February 19th.

The lowest bidder on the Cordova site was Family Tree Service and management recommends awarding them the bid. The site is approximately 8 miles of line.

The bids for Dixon, Jaconita and Truchas were rejected because they came in too high. The RFP will be revisited and reissued.

Mr. Tapia commented on the access problems with Cordova as well as the number of outages in the area. Mr. Ortiz said the area is within this RFP and the proposed work will correct the problem. He said the contractor will have to hike in.

Ms. Wisdom explained the process for advertising RFPs which includes posting on the JMEC website and emailing to known qualified bidders. The contractor is required to carry \$5 million in general liability, \$1 million in auto and workman's compensation. She said staff is always willing to expand the list of qualified bidders.

ACTION: Mr. Jaramillo introduced a motion to award the contract for the Cordova site to Family Tree Service, the lowest bidder. Mr. Tapia seconded and the motion passed by unanimous voice vote.

That concluded the Finance Committee items.

7. A. 5. Tree Trimming Report

Mr. Ortiz reminded the Board that the vegetation management policy/procedures were established in October 2016. Prior to that time, minimal maintenance was conducted and areas were prioritized. There were seven circuits on private property that were addressed before 2016: Dixon, Lyden, Fairview, Santa Cruz, Nambe, Jaconita and the Sanctuario in Chimayo. There were four circuits in the Forest Service area.

With the policy in place, an aggressive six-year cycle was established to reclaim rights-of-way, tree trimming and keeping up with new growth with contractors

and JMEC's crew. This is year three of the six-year aggressive cycle and Mr. Ortiz stated that although they were still in the catch-up phase, he was confident that upon completion of the cycle, the tree trimming budget would be substantially reduced.

Mr. Ortiz noted that the implementation of the 2016 management policy has resulted in reduced outages and line loss. Slides were shown of before and after tree trimming illustrating the improvements in rights-of-way. He explained JMEC's inspection process that follows tree trimming.

Mr. Vigil recommended developing an awareness campaign to better educate consumers on distinguishing different lines. Mr. Ortiz said JMEC responds to all trouble calls and there are times the consumer misidentifies the lines.

Chair Marquez asked that the JMEC contractors be reminded that they are representing the Co-op when they are on the field.

6. Member Services

Eva DeAguero, Director of Business Services, said she oversees cashiers, billing, collections and meter readers. The Billing Department is fully staffed and has two new employees who both have excellent customer service skills and will be completing their six-month probation period soon. JMEC's collection agency offered free customer service training that the Co-op took advantage of.

Capital Credit 2018 notices will be sent out in March and she distributed a sample of the notice. These will be included in the bill to save on postage.

The Cashier Department also received customer service training as well as security/hold-up training by the Rio Arriba County Sheriff.

The Meter Reading Department is fully staffed with three new employees. Meters disconnected for non-payment are checked for customer reconnect which has reduced the incidence of meter tampering.

The Collections Department has been pro-active by calling customers in regard to overdue bills. The software system can identify Social Security numbers and names for billing/collection purposes. Accounts sent to collections contain a paper trail of JMEC's collection attempts. The department also received customer service training. Ms. DeAguero explained the winter moratorium program which ends in March.

Regarding the notification for capital credit, Ms. McCoy recommended a clarification of the credit as an allocation. Ms. DeAguero said staff would develop explanation language.

7. Safety

Safety Coordinator Jim Wiseman said the trainings for 2020 include active shooter, slips, trips and falls, defensive driving, hold-up, meter reading and harassment in the work place. He reviewed a series of forms developed for suspect IDs, lineman job briefing, and a pre-use inspection equipment checklist. Safety flyers are included in all employee paystubs. Every vehicle contains a log book that is filled out daily.

Mr. Wiseman emphasized the importance of safety. The aggressive tree trimming program assists in lineman safety.

Mr. Wiseman, who also runs the apprenticeship program, said there are approximately ten in the program ranging in experience from six months to four years. Following the completion of four years and passing a test, the apprentice becomes a certified lineman.

Mr. Naranjo acknowledged the improvements in safety that resulted in an insurance fee reduction.

8. CFC (Corporate Finance Corporation) - Cost of Service

GM Gonzales said CFC conducted a cost of service study on JMEC in October 2017 for the base year of December 2016. He contacted CFC to update the report which they cannot commence until July 2021.

Mr. Tapia said CFC is one of JMEC's bankers. He acknowledged the advantage to CFC is that the service is provided without a fee; however, he'd prefer contracting with an independent consultant. GM Gonzales supported contracting for the service and obtaining the study faster.

Mr. D. Trujillo requested that staff obtain quotes on providing the service.

ACTION: Mr. D. Trujillo moved to direct staff to issue an RFP for a cost of service study. Mr. Tapia seconded adding that the study should include all facility costs and then consider the rate

Mr. Tapia said all consumer classes should be reviewed to determine the least impact on the consumer. He noted that JMEC has the lowest facility charge in the state.

The motion passed by unanimous voice vote.

9. Tri-State Analysis

GM Gonzales said he obtained a preliminary strategic analysis performed by Rio Grande Energy that includes options of where to buy energy but not the pros

and cons of opting out of Tri-State. He also obtained a list of consultants that specialize in a full-blown study.

ACTION: Mr. Naranjo introduced a motion to proceed with an analysis and direct staff to develop an RFP. Mr. Vigil seconded.

Mr. Tapia recommended forwarding a letter to Tri-State advising them of the study. He said it is certainly reasonable for the Co-op to investigate options, especially in that Tri-State has a great deal of debt, considering decommissioning power plants and a new alternative energy plan.

It was noted that the last rate increase JMEC introduced was in 2011 with a \$2 customer charge added in 2013.

The motion passed by unanimous voice vote.

8. COMMITTEE REPORTS

A. Executive/Communications Committee

Mr. Tapia said a newsletter is being drafted and a copy will be emailed to the Board before general distribution. An RFP was issued for the development of a monthly newsletter.

B. Energy Committee

Mr. Tapia noted that while there has not been a recent meeting, staff was directed to contact RUS about JMEC establishing a community solar program. GM Gonzales said he has obtained the information that requires a thorough review.

Mr. Tapia recommended the Energy Committee meet in March to review the information and develop a recommendation for the Board.

C. Policy Committee - No Report

9. NEW BUSINESS

Chair Marquez asked that the two Board members who have not yet completed their conflict of interest statement do so as soon as possible.

Mr. Crawford asked whether a public announcement regarding the solar array in Alcalde was planned and Chair Marquez said that was being developed.

10. BOARD REPORTS

A. Tri-State - No Report

- 11. EXECUTIVE SESSION
- 12. ADJOURN

ACTION: Mr. Naranjo moved to adjourn the meeting and go into executive session. Mr. Tapia seconded and the motion passed by unanimous voice vote.

Chair Marquez declared the meeting adjourned at approximately 11:10 a.m.


Secretary, Nick Naranjo

APPROVED:


Chairman, Leo Marquez

