

**MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES
FRIDAY, AUGUST 25, 2022
HERNANDEZ, NEW MEXICO**

1. This regular monthly meeting of the Jemez Mountains Electric Cooperative, Inc. Board of Trustees was called to order by Board President Dennis Trujillo at 9:10 a.m. on the above-cited date, at the new JMEC Headquarters, 19365 S.R. 84/285, Hernandez, New Mexico.

2. & 3. Following the Pledge of Allegiance, a quorum was confirmed as follows:

Present:

Dennis Trujillo, President
Manuel Bustos, Vice President
John Ramon Vigil, Secretary
Dolores McCoy, Treasurer
Stanley Crawford, Asst. Secretary/Treasurer
Lucas J. Cordova
Elias Coriz
Bruce Duran
Dennis Gallegos
Marissa Maestas-Muller
Marcie Martinez

Absent:

None

JMEC Staff Present:

Michael Hastings, CEO and General Manager
Dennis Astley, Manager of Engineering and Engineering Operations
Karen Wisdom, Sr. Contracts Administrator and Compliance Officer
Tina Trujillo Archuleta, Administrative Professional
Geraldine Romero, Interim CFO
Carmen Campbell, Cuba District Manager and Tribal Liaison
Randy Vigil, Operations Manager
Steven Martinez, GIS Supervisor
Deborah Madrid, Accounting
Michelle Vigil, Accounting
Tomas Barela, Broadband Manager

Others Present:

Frank Coppler, JMEC Counsel
Aaron Bennett, NRTC [via video platform]
Nicholas Gilmore, *Rio Grande Sun*
Karen Farrell, Wordswork – secretarial services

4. APPROVAL OF THE AGENDA

ACTION: Mr. Bustos moved to approve the Agenda as published. Mr. Vigil seconded and the Motion passed without opposition.

5. JMEC MEMBER COMMENTS - There were no speakers.

6. ACTION ITEMS

A. Review and Approve: May 12, 2022 Special Board Meeting Minutes

ACTION: Ms. Martinez moved to approve the Minutes as presented and Mr. Bustos seconded. The Motion passed without opposition.

B. Review and Approve: July 29, 2022 Regular Board Meeting Minutes

The following corrections were offered:

Page 2, 6.C: the “m” was missing from “motion”

Page 7, 9.B: the reference to Policies 104 and 105 should read Roles Rules and Responsibilities

Page 8, 9.B: “President Trujillo said a Policy addressing the issuance and tracking of policies is needed and Ms. Martinez said that is one of the next priorities of the committee.

Page 10, 9.F: last sentence should read, “He said he the review assured him there was no fraud or malfeasance.”

Mr. Vigil requested a “Consent Agenda” in the future containing Minutes and the membership list.

ACTION: Ms. Martinez moved to approve the Minutes as corrected and Mr. Bustos seconded. The Motion passed without opposition.

C. Review and Approve: August 18, 2022 Special Board Meeting Minutes

Mr. Bustos moved to approve and Ms. Maestas-Muller seconded. This Motion was withdrawn.

Following discussion, it was determined that some of the Trustees had not had an opportunity to review the Minutes.

ACTION: Mr. Coriz moved to table the August 18, 2022 Minutes. Ms. Martinez seconded. The Motion passed without opposition.

D. Approval of the July 2022 Membership List – Members not already approved at district meetings

ACTION: Mr. Crawford moved to approve the membership list. Mr. Duran seconded and the Motion passed by unanimous voice vote.

7. OTHER REPORTS

A. President's Report

President Trujillo informed the Board of the following:
JMEC's rate case continues and four JMEC members have intervened on JMEC's behalf.

GM Hastings said the Co-op will be conducting discovery for the rate case to ascertain with whom the PRC commissioners have engaged in ex parte communications as well as the intervenor in opposition to JMEC's rate case.

