

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

1. This regular monthly meeting of the Jemez Mountains Electric Cooperative, Inc. (JMEC) Board of Trustees was called to order by Board President Dennis Trujillo at 9:18 a.m. on the above-cited date, at the JMEC Headquarters, 19365 S.R. 84/285, Hernandez, New Mexico.

2. & 3. Following the Pledge of Allegiance, President Trujillo called roll and confirmed the presence of a quorum as follows:

**Present:**

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

**Absent:**

John Ramon Vigil, Secretary

**JMEC Staff Present:**

Michael Hastings, CEO and General Manager  
Dennis Astley, Manager of Engineering and Engineering Operations  
Tina Trujillo Archuleta, Administrative Professional  
Geraldine Romero, Manager of Accounting  
Carmen Campbell, Cuba District Manager and Tribal Liaison  
Andrew Chavez, IT Director

**Others Present:**

Johnny Valerio, Contract Accountant  
Frank Coppler, JMEC Counsel  
Josh Howard, JMEC Counsel  
William Coburn, *Rio Grande Sun*  
Karen Farrell, Wordswork – stenographic services  
Mr. Vigil initially contacted the Board via telephone but that connection was lost.

#### **4. APPROVAL OF THE AGENDA**

President Trujillo requested that item 6.F. Authorization of a JMEC Forensic Audit and Internal Control Consultation, be moved to 10. Executive Session

**ACTION:** Mr. Duran moved that item 6.D, Consideration of Resolution to Partially Buyout of the Tri-State Power Supply contract, be addressed during a special Board meeting. Mr. Bustos seconded and the motion passed without opposition.

**ACTION:** Mr. Coriz moved to approve the agenda with the changes as requested and Ms. Martinez seconded the motion. The motion passed without opposition.

**5. JMEC MEMBER COMMENTS** – None were presented.

#### **6. ACTION ITEMS**

##### **A. Review and Approve the January 28, 2022 Regular Board Meeting Minutes**

**ACTION:** Ms. Martinez moved to approve the minutes as presented. Mr. Duran seconded and the motion passed by unanimous voice vote.

##### **B. Approval of the January 2022 Membership List**

**ACTION:** Mr. Cordova moved to approve the January 2022 membership list. Mr. Crawford seconded and the motion passed by unanimous voice vote.

##### **C. Consideration of Resolution to enter into the Broadband Business**

President Trujillo said the resolution documents the Board's desire to move forward in the broadband business.

**ACTION:** Mr. Coriz moved to adopt the resolution and Mr. Duran seconded.

GM Hastings said a copy of the resolution was forwarded digitally to the Board earlier this week. Since that time, legal counsel Coppler provided a few modifications – primarily cosmetic with no substantive changes – that are incorporated in the hard copy before the Board. The resolution contains the items that were addressed during the recent Board retreat to allows JMEC to enter into the broadband business with one motion.

GM Hastings said the resolution authorizes a membership survey, a feasibility study and some legal work that is required. Basically, the resolution authorizes JMEC to enter the business with opportunities to change course if necessary.

President Trujillo said it was important to advance the broadband concept and take advantage of the current federal funding opportunities. He emphasized that the finances will be kept separate from the co-op's electric business. GM Hastings said many co-ops have separate broadband/high speed internet businesses, i.e., Kit Carson. NRTC

(National Rural Telecommunications Cooperative) will conduct a feasibility study, will advise JMEC on best practices and Kit Carson is also available to assist. JMEC's current billing software has the capability to keep the different businesses separate. GM Hastings said JMEC initially will be borrowing money from CFC or Co-Bank or possibly RUS to cover the initial cost to enter into the broadband business. The financial statements on Form 7 will be consolidated and will ultimately and display a decrease in equity as the broadband program gets underway.

Mr. Cordova expressed hesitancy in venturing into broadband. He preferred partnering with another entity to do so. He commented that JMEC has back work orders and other issues that require attention.

A discussion ensued regarding outstanding work orders and GM Hastings said many of the work orders construction activities have been addressed and need to be closed clerically.

With respect to the available funding, GM Hastings said this was a one-time opportunity. The government has made billions of dollars available this year and it is unknown whether that money will ever be available again. Kit Carson may be interested in partnering with JMEC. Broadband and electricity can be viewed as on parallel paths and additional staff with broadband experience will need to be hired. In fact, the resolution calls for additional staff which is within the approved 2022 budget.

Ms. Martinez appreciated Mr. Cordova's comments but was reluctant to see JMEC miss this opportunity.

