

**MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES
FRIDAY, MAY 28, 2021
HERNANDEZ, NEW MEXICO**

1. This meeting of the Jemez Mountains Electric Cooperative, Inc. Board of Trustees was called to order by President Dennis Trujillo at 9:05 a.m. on the above-cited date, at JMEC Headquarters, 19365 S.R. 84/285, Hernandez, New Mexico.

2. & 3. Following the Pledge of Allegiance, John Ramon Vigil, Secretary, called roll and confirmed the presence of a quorum.

Present:

Dennis Trujillo, Chair
Bruce Duran, Vice Chair
John Ramon Vigil, Secretary
Dolores McCoy, Treasurer
Stanley Crawford, Asst. Secretary/Treasurer
Lucas J. Cordova
Johnny Jaramillo
Leo Marquez
Marissa Maestas-Muller
Nick Naranjo
Charlie Trujillo

Absent:

None

JMEC Staff Present:

Michael Hastings, General Manager
Dennis Astley, Engineer
Carmen Campbell,
Dwight Herrera, HR Director
Andrew Chavez, IT

Other(s) Present:

Johnny Valerio, Contract Accounting

4. APPROVAL OF THE AGENDA

Staff requested the following amendments to the agenda:

- 6.d., General Manager's Update – Miscellaneous items
- 7.d., Committee Reports, Vegetation Management Program
- 7.e., Committee Reports, Tri-State
- 9.e., Executive Session, Update on SatView Cable System

ACTION: Ms. McCoy moved to approve the agenda as amended. Mr. Jaramillo seconded and the motion passed by unanimous [11-0] voice vote.

5. ACTION ITEMS

A. Review and Approve: April 30, 2021 Regular Board Meeting Minutes

ACTION: Mr. Vigil moved to approve and Mr. Duran seconded. The motion passed without opposition.

B. Approval of April 2021 Membership List

Mr. Cordova moved to approve the April 2021 membership list. Mr. Crawford seconded.

For practical purposes, the deadline for membership for voting eligibility is today, Friday, May 28th, although the resolution states, Sunday, May 30th.

Ms. McCoy pointed out that the list contains several individuals with multiple memberships. Other Board members also noted multiple memberships for the same individual or business. Ms. Campbell suggested these could be clerical errors and GM Hastings recommended staff review the list and bring it back at the June Board meeting.

Mr. Cordova withdrew his motion as did the second.

ACTION: Mr. Cordova introduced a motion to table and Mr. Crawford seconded. That motion passed without opposition.

For voting purposes, staff was instructed to accept all new members on the April list and those who register today as eligible voters, to ensure there is only one vote per individual member, and provide the final membership list via email to the Board to review.

6. GENERAL MANAGER'S UPDATE

A. New Building Update

GM Hastings said Windstream has advised management that the internet system will be ready by early July. Senior staff is working on a transitioning plan to the new building.

Chair Trujillo said Windstream reported issues in getting the fiber to the new building. Many Windstream and JMEC concerns have been resolved. GM Hastings said JMEC was able to address some of Windstream's high priority pole attachment concerns and

good progress is being made on related work orders. An update will be provided at next month's BOT meeting.

With trustee elections scheduled for July, Mr. Marquez suggested postponing the move until after the elections.

B. New Mexico Statewide Association Membership Discussion

GM Hastings advised the Board that he met with Keven Groenewold, CEO of the New Mexico Statewide Association, in Santa Fe. Safety appears to be the most valuable program Statewide can offer JMEC as well as legislative visibility that could prove very helpful. They have a Workers Compensation program that may be beneficial in saving JMEC money. Their *Enchantment* magazine may provide an opportunity to update the JMEC membership on upcoming events. Training classes for personnel and management may be valuable as well. Joining Statewide could be accomplished with or without the Workman's Compensation policy, depending upon when JMEC joined the Statewide.

The Board advised GM Hastings of inconsistencies that JMEC experienced in the past with Statewide, i.e., being the largest co-op and not having a vote on the Statewide board's Executive Committee, failure to receive assistance with tribal easements, and interference with JMEC's Workman's Compensation negotiations.

The Board requested additional information to include a cost comparison/analysis and a listing of pros and cons. Chair Trujillo recommended that either three Board members participate in a discussion with the GM and Mr. Groenewold or extending an invitation to Mr. Groenewold to a JMEC Board meeting.