Mr. Coriz said it would be useful for the Trustees to have a standard response to the membership about the rate case. GM Hastings offered to provide additional information regarding the case during executive session and ask attorney Joseph Yar to provide appropriate information to share with the membership.

President Trujillo said the PRC staff and the AG's staff have required testimony on September 12th.

Regarding the partial buyout with Tri-State, President Trujillo said the issue is on hold and will undoubtedly take time.

The Broadband Committee has made a great deal of progress. The Co-op is actively seeking grants to move the Broadband program forward.

President Trujillo recognized staff and the Trustees for the success of the four Special District meetings so far, noting quorums were reached and bylaw changes approved.

Mr. Coppler said a draft resolution recites all the appropriate election materials. The bylaw changes will be effective at the end of the JMEC 2022 annual meeting.

Mr. Vigil said he was pleased the bylaws were approved and with the reduction in the required quorum, the Trustees can begin work on other bylaw changes.

Ms. Martinez said she too was pleased with the Special District meetings and suggested that in the future the bylaw changes should flow through the Policies Committee.

GM Hastings said he appreciated the concern raised by Mr. Duran regarding the cost of the 2022 District meetings; however, the quorum change was extremely important and educating the membership on more than three bylaw changes at a time is not very effective.

President Trujillo thanked Trustees Bustos and Martinez for attending the City of Española City Council meeting regarding the Co-op's franchise agreement.

President Trujillo said he along with three other trustees attended the recent capital credit training which was very informative.

B. Tri-State Director Report

Mr. Duran reported on the Tri-State Directors meeting and said an RTO is looking to move further west which will improve the grids. Tri-State will be imposing a rate increase in 2023 or 2024. He mentioned that the hydroelectric power project in the Taylor Park Reservoir is moving forward. United Power and a Nebraska co-op are interested in leaving Tri-State adding greater uncertainty to Tri-State's future.

Water rights is a big issue for Generation and Transmission (G&T) cooperatives. Mr. Duran said he was surprised to learn of Tri-State's diversity to secure water rights.

Noting that the federal government has reduced water allotments along the Colorado River, Mr. Coriz expressed concern at the impact on Tri-State's grid. GM Hastings said it is clearly a power market issue. Tri-State will incur higher prices for power with less power availability. Currently, Tri-State has more capacity than needed for its membership. GM Hastings noted that United Power makes up 20 percent of Tri-State's load and while that will decrease Tri-State's revenues, Tri-State will have excess power to sell.

GM Hastings identified the more than doubling costs of poles, conductors, etc. over the past nine months as squeezing Tri-State. Referring to the February 2021 cold weather in Texas where the electric grid failed, he said as a result of that Xcel's price to Colorado customers increased dramatically. Over the past few years, Tri-State's power costs were a lot higher than Xcel, and as a growing utility, Unity Power felt they were at an extreme disadvantage to attract commercial and industrial loads because of their price. After the Texas incident, Xcel raised their rates much closer to those of Tri-State and the situation lessened. Hastings pointed out that JMEC's request for a partial buyout is to build local renewable projects.

8. CEO and GENERAL MANAGER'S UPDATE

A. Miscellaneous Matters

i. Introduction of New Employees

GM Hastings introduced Steven Martinez, GIS Supervisor; Deborah Madrid, Accounting; and Michelle Vigil also in Accounting.

ii. NRECA Board Member Survey

GM Hastings highlighted the information regarding director fees. Many co-ops provide a monthly retainer as well as per meeting fee. According to the survey, JMEC Trustees are paid well below the average of Co-op's of JMEC's size. Many of the co-ops provide medical insurance for the directors, trustees and their families. JMEC does not.

iii. NORA Annual Meeting Attendees

GM Hastings said that NORA has invited JMEC's participation, he asked those interested in attending to contact Ms. Trujillo Archuleta. He noted it was a great way to support a neighboring co-op.

iv. NRECA Resolution Committee – New Mexico

GM Hastings said that he accepted NRECA's request that he serve on the Region 10's Resolutions Committee. The meeting will be held in October in Little Rock. They have asked Hastings to chair the Committee.

v. CoBank Charitable Match

GM Hastings informed the Trustees of CoBank's "Sharing Success" charitable match program where CoBank will match up to \$10,000 for charitable causes within the service area. JMEC will contribute \$10,000 to receive the match. Hastings offered that he has used the program with other co-ops and noted it can have a big impact on local not-for-profits in the community. The program provides for up to four grants of \$5,000 and the deadline for participating in the match program occurs before the September Board meeting.

