

**MINUTES OF THE  
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.  
BOARD OF TRUSTEES BOARD MEETING  
FRIDAY, JANUARY 28, 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 9:08 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, President Trujillo called roll and confirmed the presence of a quorum as follows:

**Present:**

Dennis Trujillo, President  
Manuel Bustos, Vice President  
John Ramon Vigil, Secretary [9:55 arrival]  
Dolores McCoy, Treasurer  
Stanley Crawford, Asst. Secretary/Treasurer  
Lucas J. Cordova [Telephonically]  
Elias Coriz  
Bruce Duran  
Marissa Maestas-Muller  
Marcie Martinez

**Absent:**

Dennis Gallegos

**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

**Others Present:**

Johnny Valerio, Contract Accountant  
William Coburn, *Rio Grande Sun*  
Karen Farrell, Wordswork – stenographic services

#### 4. APPROVAL OF THE AGENDA

**ACTION:** Mr. Crawford moved to approve the Agenda as published. Mr. Bustos seconded and the motion passed by unanimous voice vote. [Mr. Vigil was not present for this action.]

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

#### 6. ACTION ITEMS

##### A. **Review and Approve the December 17, 2021 Regular Board Meeting Minutes**

**ACTION:** Mr. Crawford moved to approve the minutes as presented. Mrs. McCoy seconded and the motion passed by unanimous voice vote. [Mr. Vigil was not present for this action.]

##### B. **Approval of the December 2021 Membership List**

**ACTION:** Mr. Crawford moved to approve the December 2021 membership list. Mrs. McCoy seconded and the motion passed by unanimous voice vote. [Mr. Vigil was not present for this action.]

##### C. **Selection of 2022 Delegates and Alternates for NRECA, CFC, NRTC and CoBank**

GM Hastings said the NRECA meeting is scheduled for early March 2022, and he asked whether any of the Trustees planned on attending and would be willing to serve as the JMEC delegate or alternate at that meeting. He noted that a number of trainings will be presented in conjunction with the meeting.

Trustees Duran, Crawford, Trujillo and Martinez expressed an interest in attending.

President Trujillo appointed Mr. Duran as the delegate, and Mr. Crawford or Ms. Martinez as alternate.

Regarding trainings, GM Hastings said that new JMEC Policy 112 strongly encourages that Trustees receive Board training. President Trujillo requested that staff find out what trainings Statewide or Tri-State may be offering in close proximity to JMEC.

##### D. **Approval of 2022 Regular Board Meeting Schedule for JMEC'S regular monthly Board of Trustees meetings**

GM Hastings said the proposed dates for JMEC's 2022 Regular Monthly Board of Trustee meetings are the last Friday of each month except November and December, 2022.

**ACTION:** Mr. Duran moved to approve the 2022 Board of Trustees meeting schedule as proposed. Ms. Maestas-Muller seconded, and the motion passed by unanimous voice vote.

#### **RUS Resolutions – Use of RD Apply for Work Plan, Loan Documents, etc.**

GM Hastings said the USDA Co-Op Program is the Rural Utilities Service (RUS) and they use RD Apply (Rural Development Apply) as its online program. The proposed resolutions provide designated staff permissions to use RD Apply for work orders, 10-year financial forecasts, loan payments, etc. RUS requires co-op board resolutions to conduct that work online. Staff is requesting approval for a certifiable level, administrator, and users. He characterized the resolutions as permissions to use the RUS systems.

**ACTION:** Ms. Martinez moved to approve the RUS resolutions for use of RD Apply. Mr. Crawford seconded and the motion passed by unanimous voice vote.

#### **F. Jicarilla Apache Nation and JMEC Contract Addendum**

Carmen Campbell, Tribal Liaison, provided background information on an issue where the Jicarilla Apache Nation Power Authority (JANPA) requested that JMEC reenergize the Tancosa Substation to provide temporary power to the 150 meters that JMEC had previously transferred to JANPA. PNM, JANPA's sole provider, needed to shut down power to make the necessary modifications to accept the power from the new large solar array. She said it was easy for JMEC to reattach wires and heat-up the substation. She characterized the gesture as within JMEC's "good neighbor" principle. JANPA does not anticipate needing to rely on JMEC in the future and expressed appreciation for the assistance.