In terms of housing the broadband venture in the future, GM Hastings said the old headquarters is within the initial plan. At this point, the few employees needed can be stationed in the new headquarters.

Regarding the old headquarters, Mr. Cordova recalled the plan was to remediate the asbestos, demolish the building and build shelter sheds for equipment in that area. GM Hastings said the asbestos/lead paint is being addressed and rather than raze the building the plan is to address the HVAC and drainage concerns and use the structure. He agreed with Mr. Cordova that the trucks should be protected. Renovating the building would be considered in the 2023 budget.

President Trujillo said the resolution clearly sets out the steps for JMEC to take in moving forward with broadband.

The motion to approve the resolution passed by [9-1] roll call vote as follows:

Dennis Trujillo	Yes
Manuel Bustos	Yes
Dolores McCoy	Yes
Stanley Crawford	Yes
Lucas J. Cordova	No
Elias Coriz	Yes
Bruce Duran	Yes



Dennis Gallegos	Yes
M. Maestas-Muller	Yes [telephonically]
Marcie Martinez	Yes

**E. Authorization of JMEC Tax Protest for State-Imposed Taxes on Tribal Lands**

Josh Howard, Coppler Law Firm, said JMEC has been subject to a double taxation issue, by the state and the federal government. This complaint states that, in March 2016, there was a change in the Code of Federal Regulations that establishes the State of New Mexico is no longer able to tax permanent improvements on rights-of-way contained within Tribal lands. A double taxation has been occurring since that time. The complaint is an attempt to ensure JMEC is no longer assessed those taxes and is able to recoup some of those funds. The complaint is almost complete and only needs the final dollar amounts paid since 2016.

The request before the Board is authorization to file the complaint once the final numbers are received. Mr. Coppler noted that the amount JMEC has paid the State of New Mexico is a little over \$300,000 a year.

President Trujillo thanked staff and legal counsel for moving on this issue.

**ACTION:** Mr. Duran moved to approve the authorization of a JMEC tax protest for state-imposed taxes on Tribal Lands. Mr. Crawford seconded. The motion passed by unanimous voice vote.

**G. Letter of Support for Tri-State**

GM Hastings said the co-op manager in Gunnison County, Colorado has initiated a support letter in an effort to demonstrate to the FERC that Tri-State has member support and believes in the co-op business model and the seven cooperative principles. He said he was particularly appreciative that Tri-State has been willing to work with JMEC regarding its partial buyout request and its unique situation with the Pueblos' solar projects.

Mr. Duran said that RUS applied the 5 percent cap on solar and that Tri-State is working hard to initiate renewables.

GM Hastings said JMEC might soon purchase 35 to 50 percent of its power supply from an entity other than Tri-State although the lion's share (at least half) from Tri-State. Among the 50 plus G&Ts in the United States, GM Hastings opined that Tri-State is one of the most progressive.

With the threat of power outages in the future, Mr. Duran said he was pleased that Tri-State is investing in grid improvements which will benefit JMEC. Mr. Coriz said he is impressed with Tri-State's advancement of renewables and he supports the letter. Mr. Duran said Tri-State has been responsive to its membership. He noted with disappointment that Tri-State has announced a rate increase in 2028.

Ms. Martinez said the politics that surround renewables concern her.

**ACTION:** Mr. Cordova moved to approve the Tri-State support letter. Ms. Martinez seconded. The motion passed by unanimous [10-0] roll call vote.

**H. Tri-State Director Report – No further report**

**7. CEO and GENERAL MANAGER’S UPDATE**

**A. ACRE Presentation**

ACRE, the Action Committee for Rural Electrification, is a political action committee that is administered through the National Rural Electric Cooperative Association. GM Hastings provided additional information regarding ACRE which provides money to political candidates in both parties, who support the rural electrification program. ACRE is not a Super Pac. JMEC does not pay for ACRE memberships, rather dues are paid by individual co-op directors, trustees, employees as well as co-op members. Contributions are not tax deductible and are entirely voluntary. He encouraged membership by the Trustees as well as JMEC employees. A fact sheet on ACRE was provided.

Ms. Archuleta Trujillo can assist those who want to sign up for ACRE.