A couple points were offered:

- Kit Carson and JMEC are the largest providers in New Mexico and neither a member of Statewide
- JMEC's insurance company was supposed to provide safety training
- Spending \$250,000 to join Statewide was a poor use of valuable resources

C. Business Servicers & Finance

i. April 2021 Financial Report

Johnny Valerio, reviewed the April financial report as follows:

- There were negative margins in April
- TIER was negative and last year this time it was positive
- Year to date, the TIER is 1.68 and OTIER 1.57

GM Hastings acknowledged that Kinder Morgan will probably not provide revenues as it had in the past and will not be firing up operations until oil reaches \$100 a barrel.

Mr. C. Trujillo commented that JMEC has numerous high ticket payments to make from rights-of-way to taxes. Chair Trujillo said he has asked staff to discuss JMEC's obligations regarding possessory tax payments with legal counsel.

Co-ops countrywide are suffering financially from the pandemic and Mr. Marquez said he expected there will be federal relief.

Returning to his report, Mr. Valerio offered that:

- There is a slight growth in residential consumers
- Large commercial – casinos, Kinder Morgan – account revenues have taken a tremendous dip
- Cash flow analysis – cash balance at the end of April was down from previous years

Mr. Valerio pointed out that the aging accounts/bad debts have attributed to the higher costs in administrative and personnel and further evidences the need of the cost of service survey was emphasized.

Mr. Marquez observed that administrative costs appear to have increased by over 100 percent and an explanation was necessary. Chair Trujillo recommended a “State of the Co-op” study session regarding JMEC’s financials, payroll, salary caps and structure, work orders, etc.

Regarding cost of power, Mr. Cordova said Tri-State will provide a 2-percent decrease in power costs retroactive to March 2021.

A discussion regarding the solar loan program and effects of solar generation on JMEC ensued. Mr. Crawford reminded the Board that a reduction in the carbon footprint is one desirable result of solar.

There is consensus amongst electric companies/co-ops that consumers will not begin paying on back bills until disconnect notices are hung on their doors. GM Hastings said JMEC has given over-due accounts 30 days to get assistance and from that point a payment plan will be developed. Disconnect notices will begin in June. Cash flow is sensitive and JMEC is running lean. According to the GM, RUS has already inquired as to whether JMEC will raise rates, cut costs or both, to deal with the financial situation. There must be a plan.

Ms. Campbell estimated that up to 100 meters have been lost to the Kinder Morgan load reduction. Mr. Duran pointed out the new building came in over budget.

A discussion ensued regarding easements on Native American land. Chair Trujillo proposed that management and a small delegation from the Board go to Washington and advise the New Mexico’s representatives of the financial burden the co-op is experiencing. There is no fee schedule and instead the Co-op is forced to negotiate. One idea suggested was to create an alliance with other co-ops experiencing the same issues.

- Operating revenues went down by \$600,000 from last year
- Margin at the end of April was \$469,000 compared to \$860,000 last year
- The loss for the month is \$216,000 – there were not enough revenues to cover expenses

- Year to date, the Co-op is limping by.
 - Total assets at the end of April were \$129,846,000
 - Liabilities – margins and equities -- \$63,632,000
 - Total liabilities and credits, \$129,846,000

ii. Finance Committee Meeting – April 2020 information

Ms. McCoy, Finance Committee Chair, said the committee met yesterday, May 27th and reviewed the April financial information.

1. General Fund Expenditures

There were questions and concerns raised regarding vehicle maintenance and rentals as well as a payment to Bradbury Stamm. It was recommended an audit be conducted on the new building.

ACTION: Ms. McCoy moved to accept the general fund expenditures for informational purposes. Mr. Naranjo seconded. The motion passed by unanimous voice vote.

2. Credit Cards

Ms. McCoy said the charges were reviewed by the committee. A charge of \$24 from an airline was levied three times and staff offered to review that.

ACTION: For informational purposes, Ms. McCoy moved to accept the credit card charges and Mr. Naranjo seconded. The motion passed by unanimous voice vote.

3. Attorney Expenses

Ms. McCoy noted that most of attorney fees relate to right-of-way discussions with Pueblos.

ACTION: For informational purposes, Ms. McCoy moved to approve the attorney fees. Ms. Maestas-Muller seconded and the motion passed by unanimous voice vote.