GM Hastings said Tri-State has developed an amendment to JMEC's contract that provides parameters to provide power in out of the ordinary situations. Tri-State has included items within the amendment that GM Hastings is not prepared to sign off on, and additional discussions will occur. Ms. Campbell noted that the power provided to JANPA was listed on the Form 7 as "sale for resale."

The contract addendum before the Board of Trustees today is regarding a separate agreement JMEC has with the Jicarilla Apache Nation. There are a few customers within the Nation that JANPA is unable to serve and they have requested that JMEC extend service to those customers/families on the Nation. This would consist of a line extension from JMEC's existing line and the Nation will pay for that extension.

Ms. Campbell said currently JMEC has six meters on Jicarilla Apache Nation property. If, in the future JANPA can provide service to those customers they will take over the lines at no cost. Without the agreement, JANPA would have to build 50 miles of line to service the customers. Further, these six meters are within JMEC'S electric service area.

Referring to the Tancosa assistance JMEC provided, Mr. Coriz said this special service appears to be for PNM, a for-profit company's convenience, and that concerned him. Certainly, he wanted the families to have power.

Regarding the contract addendum, Ms. Campbell said JMEC is charging its retail rate, and JANPA is responsible for outages and maintenance. President Trujillo supported assisting JANPA which is unable to provide power to all its members. JMEC provides power to a number of Jicarilla Apache Nation members who fall within JMEC's service area.

GM Hastings clarified that the contract addendum addresses serving the one or two additional families within the Jicarilla Apache Nation that are within the JMEC service area and is not related to the Tri-State issue. The Jicarilla Apache Nation will issue a service line agreement to JMEC, who will not incur any cost for providing this service nor right-of-way charges.

**ACTION:** Mr. Crawford moved to approve the contract addendum/service line agreement. Ms. Maestas-Muller seconded, and the motion passed by unanimous voice vote.

#### **G. Tri-State Director Report**

Mr. Duran said Tri-State is not supporting conditional full buyouts, but they are prepared to move forward, with non-conditional full buyouts.

GM Hastings reminded the Board that JMEC is seeking a partial buyout with Tri-State in order to free up capacity to work with the Pueblos and City of Española on solar projects. There are three Tri-state co-ops seeking "conditional" total buyouts on the condition they can call the sales off. Tri-State wants the FERC to rule against "conditional" full buyouts. Regarding the Tri-state partial buyouts, GM Hastings said things are moving forward. It's important to note that of the three co-ops seeking a total buyout, United Power and Poudre Valley are Tri-State's first and second biggest members. Those co-ops requesting partial buyouts include JMEC, San Miguel Power Authority, and La Plata. Poudre Valley is also requesting a partial as well as a total buyout.

JMEC's consultant, C.H. Guernsey & Company, is reviewing the numbers provided by Tri-State for a partial buyout.

Mr. Duran noted that Xcel Energy is getting into power distribution in the Southwest, and that Xcel is considered more reliable and efficient than Tri-State. He added that there is a substantial discrepancy between the full buyout proposal number United has proposed and what Tri-State will accept. He opined that it appears Tri-State is "double-dipping" by getting a full buyout amount, and then reselling the power back to those co-ops or other entities.

Mr. Vigil mentioned that there was a proposal before the New Mexico State Legislators for a study, regarding a public power utility system. GM Hastings said it would impact PNM and other investor-type utilities.

GM Hastings noted that the partial buyout would ensure a stable price for half of JMEC's load for approximately 20 years. Mr. Coriz supported locking down a number with Tri-State.

President Trujillo said JMEC's position with Tri-State is slated as an agenda topic for the Board's February Retreat.