**B. Miscellaneous Matters**

GM Hastings offered the following updates:

- Per JMEC’s request Kit Carson has offered to provide a tour of its broadband facilities.
- Staff will send out an email survey for dates to visit Kit Carson and a special meeting to discuss the Tri-State partial buyout.
- The Cuba district manager position was particularly difficult to fill during 2021 because of the housing shortage in Cuba. He thanked Ms. Campbell for assuming the responsibilities of the Cuba District Manager. Hastings attended a WebEx meeting hosted by the North Central Economic NM Development regarding employer sponsored housing and recommended discussing this issue in the future.
- Hastings met with a NNMC professor in Dixon who works with students K-12 and is developing an internship program for high school juniors and seniors. There is grant money available to pay the students to work part time and this is an opportunity to help local kids develop job skills. President Trujillo suggested that JMEC’s Scholarship or Foundation committee work on this issue.
- There is load growth expected within the JMEC’s western service area for 2022. With the price increase in oil there is a renewed interest in drilling. Such load has a good load factor, although can be intermittent, based on the price of oil. A fact sheet was distributed which outlined the investment requires and the total estimated margin of \$1.77 million. That will improve the financial strength of the Co-op and potentially replace the load loss from Kinder Morgan in early 2020.

**C. Business Services and Finance**

**i. January 2022 Financial Report**



GM Hastings reviewed the Form 7 noting that the operating revenue and patronage capital for YTD was almost \$4.8 million and last year at the same time it was \$4.6 million. Expenses – operation, maintenance, customer accounts, administrative and general – are increasing as the system is improved and additional employees are hired. The rate case at PRC is integral to this. In January, JMEC made just under \$457,000 in margin which is the first positive margin in many months. He attributed the increase in margin to January's cold weather when a lot of electricity was sold. Construction work in progress, which includes open work orders, is \$14.6 million and management is working hard to get that number down. This number includes the open work order associated with JMEC's new headquarter building. Referring to JMEC's liquid assets, GM Hastings said those assets are down to \$11.8 million at the end January. Liquid assets have decreased as expenses have continued to surpass revenues.

Addressing the work order issue, GM Hastings said management is considering a few options: hiring an additional work order clerk, eliminating responsibilities other than closing work orders for an existing work order clerk, and having another employee with knowledge on work order closures dedicate one week a month to the task. Geraldine Romero, Manager of Accounting, said a lot of the work orders correspond to the new headquarters and some items were closed out in February which will show next month.

Ms. Romero reviewed the January financial highlights as follows:

- January 2022, TIER 3.61
- January 2022, OTIER 3.51
- January 2022, beginning balance, \$3.3 million
- January 2022, total collected deposits, \$4.7 million
- January 2022, total disbursements, \$4.9 million
- January 2022, ending book balance was \$3.1 million
- January 2022, cash accounts of \$3.8 million
- January 2022, investment balance, \$8 million
- January 2022, total liquid accounts, \$10.8 million
- January 2022. total non-liquid accounts, \$986,756
- YTD, 31,478 consumers
- YTD, average residential kwh usage, 770
- YTD, average small commercial kwh usage, 3,867
- YTD, average large commercial kwh usage, 162,507 – still down from last year
- YTD, sold kwh, 35,952,978
- YTD, line loss was 5 percent
- Average cost for residential is 14 cents
- January 2022, there were 108 employees
- January 2022, electric revenue was \$ 4.7 million
- January 2022, cost of power was \$2.793 million
- Solar net metering – 10 new installs in January 2022
- January 2022, accounts receivable was \$5.1 million
- Regarding accounts receivable: \$3.79 million is current, \$546,871 is 30 days, \$238,000 is 60 days and \$500,294 is 90 + days
- There is \$17,783 of accounts receivable assigned to the collection agency

Ms. Romero presented an accounts receivable analysis for those accounts 60 plus and 90 plus, indicating that accounts are being paid down.

Responding to a question regarding line loss, Dennis Astley, Manager of Engineering and Engineering Operations, stated that billing cycles, theft of power, power factor, bad metering and vegetation management all contribute. Bad metering has been addressed. The average line loss of most co-ops is around 6 to 7 percent.

President Trujillo said he had been contacted by members stating their bills have increased dramatically. GM Hastings said the Co-op has also received calls and there are no higher rates. In fact, in March 2022, the rates will go down by 2 percent to reflect the additional Tri-State reduction in Tri-State wholesale electric rates. He reminded the Board that January had some very cold days.

Mr. Duran recommended heat pumps as a means to reduce heating costs. Mrs. McCoy has recommended time of use metering and has tried to educate members regarding electric use.

**ii. Finance Committee Meeting**

Mrs. McCoy, Finance Committee Chair, said the committee met yesterday, February 24<sup>th</sup> and addressed the items on that agenda.