The question of whether JMEC's \$10,000 could come from the Foundation fund came up and Mr. Coppler said JMEC's \$10,000 will need to come from its general fund as the Foundation is limited primarily to educational purposes.

If Foundation money could be used, Mr. Crawford suggested rural libraries as the beneficiaries of the grant money.

It was noted that the recent fires have created hardships for people and giving money to a charity that assists with providing food would be beneficial.

Ms. Maestas-Muller advocated taking action on this today and that she was prepared to make a Motion to support organizations like the Food Pantry, Neighbor2Neighbor, the Soup Kitchen and the Food Depot.

ACTION: Ms. Maestas-Muller moved to approve that JMEC contribute \$10,000 towards the CoBank "Sharing Success" matching program for a total of \$20,000 to provide financial assistance to four charities of \$5,000 each within the service area. Ms. Martinez seconded.

GM Hastings lauded this opportunity as a means of doubling gifts to local not-for-profit organizations.

Karen Wisdom, Sr. Contracts Administrator and Compliance Officer, said the match with Co-Bank requires the recipients' names. Mr. Hastings said staff will work with the Board to choose the four organizations.

Having worked with the Hunger Initiatives in the past, Ms. Trujillo Archuleta offered to develop a list of the area providers to cover the service area. She said she was familiar with the Food Depot from her previous employment at the Governor's Office and she would reach out to them for suggestions.

On a separate topic, Ms. Trujillo Archuleta said Touchstone provided JMEC with \$500 to award to a non-profit. GM Hastings suggested the organization that comes in fifth on the poll could receive the \$500 from Touchstone.

The Motion passed by unanimous voice vote.

vi. Española Franchise Agreement

GM Hastings said JMEC appeared before the Española City Council and the Council voted to approve a three percent franchise fee pursuant to a new franchise agreement. The agreement is important to have for JMEC to addresses road cuts, tree trimming, Co-op owned lights, etc. In terms of the agreement, it is "very vanilla" and covers the necessary issues. He recommended the Board's approval.

ACTION: Mr. Crawford moved to approve the franchise agreement with the City of Española. Mr. Coriz seconded.

As a point of information, Mr. Vigil, who also serves as the Mayor of Española, said he abstained from the City's vote and will abstain from JMEC's action. GM Hastings emphasized that Mr. Vigil has not been involved in this at all nor has Mr. Coppler. Joseph Yar assisted JMEC in this matter regarding legal issues. In fact, JMEC employee Manny Martinez is also on the Council and he abstained in voting on this matter at the Española City Council Meeting.

The Motion passed without opposition with Mr. Vigil abstaining.

vii. IT Servers

GM Hastings said replacement of IT servers should have been in the 2022 budget; however, it was not. This is an expensive problem. The Co-op has approximately 20 servers and most of them need to be replaced quickly. Management has discussed the issue with IT consultant Abe Salazar and he has provided three options to address the situation. The problem is that the current servers are at the end of their useful lives – they are going to fail. The servers do the billing, track capital credits, etc.

The urgency of the situation – servers failing – has not been priced via an RFP. He said he'd like to get an RFP out quickly. Cash reserves will be utilized to cover the cost.

GM Hastings said the server issue was not communicated by the then IT manager and thus not budgeted for this year. The three options range in price from \$867,510 to \$490,567. The option management deems the most appropriate would provide the greatest reliability and cost \$608,307.