## **7. CEO AND GENERAL MANAGER'S UPDATE**

### **A. Miscellaneous Matters – None were presented.**

### **B. Business Services and Finance**

#### **1. December 2021 Financial Report**

Geraldine Romero, Manager of Accounting, reviewed the December financial highlights as follows:

- YTD operating revenue and patronage capital, \$47.5 million
- YTD total operations and maintenance expense, \$42.4 million
- YTD total cost of electric service, \$48.7 million
- YTD new services, 155
- YTD services retired, 45
- YTD total services in place, 31,460
- YTD idle services, 690
- YTD total miles energized, 4,158.32
- December 2021, total utility plant, \$143.9 million
- December 2021, total assets and other debits, \$127.2 million
- December 2021, total margins and equities, \$63.4 million
- December 2021, total long-term debt, \$54.9 million
- December 2021, total current and accrued liabilities, \$9 million
- December 2021, total liabilities and other credits, \$127.2 million
- December 2021, TIER <3.72>
- December 2021, OTIER <3.75>
- YTD, TIER, 1.18
- YTD, OTIER .41
- December 2021, beginning balance, \$5.6 million
- December 2021, total collected deposits, \$6.8 million
- December 2021, total disbursements, \$9.1 million
- December 31, 2021, ending book balance was \$3.3 million
- December 2021, investment balance, \$8.03 million
- December 2021, total liquid accounts, \$11.2 million
- December 2021, total non-liquid accounts, \$510,000
- YTD, 31,424 consumers
- YTD, average residential kwh usage, 560
- YTD, average small commercial kwh usage, 3,466
- YTD, average large commercial kwh usage, 236,176
- YTD, purchased kwh, 31.1 million

- YTD, sold kwh, 29.294 million
- YTD, line loss was 1.6 million or 5 percent
- December 2021, there were 105 employees
- December 2021 margins: \$(841,913)

President Trujillo recognized an increase in large commercial kwh usage and GM Hastings attributed it to large commercial meters coming back online.

Ms. Romero noted there were 11 solar net metering installations during December 2021 and YTD 144.

Referring to the aging accounts receivable Ms. Romero offered that: 30 days overdue, \$1,012,310; 60 days overdue, \$468,617 and 90 days and overdue at \$228,558. During December 2021, \$26,578 of accounts receivable were assigned to collections. She reviewed a graph depicting the YTD aging accounts receivable. Staff is working on the total amount obtained through the collections agency.

Ms. Campbell outlined the shutoff procedure and the PRC required posted two-day disconnect notice. The notice usually spurs the customer to call in, and staff has a list of available financial assistance contacts. Ms. Maestas-Muller expressed concern about JMEC's indigent customers experiencing imminent power shutoff. She requested the financial assistance contact list be made available to those customers ASAP. The list should be included with the shutoff notice.

Ms. Campbell said that the financial aid comes directly to JMEC and there is a system in place that, once the customer is confirmed for assistance, the organization emails JMEC and a hold is placed on that account. She agreed that the list of financial assistance providers could be included with the bill. It has been listed on the website.

Mr. Coriz recommended developing an in-house liaison to assist customers in accessing financial assistance programs. GM Hastings said JMEC has conducted a major information push regarding assistance. Arrears appear to be an ongoing issue where customers have a difficult time keeping up. Staff provides sources of financial assistance on its Facebook page as well as the website. He appreciated the idea of providing a printed list of financial assistance sources with the two-day disconnect notice. He lauded JMEC's billing staff for the job they do working with the members in an effort to avoid disconnections.

Ms. Trujillo Archuleta said she has reached out to the Rental Assistance Program and HELP New Mexico to assist in bill paying. She is working with the Rental Assistance Program to come to JMEC headquarters to help customers fill out the forms, etc. Mr. Vigil mentioned two other programs, Self-Help and Natural Helpers.

## **2. Finance Committee Meeting**

Mrs. McCoy, Finance Committee Chair, said the committee met yesterday, January 27, 2022, and addressed the items on that agenda.

### **a. General Fund Expenditures**

**ACTION:** Mrs. McCoy moved to approve the general fund expenditures list. Mr. Crawford seconded and the motion passed by unanimous voice vote. [Mr. Coriz was not present for this action.]

**b. Credit Cards**

**ACTION:** Mrs. McCoy moved to approve the December 2021 credit card charges. Mr. Crawford seconded and the motion passed by unanimous voice vote. [Mr. Coriz was not present for this action.]