Mr. Marquez requested that the attorney fees identify the portion to be paid by the insurance company.

4. Consultant Expenses

ACTION: For information, Ms. McCoy moved to accept the consultant fees in the amount of \$14,258.00. Mr. Naranjo seconded and the motion passed by unanimous voice vote.

5. Trustee Vouchers

ACTION: Ms. McCoy moved to accept the trustee vouchers for informational purposes. Mr. C. Trujillo seconded. The motion passed without opposition.

Ms. McCoy asked that staff review the expenses against the budgeted amounts. That concluded the Finance Committee report.

D. Miscellaneous Matters

1. Substations

GM Hastings said the Española substation at Cook's Lumberyard has safety and access problems that need to be resolved. Staff is exploring moving the substation to address these problems. An estimate of \$1 million + was mentioned. The Abiquiu substation which services the dam is an inadequate small wood frame structure. The Corps of Engineers owns the land and JMEC is reviewing the area for better locations. This will be included in the next four-year plan.

GM Hastings said redundancy is an important component within the electrical system. Mr. Astley agreed and said Española needs at least three substations to carry the load and to provide the flexibility that will improve operationally moving the load from station to station to conduct work as needed and to deal with outages.

Mr. Marquez said there are consistent power outages in Pojoaque and he requested that engineering review that issue. Further, Alcalde is the area in which there is a great deal of growth occurring.

Chair Trujillo said he has discussed substations with the GM and the first priority is safety and reliability.

Ms. Maestas-Muller requested improved communication with customers during an outage by placing an alert on the website. Mr. Vigil said the outage map is helpful but a message on the dispatch line would be helpful. Mr. C. Trujillo recalled that phone system included an automated call to the affected customers with an estimated return power time.

2. Metering Audit

Management is recommending a metering audit conducted by Chapman Metering. GM Hastings said he has experience with this firm and they will review every demand meter and check for proper calibration, multipliers, etc. A JMEC meter tech will accompany Chapman and that will provide education for staff. The upfront cost is \$68,000+ but GM Hastings said the money could be recouped by identifying improper calibrations.

ACTION: Mr. Cordova moved to issue an RFP for these services. Mr. Marquez seconded and the motion passed by unanimous voice vote. [Mr. Vigil was not present for this action.]

3. Annual Meeting

Because of Covid uncertainties, a 2021 annual meeting has not yet been scheduled. GM Hastings recommended the Annual Meeting Committee meet and schedule a date. Mr. Vigil chairs the committee and members include Ms. McCoy and Mr. Cordova.

4. Pole Replacements

Mr. Astley developed a schematic using Google maps and identified transmission poles that require review for broken cross-arms and chipped insulators. GM Hastings said while the poles are functioning some will require replacement. Poles were identified in each district. Mr. Astley said at this point, staff is checking with suppliers on pole delivery dates and cost. It was his understanding that some of the poles in Cuba have been replaced but are not recorded as such. The last pole inspection was conducted in 2015. Pole inspections are usually conducted on a cycle of seven to 10 years. Mr. Astley recommended using an experienced pole replacement contractor who has the necessary equipment. JMEC's bucket trucks cannot reach an 80-foot pole but can handle 55- and 60-foot poles. Mr. Astley said JMEC trucks may not be able to make it up the mountain and he recommended contractors address the pole replacement program to ensure efficiency.

GM Hastings said there is a policy on transmission pole replacements consistent with what Mr. Astley has mentioned occurring at 12 years.

Mr. Vigil requested staff develop a timeline and proceed to replacement the poles. GM Hastings said this project should be completed by year end.

Regarding the Medio Fire and JMEC's transmission line up to the Santa Fe Ski Basin, Chair Trujillo said he sent a demand letter to the SF National Forest Service on financial losses. The issue is now with the general office in Albuquerque.

ACTION: Mr. Cordova moved to approve the issuance of an RFP for pole replacements. Mr. Jaramillo seconded and the motion passed without opposition.

5. Pole Attachment Audit

To identify unauthorized/illegal pole attachments, GM Hastings said a pole audit will be necessary. The audits can be expensive but usually those expenses are usually recovered from the unauthorized users. He recommended the issuance of an RFP.

ACTION: Mr. Marquez moved to approve an RFP for a pole attachment audit. Mr. Naranjo seconded and the motion passed by unanimous voice vote. [Mr. Cordova was not present for this action.]