GM Hastings said an additional IT issue occurred when relocating to the new headquarters resulting in a change order involving switches, not servers. This is a separate issue from this new server issue.

Responding to Mr. Crawford's question of why move to the cloud rather than have our own servers, Ms. Wisdom said migrating to the cloud would require strong firewalls but a greater risk is the age of JMEC's hardware which runs on Windows 2008 which was abandoned by the Windows platform four years ago. The high proposal includes replacing hardware. She learned of the problem when Dispatch phoned her in the evening hours unable to contact IT. She contacted Computer Assets representative Abe Salazar. JMEC's IT was down and the cameras were not functioning. There was no storage available and the camera function on the headquarters was not running. Mr. Salazar moved files for a temporary solution but informed JMEC of the need to address their servers. While the hardware option is the safest, it is difficult for financial reasons. The system is out of date and the old software can no longer be patched.

The option that management recommends provides greater system reliability and includes the substations. Ms. Wisdom noted that RUS has requirements regarding grid protection that relates to the server requirements. This will protect the grid as well as the US electric grid because JMEC's substations are attached to the US electric grid.

Mr. Bustos asked how this issue didn't surface when the move to the new headquarters occurred and Ms. Wisdom said the old servers were moved to the new site and the issue did not surface until the problem occurred – there was so little storage available on the servers. JMEC's servers are at the end of life and something has to be done. Mr. Salazar was requested to develop solutions and price estimates.

President Trujillo said the urgency of the situation is understood and he asked the Board to take action.

GM Hastings said he, IT and Ms. Wisdom recommend moving to the cloud with option #3 for \$608,307. The funds will be taken from JMEC's cash reserves.

ACTION: Mr. Crawford moved to approve option #3, \$608,307. Mr. Cordova seconded.

Prior to voting, President Trujillo rephrased the motion to move forward with an RFP for Option #3 and the motion passed by unanimous voice vote.

[The Board took a five minute recess.]

8. B. Business Services and Finance
i. July 2022 Financial Report

GM Hastings referred to the Form 7 and pointed out that JMEC lost \$371,929 for July 2022, which is usually seen as one of highest revenue producing months. Year-to-date figures for distribution expenses operations and maintenance, customer accounts expense, customer service and information expenses, sales expense and administrative/general

expenses are largely on or below budget. JMEC budgeted for 2022 expecting new revenues from the rate case starting in July 2022. Until there is a decision JMEC will continue to lose money. Luckily, JMEC had a strong cash reserve to assist in these troubling times.

GM Hastings pointed out that JMEC has spent about \$50,000 on broadband to date. The electric business will not be subsidizing broadband.

CWIP, construction work in progress, is comprised mostly of open work orders and GM Hastings was pleased that progress has been made on that. A work order clerk will be added to staff and retired Cuba employee Mary Sandoval will assist part time to work with this process.

The cash position is currently approximately \$8.8 million and GM Hastings also pointed out the Cerro Pelado Fire cost the Co-op \$3.1 million to date.

The rate case public hearings are anticipated to start on October 18-19, 2022.

Mr. Duran mentioned that Tri-State has been addressing their revenue loss and potential further losses by reducing employees and considering selling assets. GM Hastings appreciated Tri-State's efforts to address long-term issues; however, JMEC's revenue issues are considered short-term and should be solved with the approval of the rate case.

Geraldine Romero, interim CFO, highlighted that:

- YTD, total services in place 31,604
- YTD, total miles energized 4,160.02

Ms. Romero provided the July data as follows:

- TIER and OTIER were negative
- July 2022, beginning balance, \$3.2 million
- July 2022, total collected deposits, \$5.4 million which includes a transfer of \$1.5 million from the liquidity fund
- July 2022, total disbursements, \$5.1 million
- July 2022, ending book balance was \$3.5 million
- July 2022, total liquid accounts, \$7.8 million
- July 2022, total non-liquid accounts, \$989,334
- YTD, average 31,524 consumers
- YTD, average residential kwh usage, 586
- YTD, average small commercial kwh usage, 3,571
- YTD, average large commercial kwh usage, 189,033
- YTD, cost of purchase power as a percentage of revenue, 62 percent
- YTD, purchased kwh, 31.3 million
- YTD, sold kwh, 30.1 million
- YTD, line loss was 3 percent – last year it was 6 percent
- Average kwh cost for residential is holding at 14 cents
- July 2022, there were 113 employees – last year 102

GM Hastings noted that the meter audit improved the line loss by half of what it had been, approximately \$1 million to the good for the Co-op.