**c. Attorney Expenses**

Mrs. McCoy noted that no December 2021 attorney expenditures were presented.

**d. Consultant Expenses**

**ACTION:** Mrs. McCoy moved to approve the December 2021 consultant expenses. Mr. Crawford seconded and the motion passed by unanimous voice vote.

**e. Trustee Vouchers**

**ACTION:** Mrs. McCoy moved to approve the December 2021 Trustee vouchers. Mr. Crawford seconded. The motion passed without opposition.

**f. RFPs**

**i. Pole Testing**

Mrs. McCoy said that JMEC needs to conduct pole inspections every few years to maintain its infrastructure. The task has not been accomplished for a few years and identified poles will need to be replaced. With the increase in wildfires and to maintain wildfire insurance coverage, it is imperative JMEC maintain a pole inspection schedule.

Mrs. McCoy said that two bids were received, and the Finance Committee recommends awarding the contract to the low bidder, Sundance Power Pole Inspection. Sundance has worked with JMEC in the past.

GM Hastings said that, aside from the testing, Sundance will treat the pole around the ground and bore a hole to check for rotting, plug that hole, and provide an analysis of test results by pole number.

**ACTION:** Mrs. McCoy moved to award the pole testing contract to Sundance Power Pole Inspection. Mr. Crawford seconded. The motion passed without opposition.

**ii. Snow Removal**

Mrs. McCoy said this RFP was for snow removal at JMEC Headquarters. One bid was received from CL Landscaping, LLC. The bid price was \$225 per snow removal incident request from JMEC with a three- hour minimum, plus ice melt treatment charges.

**ACTION:** Mrs. McCoy moved to approve CL Landscaping, LLC for snow removal at the JMEC headquarters. Mr. Crawford seconded.

GM Hastings said JMEC has a blade on one of its vehicles that has been used for snow removal. Staff does remove snow from the walkway areas. Headquarters has a lot of area and in the event there is a heavy snow the three-hour minimum would be utilized. Snow removal will not be necessary for a dusting and the contractor will not be called unless deemed necessary.

President Trujillo noted that snow removal is on-call when needed by JMEC. It is not at the contractor's discretion. GM Hastings said that JMEC will make it clear to the contractor that they will come when called upon by JMEC Facilities Manager, Eli Gallegos.

Mr. Coriz said he appreciated the cost but noted it was important the walks and driving areas be kept clear to avoid liability issues.

The motion passed by unanimous voice vote. [Mr. Duran was not present for this action.]

That concluded the Finance Committee report.

## **8. COMMITTEE REPORTS**

### **A. Communications Committee**

Communications Committee Chair Crawford said that the committee met on January 10, 2022, and approved the JMEC Employee of the Month. There was discussion regarding the logo contest and ideas for the March issue of the *Enchantment Magazine*. The idea of conducting and recording town hall meetings focused on the rate increase request, and making the recording available on the website was discussed.

### **B. Policy Committee**

Mr. Crawford said he chaired the Policy Committee meeting in the absence of its chair Mr. Vigil. The committee discussed Policies 136, Member Access to Cooperative's Financial and Management Information; 151, Meeting Protocol to Address Issues by Board Members; 112, Trustee Compensation and/or Expense Reimbursement and 114, 115 and 116 having to do with the Foundation. The proposed revisions were minor and will be prepared by Staff and presented to the Policy Committee for a recommendation to the full Board of Trustees. The Committee discussed developing a grievance policy.

GM Hastings said the Policy 114 includes a list of eligible Foundation expenditures. Noting that policy can be revised, Mr. Vigil requested an official statement from legal counsel outlining what the funds can legally be utilized for.

Ms. Maestas-Muller commented that there are homeless children attending schools within JMEC's service area and she'd like to expand the Foundation expenditures to assist them. She suggested talking to the school counselors.



Ms. Martinez suggested Board members interested in the Foundation attend the next Foundation Committee meeting.

Mr. Coriz suggested funding the local libraries and non-profits that help at-risk children.