**a. General Fund Expenditures**

Mrs. McCoy said there were a number of questions that staff responded to and that at this point there are no outstanding issues.

GM Hastings said the committee discussed the \$8,000 expense for enhancing the security system which was not included in the headquarters budget. An alarm system was installed in the shop and warehouse. Another expenditure reviewed was \$900 at Lowe's which included seven different miscellaneous tickets.

**ACTION:** Mrs. McCoy moved to approve the January 2022 general fund expenditures list. Mr. Duran seconded and the motion passed by unanimous voice vote.

**b. Credit Cards**

**ACTION:** Mrs. McCoy moved to approve the January 2022 credit card charges. Mr. Bustos seconded and the motion passed by unanimous voice vote. [Mr. Duran was not present for this action.]

**c. Attorney Expenses**

Mrs. McCoy noted that the January 2022 invoices in the amount of \$7,362 are from two different firms and an additional \$790 charge is pending.

**ACTION:** Mrs. McCoy moved to approve the attorney expenses. Mr. Coriz seconded and the motion passed by unanimous voice vote. [Mr. Duran was not present for this action.]

**d. Consultant Expenses**

Mrs. McCoy said the January 2022 consultant expenses were in the amount of \$10,105 and the committee reviewed those bills.

**ACTION:** Mrs. McCoy moved to approve the consultant expenses. Mr. Crawford seconded and the motion passed by unanimous voice vote.

Ms. Martinez mentioned a concern she brought up at the Finance meeting regarding the accuracy in the preparation of IRS Form 990.

**e. Trustee Vouchers**

**ACTION:** Mrs. McCoy moved to approve January 2022 the trustee vouchers. Mr. Coriz seconded. The motion passed without opposition.

**f. RFPs**

**i. Four-Year Work Plan, 10-Year Financial Forecast and Sectionalizing Study RFP**

Mrs. McCoy said three bids were received and it is the Finance Committee's recommendation to award the three contracts to the lowest bidder.

GM Hastings said there are three different items including the new four-year work plan and 10-year financial forecast as required by RUS. The third item is a sectionalizing study that relates to the design of the infrastructure. One of the bids received was incomplete and the two other bids were very close in price. Following review by Mr. Astley, the lowest bidder, ESC Engineering, Inc., was recommended.

Understanding that the plans are RUS requirements, Mr. Coriz said it disappointed him to see these plans shelved when a new Board or GM arrives.

**ACTION:** Mrs. McCoy moved to award the contract to ESC. Mr. Crawford seconded. The motion passed without opposition.

That concluded the Finance Committee report.

**8. COMMITTEE REPORTS**

**A. Communications Committee**

Communications Committee Chair Crawford said that the Committee met on February 9<sup>th</sup> and discussed articles for April, Lineman Appreciation Day and the scholarship deadline. The May "enchantment" magazine will feature the scholarship winners with photos and interviews. The logo contest has lost inertia and JMEC staff will be working on it.



## **B. Policy Committee**

In Mr. Vigil's absence, GM Hastings reported that the Committee met February 16<sup>th</sup> and reviewed and finalized three policies: 136, Member Access to Cooperative's Financial and Management Information; 151, Meeting Protocol to Address Issues by Board Members; and 112, Trustee Compensation. Mr. Coppler and PR consultant Ms. Sturges are reviewing the policies. The policies were sent digitally to the Trustees earlier in the week and Ms. Martinez offered some cosmetic and consistency improvements that will be incorporated.

The Committee is also reviewing policies 114, 115 and 116 which deal with the Co-op's Foundation and scholarship program.

The policy headers will all be consistent.

**ACTION:** Ms. Martinez moved to approved Policy 136 and Mr. Crawford seconded. The motion passed without opposition.

Regarding Policy 151, GM Hastings said there is reference to an earlier policy that needs to be reviewed.

**ACTION:** Ms. Martinez moved to approve Policy 151. Mr. Crawford seconded.

Mr. Cordova noted an inconsistency with what the bylaws state in terms of calling a special meeting. GM Hastings recommended stipulating that the policy be amended to mirror the bylaws. Mr. Coppler said the Board bylaw referenced by Mr. Cordova relates to calling special meetings of the districts. The bylaws will prevail regardless of what the policy says. There was consensus to have the policy parallel the bylaws.

Ms. Martinez and Mr. Crawford agreed to the change and the motion to approve Policy 151 as stipulated passed by unanimous voice vote.