Ms. Romero noted that graphs were provided for additional comparative information.

Regarding Kinder Morgan, Carmen Campbell, Cuba District Manager and Tribal Liaison, said they are not pumping from either of the two services on JMEC's system. There are oil fields that are being hooked up and these accounts will assist in replacing the lost Kinder Morgan revenue.

President Trujillo requested staff provide fourth quarter projections and actuals compared to the 2022 budget – in a graphic format.

ii. Finance Committee Meeting

Mrs. McCoy, Finance Committee Chair, said that the Committee met yesterday, August 24th and reviewed the Agenda items.

a. July 2022 General Fund Expenditures

ACTION: For informational purposes, Mrs. McCoy moved to approve the July 2022 general fund expenditures list. Ms. Martinez seconded and the motion passed by unanimous voice vote.

b. July 2022 Staff Credit Cards

Mrs. McCoy said staff responded to the questions regarding the Wells Fargo credit card account.

Ms. Martinez pointed out that the Co-op's use of MVD Express entails additional charges and she asked whether a different process can be considered. GM Hastings said staff is investigating that issue.

ACTION: Mrs. McCoy moved to approve the staff credit card charges. Mr. Crawford seconded and the Motion passed by unanimous voice vote.

c. July 2022 Attorney Expenses

The Committee reviewed the attorney charges that were in the amount of \$64,129.02.

GM Hastings said Mr. Coppler invoices separately for different items.

Regarding a 3.1-acre property that the Co-op is interested in purchasing, Ms. Wisdom said the survey does not verify the entire acreage and an appraisal is necessary.

Joseph Yar's rate case work is invoiced through Mr. Coppler's firm.

ACTION: Mrs. McCoy moved to approve the July 2022 attorney expenses. Mr. Duran seconded. The Motion passed by unanimous voice vote.

d. July 2022 Consulting Expenses

ACTION: Mrs. McCoy moved to approve the July 2022 consulting expenses. Ms. Martinez seconded and the Motion passed by unanimous voice vote.

e. July 2022 Trustee Vouchers

ACTION: Mrs. McCoy moved to approve the July 2022 trustee vouchers. Mr. Crawford seconded. The Motion passed by unanimous voice vote.

That concluded the Finance Committee report.

9. COMMITTEE REPORTS

A. Communications Committee

Mr. Crawford said the Committee met on August 8th and discussed the Employee Spotlight to be featured in the *Enchantment*. The Special District and annual meetings, as well as other communications will be highlighted in the *Enchantment*.

B. Energy Committee

Mr. Crawford said the Committee met on August 8th and discussed the partial buyout that GM Hastings reviewed earlier. There was a meeting with Senator Shendo of Jemez Pueblo and energy consultant Ravi Malhotra from ICAST. That discussion revolved around solar energy and Jemez and Zia Pueblos working together.

The EV charger at Bode's is still under discussion. The community of Dixon expressed an interest in an EV charger. Developing an article for the *Enchantment* regarding the availability of EV rebates is being considered.

C. Policy Committee

Ms. Martinez said the Committee did not meet this month. The Policies being presented for action today were again sent out to the Trustees and she received no communications or comments regarding them.

Ms. Martinez moved to approve the following policies: #102, Code of Conduct; #103, Roles and Responsibilities of BOT; #104, Relationship between the BOT and the GM; #105, Roles and Responsibilities of the GM; #112, Compensation and/or Expense Reimbursement; and a new Personnel Policy.