[The Board recess at 11:15 to 11:30]

7. COMMITTEE REPORTS

A. Communications Committee

Mr. Crawford reported that the June 2021 newsletter is in final edit stage. Most of the Board photos on the website have now been corrected.

Regarding the district maps, GM Hastings said the Policy Committee discussed several issues and the consensus was to leave things the same for this election period.

B. Energy Committee

Mr. Crawford said Ms. Campbell provided the committee with an update on solar that included Alcalde, Cuba and Jacona. If the solar projects at Cuba and Jacona go through, JMEC will have reached its 5 percent maximum under the Tri-State contract. At this point, there are 406 net meter installations. GM Hastings also provided the committee with an update on FERC rulings involving Tri-State.

Regarding the buy-out issues with Tri-State, Mr. Cordova said FERC issued an order rejecting Tri-State Board Policy 125 which was the methodology for member buy-outs. Tri-State counsel is reviewing the situation.

A question regarding the Cuba property that JMEC purchased and is leased through a PPA will be discussed in executive session.

Mr. Crawford mentioned Kit Carson has started a regional electric vehicle initiative planning group that will be meeting on June 9th. He along with GM Hastings and Ms. Campbell will be participating.

On the request of the committee, GM Hastings revisited the solar loan program. Ernesto Gonzales placed the program on hold and the bank is awaiting JMEC's decision on the matter. Mr. Marquez recalled that the bank was running the program with a 5 percent interest rate while money could be found for 2.8 percent. Mr. Crawford highlighted that the loan application process was easier through JMEC's program.

C. Audit Committee

Chair Trujillo attended and chaired the meeting in Mr. Duran's absence. There was discussion regarding the 2020 auditors and because the three-year contract expired the needs for an RFP.

ACTION: Mr. Vigil moved to direct staff to issue an RFP for audit services. Mr. Naranjo seconded and the motion passed by unanimous voice vote.

D. Vegetation Management

Mr. Cordova stated that the committee participated in a bid opening for a rebid of tree trimming on the San Juan Circuit. Two bids were received and staff recommended going with Family Tree Service, a local company.

ACTION: Mr. Cordova moved to award the bid to Family Tree Service. Mr. C. Trujillo seconded and the motion passed by unanimous voice vote.

Mr. Marquez asked that staff investigate trees marked in red off CR 40.

E. Tri-State Report

Mr. Cordova said the implementation of the interim rate went into effect in May and will be retroactive to March 2021. Two by-law amendments were brought forward: one addresses a policy allowing for 200 non-utility members and the other reduces the required amount of purchased power to have a seat on the Tri-State board to 50 percent from 65 percent.

Other Tri-State related information:

- Kit Carson and Delta Montrose are the two former Tri-State members who have completely bought out
- Eight co-ops have filed complaints at FERC to get out of Tri-State
- Several aspects of Tri-State's buyout policy were rejected by FERC
- Colorado co-ops complained to their PUC about Tri-State's buyout formula costs. In response, Tri-State requested that FERC have exclusive jurisdiction over all their rate issues based on the diversity of membership. FERC accepted and this makes rates a federal not a state issue

8. **NEW BUSINESS** - None was presented.

9. **EXECUTIVE SESSION**

ACTION: Ms. Maestas-Muller moved to meet in executive session. Mr. Naranjo seconded and the motion passed by unanimous voice vote.

[The Board met in Executive Session from 11:58 a.m. to 1:20 p.m.]


Chair Trujillo reconvened the Board in open session. He announced the only items discussed were personnel and legal.

ACTION: Mr. Naranjo moved to approve a resolution that approves a settlement with Jemez Pueblo regarding rights-of-way and trespassing. Mr. Marquez seconded and the motion passed by unanimous [10-0] voice vote. [Mr. Crawford was not present for this vote.]

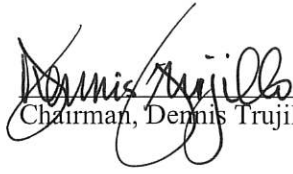
There was consensus to direct legal counsel to review the SatView issue as it relates to easements.

10. **ADJOURN**

Having completed the agenda and with no further business to come before the Board, Chair Trujillo adjourned this meeting at 1:25 p.m.


Secretary, John Ramon Vigil

APPROVED:


Chairman, Dennis Trujillo