Attorney Coppler said that, currently the policy sets out guidelines that allow for distribution to charitable organizations or scientific or educational purposes. Pursuant to the bylaws, the Foundation Committee is composed of the Board President, Treasurer and Secretary. The Board can recommend to the Foundation Committee the types of organizations they would like the committee to consider.

A discussion regarding non-profit donations which in the past came through the Finance Committee ensued. Mr. Coppler said following the bylaws, donations would need to go through the Foundation/Executive Committee for approval. Mr. Coriz recalled that the funding for the donation/sponsorship requests, which the Board acted upon, came from the general fund.

Mr. Vigil noted that the donation/sponsorship request form is currently on the JMEC website, and he recommended removing it until a suitable Policy is developed.

President Trujillo recalled that a hold was placed on donations during Covid and with the current financial challenges facing JMEC

GM Hastings said that Staff would get the recommended policy modifications out to the Board as quickly as possible for review.

The Policy Committee was commended for their efforts.

### **C. Audit Committee**

Audit Committee Chair Martinez said that the Committee met on January 25, 2022, and discussed the forensic audit in detail. The suggested topics from the Board and JMEC'S customer/members were reviewed. Steve Dawson, Dawson Forensic Analytics, joined the meeting via Webex and was pleased to be included at this early level. He offered input on what a forensic audit can and cannot provide and reminded the Committee that the audit will review practices not people. Probable cause, not rumor, is required to proceed with an investigation. Mr. Dawson will conduct interviews with individuals making allegations to ascertain whether further investigation is necessary. Ms. Martinez said Mr. Dawson will work with GM Hastings to draft a scope of work which will be presented to the Audit Committee that will forward a recommendation to the full Board of Trustees.

Mr. Coriz asked whether there was much response from the solicitation in the *Rio Grande Sun* or the JMEC website regarding the forensic audit topics. Ms. Martinez said input was received from a few individuals. GM Hastings said that a few inquiries were

made regarding capital credits and problems with the capital credit database. He said there was work to do to ensure the capital credit and bill databases are synchronized.

Mr. Coriz said it is important that the Board be alert and monitor financial expenditures. Ms. Martinez encouraged the Board members to review the 2016 McHard forensic audit report. Good policies and controls will be the mechanisms to enforce behavior. Internal controls and processes will protect the co-op and Mr. Dawson will assist in that matter.

Board members with specific questions regarding the forensic audit were encouraged to attend the next Audit Committee meeting.

#### **D. Energy Committee**

Energy Committee Chair Crawford said the Committee met on January 20, 2022, and discussed the purchase of the Tesla. The fast charger at Bode's in Abiquiu is moving along and installation of level-2 chargers at JMEC headquarters, Cuba and Jemez Springs were discussed. The level-2 chargers are \$500 plus installation. The Cuba solar project was discussed. Dixon resident Chuck Wright will present an infrastructure report on the effects of electric vehicles on JMEC at the next Energy Committee meeting. There was suggestion to develop a member survey on renewable energy.

Mr. Crawford said that he and GM Hastings and Ms. Trujillo Archuleta met at the Tesla location where they test drove a Tesla Model Y, obtained lease and sale number information, and paid a fee to lock-in the quotes. JMEC is moving forward with an electric car for promotional/educational purposes – electric cars use a lot of electricity which is good for JMEC's bottom line. He outlined the cost savings on using electric versus gasoline. Mr. Crawford provided the figures for the different vehicles for a 36-month lease and purchase options, along with the total amount due at delivery. Mr. Crawford said the AWD Model Y hatchback has greater ground clearance, and a loan for purchase would be at 2.49 percent, 72 months at \$875 and \$5,000 down. The lease has mileage restrictions and at the end of the lease the vehicle is not available to purchase. Buying the vehicle provides equity and, Tesla's have appreciated greatly. Based on the information gathered, the recommendation is to purchase the Tesla Model Y.

The GM and other senior staff would be authorized to drive the vehicle.

**ACTION:** Mr. Crawford moved to authorize the purchase of a Tesla Model Y to be financed over a 72- month period. Ms. Maestas-Muller seconded the motion which passed by unanimous voice vote. [Mr. Duran and Mr. Bustos were not present for this action.]