Prior to obtaining a second, Mr. Coriz expressed concern about the Board's capacity to police itself within #102. Ms. Martinez said the Committee discussed that in detail and developed a stepped process to deal with issues. She acknowledged that some of the

Policies being presented for approval require additional work but at this point it was important to have them approved.

Mr. Vigil moved to table the Code of Conduct #102 and Mr. Cordova seconded. [Later, this motion to table was retracted.]

The Trustees were reminded that the proposed Policies were discussed and developed by a Committee open to all Trustees, and have been available for review for over a month.

Tabling the revised #102 will prolong the process and there is no mechanism to deal with Board member related issues.

Mr. Coriz said allegations against another Board member should be discussed in executive session with the entire Board participating. He was concerned that the Board of Trustees President would make a determination without Board input. Ms. Martinez recognized his points as having merit and said she was disappointed not to have had his input earlier.

Mr. Vigil said high functioning organizations routinely have Committees work on issues that advance the organization. He emphasized that reviewing materials before the Board meeting is part of the Trustees' commitment.

Mr. Crawford commended Ms. Martinez for her dedicated attention regarding the Policies.

He said he was ready to approve all the Policies as presented and rework whatever needs reworking at a later date.

At this point, Mr. Vigil retracted his motion to table and the second agreed.

ACTION: Ms. Martinez moved to approve the following Policies: #103, Roles and Responsibilities of BOT; #104, Relationship between the BOT and the GM; #105, Roles and Responsibilities of the GM; #112, Compensation and/or Expense Reimbursement; the new Personnel Policy; and #102, Code of Conduct with the changes to 6.2. and the REDLG Policy. Mr. Crawford seconded and the Motion passed by unanimous voice vote.

Ms. Martinez advised the Board of the Policies that the Committee is in the process of reviewing.

D. Audit Committee

Ms. Martinez said the Committee did not meet this month; however, there was full Board attendance at the August 18th Special Board meeting to review the forensic audit report prepared by Steve Dawson. The results of the procedures performed by Mr. Dawson indicated that payments to former executives were properly supported and authorized. He also concluded that based upon the various analyses of the records for the Co-op the auditors noted no evidence of fraud sufficient to support a request for a subpoena by law enforcement; therefore, the conclusion is there is no presentable case of fraud. Regarding

internal controls, Ms. Martinez noted that Mr. Dawson provided a number of sample policies/documents that can assist in improving internal controls.

ACTION: Ms. Martinez moved that the JMEC Board accept both the forensic audit report and the internal control process consultation report. Mr. Duran seconded.

President Trujillo said the audit was important and will demonstrate to the membership that the Board is doing its due diligence.

The motion passed by unanimous voice vote.

GM Hastings recommended issuing a press release on the audit and with the Board's direction, post the forensic audit on the website. As an approved document, he would forward it, with the Board's approval, to the opposing intervenor on the rate case once the Audit Report was released. There was Board consensus to authorize management to do so.

E. Vegetation Management Committee Report

Committee Chair Cordova said they met August 4th and reviewed the 2022 vegetation management budget. Lenny Ortiz provided a report to the Committee regarding the excessive tree growth throughout the JMEC service area and how the Cerro Pelado fire has cut into the budget. The total budget was approved at \$1,206,025. The Cerro Pelado fire has cost to date approximately \$3.1+ million and JMEC will pursue every avenue for full reimbursement.

The committee authorized the issuance of an RFP for the Ponderosa circuit out of the Jemez Pueblo substation. This is in the area of the 2011 Las Conchas fire. Additional tree trimming is required to clear numerous lines in the Jemez Springs and Hernandez areas. Based upon this additional vegetation management work, the Committee recommends a budget increase of approximately \$450,000 to address the items mentioned above. Some of the work will roll over into 2023 and appear in the JMEC 2023 budget.