Policy 112 had a number of changes including changing "per diem" to "stipend." Recommendations from the 2016 forensic audit were incorporated into the policy. A stipend can be paid without any travel-related expenses.

The issue of header revision and revocation dates was raised and staff offered to address the issues.

**ACTION:** Mr. Cordova moved to approve Policy 112. The motion was seconded by Mr. Crawford and passed by unanimous voice vote.

## **D. Energy Committee**

Energy Committee Chair Crawford said the Committee met and reviewed the electric vehicle charging report by Chuck Wright. The report identified approximately 2,600 electric vehicles in the State of New Mexico and 7 percent of those within the JMEC

service area. The report projected 10,000 electric vehicles in the State of New Mexico by the end of the decade. Electric vehicles use a great deal of electricity and by the end of the decade JMEC may be faced with significant additional power demands. The numbers are speculative but warrant notice. GM Hastings said he would email the report to the Trustees.

The Committee discussed the Cuba solar project. GM Hastings said he received a new power purchase agreement from Mr. Mosher with items that were not agreeable to JMEC. Mr. Mosher was advised that the solar array in-service deadline with Tri-State is February 28<sup>th</sup> and he then signed the original contracts. Currently, Ms. Campbell is reviewing the contracts to ensure it is exactly the version that JMEC agreed to. President Trujillo said he would like to see the lease period and amount clarified.

GM Hastings said JMEC entered into a multi-million deal with Mr. Mosher to develop a solar project in Cuba and the details were not adequately fleshed out before construction started.

Mr. Crawford said the Abiquiu fast charger at Bode's is moving along. The North Central Regional Transit District (RTD) is discussing installation of chargers at Tierra Amarilla and Northern New Mexico College.

**D. Audit Committee**

Audit Committee Chair Martinez said this report will be provided during executive session.

**E. Tribal ROW Committee**

President Trujillo said the Committee met via WebEx yesterday, February 24<sup>th</sup>, with himself, Trustees Duran, Maestas-Muller and Coriz, and Ms. Campbell and GM Hastings participating. The discussion centered on the approved Jemez Pueblo ROW Settlement Agreement, and standing issues with the Nambe, Pojoaque, and Ohkay Owingeh Pueblos.

JMEC Staff will be working with the pueblos to ascertain their solar capacity demands for the future. The Tribal Right of Way Committee meeting has been scheduled for March 18<sup>th</sup> at 1 p.m. to discuss these issues further.

**F. School Committee**

School Committee Chair Maestas-Muller said they reviewed the scholarship information which was sent out to the district schools. The logo contest was discussed.

Due to COVID, Ms. Trujillo Archuleta said there was Committee consensus to defer the English and Spanish spelling bees this year. The scholarship applications were finalized and sent to the schools.

**9. NEW BUSINESS**

Mr. Crawford requested that JMEC place recycle bins in the new headquarters.

The Board recessed for lunch at 12:00 p.m. and met in executive session thereafter.

**10. EXECUTIVE SESSION**

**A. Personnel and Legal Matters**

**B. The JMEC Rate Case**

**C. Possible Partial Buyout of JMEC's Power Supply Contract with Tri-State**

**D. Possible JMEC Forensic Audit**

**ACTION:** Mrs. McCoy moved to meet in Executive Session to discuss the items delineated above. Mr. Bustos seconded and the motion passed by unanimous voice vote.

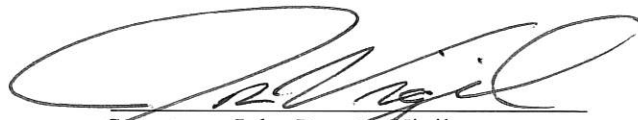
[The Board met in Executive Session from 12:45 p.m. – 1:58 p.m.]

**ACTION:** Mrs. McCoy moved to return to open session noting the only items discussed were those delineated above. Ms. Martinez seconded. The motion passed by unanimous voice vote. [Ms. Maestas-Muller and Mr. Duran were not present for this action.]

**ACTION:** Ms. Martinez moved to authorize a modified Scope of Work for a JMEC Forensic Audit and Internal Control Consultation with Dawson Forensic Group of Lubbock, Texas. The motion passed by unanimous voice vote. [Ms. Maestas-Muller and Mr. Duran were not present for this action.]

**11. ADJOURN**

Having completed the Agenda and with no further business to come before the Board, Mr. Coriz moved to adjourn. Ms. Martinez seconded and the motion to adjourn passed at 2:10 pm without opposition.



Secretary, John Ramon Vigil

APPROVED:



President, Dennis Trujillo