Mr. Crawford said the delivery date is tentatively June 2022 but could happen sooner. He agreed that wrapping it with JMEC information was important.

#### **E. Broadband Committee**

Broadband Committee Chair Coriz said they met on January 14, 2022. The Committee discussed the finances that this new endeavor would require and the need for additional

information. Further discussion will occur at the Board's February Retreat. He said it was important that the entire Board be onboard with the project and that the scope be clearly defined. He recognized that there was funding available for Broadband but much of it requires matching funds and JMEC may not be in a position to participate at that level. Duplication of service in an area is not a good use of JMEC's resources.

Ms. Martinez said a written estimate of the broadband project was important for the Board to review.

Mr. Vigil said there may be funding available via private/public partnerships. Funding will be better defined at the conclusion of the current legislative session. JMEC will need to ascertain its eligibility to obtain the available funding.

President Trujillo said it was important that JMEC consider what it can undertake fiscally and personnel-wise. Broadband will be an important topic at the Board's February Retreat.

## **9. NEW BUSINESS**

Ms. Martinez said that she has been approached by JMEC members wanting to know whether the funds used for design and construction of the new headquarters correlates with the need to raise rates. GM Hastings noted that the cash flow statement identifies revenues from electric sales and expenses. JMEC has liquid investments that, at the end of December 2021, were at \$11.2 million and serve as a savings account. The revenues are not meeting expenses and that is what has driven the rate case – not how much cash is available. In fact, the investments/savings is not relevant to the expenses being more than the revenues. The federal government, as well as lenders, require co-ops to meet certain financial ratios. Co-ops are required to bring in more money than they expend. The intervenors/protesters of JMEC rate case have brought up issues that will be responded to. Liquid investments, not loans, were used for the design-build of the new headquarters. The decision to build was made pre-Covid and before Kinder Morgan, JMEC's largest member, went offline in early 2020.

Mr. Vigil recommended developing a fact sheet regarding the federal requirements that can be communicated to the membership.

GM Hastings confirmed that JMEC, as the largest co-op in the state, has to maintain a higher savings balance than the others.

Mr. Duran expressed concern about the heating system in the Board room. He noted that the return air design is not correct.

President Trujillo requested that Staff investigate whether EBT cards can be used to pay utility bills, and whether e-billing could save the Co-op funds.

Upon motion by Mr. Crawford, second by Ms. Martinez, the Board unanimously voted to recess for lunch at 12:15 p.m. and met in executive session thereafter.

**10. EXECUTIVE SESSION**

**A. Personnel and Legal Matters**

**B. Other Items**

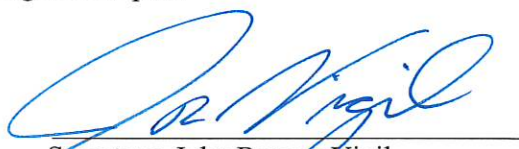
**ACTION:** Ms. Martinez moved to come out of Executive Session and reconvene in open session. Mr. Duran seconded. The motion passed by unanimous voice vote and the Board reconvened in open session at 2:06 p.m.

**ACTION:** Mr. Duran moved to approve the JMEC-Jemez Pueblo Trespass Agreement Settlement. Ms. Martinez seconded and the motion passed by unanimous voice vote as follows:

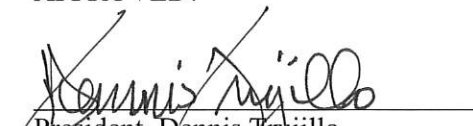
Dennis Trujillo	Yes
Manuel Bustos [Telephonically]	Yes
Bruce Duran	Yes
Dolores McCoy	Yes
Lucas J. Cordova [Telephonically]	Abstained – citing issues with audibility
Elias Coriz	Yes
Marissa Maestas-Muller	Yes
Marcie Martinez	Yes

**11. ADJOURN**

Having completed the agenda and with no further business to come before the Board, President Trujillo adjourned this meeting at 2:10 p.m.

  
 \_\_\_\_\_  
 Secretary, John Ramon Vigil

APPROVED:

  
 \_\_\_\_\_  
 President, Dennis Trujillo