ACTION: Mr. Cordova moved to approve a budget variance for the needed vegetation management at JMEC in the amount of \$450,000. Mr. Coriz seconded.

GM Hastings said work not accomplished in 2022 will roll over to 2023 along with the allocated budget amounts remaining.

The motion passed by unanimous voice vote.

The Board recessed for lunch from 12:10 to 1:00

E. Broadband Committee

By way of introduction, GM Hastings said JMEC has been working with NRTC on a feasibility study for broadband and Aaron Bennett, Vice President with NRTC, has developed a broadband project update.

Mr. Bennett appearing via video platform said there are a few models that were developed including full fiber JMEC customer homes, and a hybrid fiber fixed wireless network as well as possible grant vehicles that he will review.

Mr. Bennett displayed a map showing the existing fiber within the proposed route of 408 miles that connects 17 substations. There may be a possibility to partner with a company that has fiber on the route. He highlighted the following points:

- A propagation study was conducted to ensure customer access of at least 25 mpbs (probably 50 mpbs) to 100 mpbs speed.
- Lower density areas can produce a cost of \$12,100 per subscriber but through a fixed wireless network the cost is reduced to \$2,800.
- The model included area densities of low, medium and high. Low density substations include Cuba, Lybrook and Blanco, and a hybrid fiber fixed wireless solution is recommended in those areas.
- Prices and tiers ranged from \$76 to \$106 depending on service provided.
- The project statistics are based on the infrastructure investment and full fiber to the customer would be 3,100 miles of fiber.
- The model assumed 11,000 subscribers.
- The overall capital cost was estimated at \$133 million for all members having fiber to the home and for feasibility JMEC would need \$33 million in grants.
- A hybrid fixed wireless could be accomplished without any grants.
- Full fiber to homes, less the low density areas, is quite doable.
- Planning options for deploying broadband include applying for grant funding to approach the low density areas – members and non-members – which includes tribal areas; a hybrid fiber fixed wireless network could move forward without grants and covers 85+ percent of JMEC's membership.

GM Hastings said he and Mr. Astley have experience with the fixed wireless network which has its own set of issues regarding topography. He favored the hybrid approach which would save the Co-ops millions of dollars and if grants were awarded, full fiber could be offered to all members, especially those on the west side. GM Hastings said the notion was to apply for a number of grants. As far as loans, CoBank and CFC would be approached as well as a local bank to find the best deal. JMEC has an existing line of credit with CFC that could be utilized to start the process.

Mr. Coriz encouraged caution in the broadband endeavor and said he wanted to spread the risk to other entities.

Mr. Vigil said he understood the State of New Mexico was onboard to get broadband connected to smaller outlying areas. GM Hastings said the "middle mile" is the skeletal structure of the fiber network and WindStream has that structure but is not taking the fiber to the homes and their speed fails to meet the minimum grant requirements. There are federal as well as state agencies with grant money available. In terms of partnering,

staff will be meeting with REDI Net tomorrow and has discussed with Rio Arriba County to serve as fiscal agent for any state grants.

Mr. Cordova recommended creating a coalition of groups to work on broadband.

Ms. Martinez asked whether JMEC members could be offered an opportunity to invest in the program. GM Hastings said he would explore that idea with Mr. Coppler.

Mr. Bennett noted that the model does not assume any construction savings or partnership opportunities. Within the JMEC footprint there are significant eligible areas that would qualify for the broadband grant vehicles. He mentioned a number of programs and highlighted the \$42 billion BEAD, Broadband Equity Access and Deployment, fund which New Mexico will probably receive \$1 billion and be launched Fall 2023 and the ACP, Affordable Connectivity Program, which provides vouchers to low-income people for broadband.

In regards to potential negatives, Mr. Bennett noted there were supply chain issues in the broadband industry, rising inflation and interest rates, and grant reporting requirements. On the positive side, adding non-members increases the opportunity to improve the financial model, subscriber revenues may be higher than the model predicts with the financial metric improving, and many grant opportunities available.

Mr. Coriz asked about the business plan and feasibility of the project.

Mr. Bennett repeated that the model only included 24,200 JMEC member homes, 3,100 fiber miles to the home plan, with an assumed 41.3 percent subscriber rate. The model tracked the debt service ratios and impact of combined equity and asset ratios. It is assumed rather conservatively that 71 percent of the customers will pick the low tier option, 22 percent the middle tier and 7 percent the high tier. Providing fiber for high density areas is \$1,200 and up to \$12,600 in low density areas.

GM Hastings said the model that NRTC uses is very powerful and can be easily modified with different costs and percentages. Mr. Coriz commented that the JMEC member broadband survey will provide better data to populate the model.

Tomas Barela, Broadband Manager, stated the model offers information to educate the path forward. He recommended starting with the hybrid model and build out fiber over time.

President Trujillo said that the Board needs to make decisions on its commitment to broadband soon, otherwise another entity will step into JMEC's service area. Mr. Barela agreed and said the high density areas are attractive to other vendors.

Mr. Coriz recommended that on the administrative front, that staff continue to pursue grant opportunities, research legal avenues to accomplish the goal of broadband and take advantage of the existing fiber.

ACTION: Mr. Coriz introduced a Motion to pursue an RFP for a pole attachment audit. Ms. Martinez seconded and the Motion passed by unanimous voice vote.

The Board thanked Mr. Bennett for his presentation and he excused himself from the remainder of the meeting.

GM Hastings said Kit Carson had applied for the USDA ReConnect 3 Grant, which they did not receive, with a proposal to serve JMEC's service area. JMEC was working on a broadband service agreement with Kit Carson which, after a series of drafts, has been shelved. Mr. Coppler will review trespass and pole attachment rules.

Acknowledging that there is urgency to the broadband issue, President Trujillo directed staff to continue to move forward investigating this project.

GM Hastings said JMEC may be participating in a "middle mile" fiber network multi-co-op project with the other northern New Mexico electric co-ops. JMEC will have a seat at the table and review any application prior to filing.

Mr. Coriz said the Committee discussed hiring Bill Boas, a semi-retired engineer from Abiquiu, for broadband network consultation on a part-time basis. Mr. Boas would also serve on the Broadband Committee.

GM Hastings said he has met with Mr. Boas who has been very helpful to JMEC, would enhance JMEC's broadband team, and he recommended retaining him for a few hours a week.

ACTION: Mr. Coriz moved to engage Bill Boas for consultation services for up to 20 hours a week. Mr. Gallegos seconded and the motion passed by unanimous voice vote.

In response to how JMEC was funding the broadband related endeavors, GM Hastings said there is \$8 million in a line of credit with CFC.

10. EXECUTIVE SESSION

- A. Legal Matters**
- B. Personnel Matters**

At 2:06 p.m., Ms. Martinez moved to meet in executive session. Ms. McCoy seconded and Motion passed by unanimous voice vote.

At 2:23 p.m., a Motion was made by Mr. Cordova to come out of executive session. The Motion was seconded by Mr. Duran and passed unanimously.

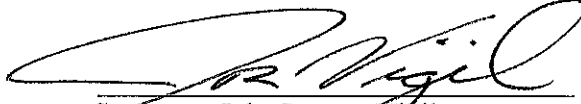
11. NEW BUSINESS

At 2:33 p.m., a Motion was made by Mr. Coriz which was seconded by Mr. Cordova to increase the Working Foreman, Journeyman Lineman, and Apprentices position by \$4.00 per hour. Motion carried unanimously. A motion was made by Mr. Vigil and seconded by

Ms. Martinez to authorize a lineman to apprentice ratio of 1:1. The Motion carried unanimously.

12 ADJOURN

Having completed the Agenda and with no further business to come before the Board, President Trujillo adjourned this meeting at 2:27 p.m.



Secretary, John Ramon Vigil

APPROVED:



President, Dennis Trujillo