

**MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES
FRIDAY, JUNE 24, 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 9:15 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, Chair Trujillo called roll and confirmed the presence of a quorum as follows:

Present:

Dennis Trujillo, President
Manuel Bustos, Vice President
John Ramon Vigil, Secretary [10:30 arrival]
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, Director of Engineering and Engineering Operations
Tina Trujillo Archuleta, Administrative Professional
Geraldine Romero, Interim CFO
Dwight Herrera, HR Manager
Carmen Campbell, Cuba District Manager and Tribal Liaison

Others Present:

Frank Coppler, JMEC Counsel
Karen Farrell, Wordswork – secretarial services

4. APPROVAL OF THE AGENDA

Chair Trujillo advised the Board of the revised Agenda and requested the addition of an executive session as item 11.

ACTION: Ms. Martinez moved to approve the revised Agenda and the inclusion of an executive session. Mr. Crawford seconded and the Motion passed without opposition.

5. JMEC MEMBER COMMENTS - There were no speakers.

6. ACTION ITEMS

A. Review and Approve: May 27, 2022 Regular Board Meeting Minutes

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

Noting that item B, Review and Approve: May 12, 2022, Special Board Meeting Minutes, was removed from the revised Agenda, Chair Trujillo said Staff will be expanding the minutes to reflect the deliberations regarding the partial buyout. He invited Trustees to write out anything additional they would like to be detailed in the minutes and forward them to Ms. Trujillo Archuleta.

Mr. Duran said it concerned him that the Board secretary was reluctant to sign the resolution. Chair Trujillo said there was discussion regarding the execution of the resolution which was resolved and the resolution has been signed.

Mr. Coriz stated he was comfortable with how the draft minutes reflected the discussion.

Noting it was a close vote, Ms. Martinez held that an explanation was needed for the benefit of the membership.

B. Approval of the May 2022 Membership List

ACTION: Ms. McCoy moved to approve the May 2022 membership list. Mr. Crawford seconded and the Motion passed by unanimous voice vote. [Mr. Vigil was not present for this action.]

C. CEO and GM Signatory Authority in GM Hastings' Absence

GM Hastings referred to the resolution that establishes that in the event he is not present to sign documents, i.e., easement forms, purchase requisitions, inventory, etc., that Dennis Astley, Director of Engineering and Engineering Operations, could serve as the signatory. With the current country-wide shortage of materials, GM Hastings said it is important to keep orders moving efficiently.

ACTION: Mr. Cordova moved to approve the resolution reflecting signatory authority in GM Hastings' absence. Ms. Maestas-Muller seconded and the Motion passed by unanimous voice vote. [Mr. Vigil was not present for this action.]

D. Approve Release Form –District Meeting Used Vehicles

GM Hastings explained the purpose of the release form is to ensure that JMEC is not liable for the vehicles and that they are given away on an as-is basis during the JMEC Special District Meetings.

ACTION: Mr. Crawford moved to approve the release form and Mr. Bustos seconded.

Legal counsel Coppler noted that the vehicle is a donation and not a sale. Insurance and title need to be in place before the new owner can take possession. This will release JMEC from any liabilities.

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

E. RUS Corrective Action Plan

A spreadsheet was distributed showing the different factors of RUS requirements for JMEC. GM Hastings said that during 2021, OTIER, TIER, average debt service coverage and the modified debt service coverage ratio were not achieved. RUS requires that JMEC submit a corrective action plan demonstrating how these deficiencies will be addressed. JMEC's action plan is the filing for a rate increase. Also, JMEC will not be spending money unnecessarily. For informational purposes, GM Hastings said he would review Kit Carson's previous RUS corrective action plan.

ACTION: Mr. Crawford moved to approve the RUS Corrective Action Plan. Mr. Coriz seconded and the Motion passed by unanimous voice vote. [Mr. Vigil was not present for this action.]

F. Consideration of JMEC Special District Meeting Resolution

Chair Trujillo said the resolution provides for JMEC 2022 Special District Meetings for the purpose of member consideration and voting on changes to the bylaws. He recognized that the six district meetings would take up a great deal of the trustees' time during the summer but he emphasized the importance of moving forward with the bylaw changes. To facilitate approving new members, a quorum of six trustees is required to attend each of the Special District Meetings.

GM Hastings said it's essential that any customers attending the district or annual meetings has an opportunity to become a member in order to be eligible to vote and for the prizes. The district meetings will include an Agenda item to approve the membership list. The \$5 membership fee cannot be waived since it is a bylaw requirement. The fee will be added directly to the customer's bill.

ACTION: Mr. Crawford moved to approve the resolution. Ms. Martinez seconded and the motion passed by unanimous voice vote. [Mr. Vigil was not present for this action.] Later in the meeting, Ms. Martinez pointed out that requiring a New Mexico driver's license may create a limitation on the meeting day and she recommended including the options of a government issued ID or any valid ID. There were no objections to that addition.

7. OTHER REPORTS

A. Tri-State Director Report

i. Tri-State Partial Buyout Report

ii. Tri-State Total Buyout Report

Mr. Duran stated that the discussion regarding United Power continues. It seems that Tri-State had a transformer installation on its schedule to benefit United that also had solar implications. Tri-State requested approval to issue bonds in a minimum amount of \$100 million. The resolutions requested by Tri-State all passed with the exception of the United transformer although the vote was not unanimous.

Mr. Duran said Tri-State sold an asset of 200+ acres in Escalante, New Mexico to Penso Power that met opposition from the directors who expressed concern that the sale was not advertised regarding another issue, a wind turbine collapsed in Colorado but no one was injured.

GM Hastings reported on the United Power total buyout case and said the hearings have concluded at the FERC and a decision from the hearing examiner is anticipated before it goes before the full FERC Commission. The hearing examiner did decide on four "reserve issues." Among those issues important to JMEC is battery storage to shave the peak/high demand charges and reduce those charges. FERC ruled that no Tri-State co-ops could not use batteries to shave the peak. Battery storage is expensive and justifying that cost important. At this point, battery storage is not an issue for JMEC and reducing peak charges via battery use may be possible with an alternative supplier of power.

The other decision related to Tri-State's policy #119, which allows for community solar, and FERC threw that out citing it as discriminatory. United, which makes up 18 to 20 percent of Tri-State's total load and was basically subsidizing the smaller electrical co-ops under this policy.

GM Hastings said the JMEC was planning on using Policy #119 to assist in the small solar project Nambe Pueblo is planning. Assisting Nambe may have to wait until JMEC accomplishes its partial buyout with Tri-State.

A Settlement Agreement for a partial buyout was filed at the FERC and United filed an objection to it. The pleadings between Tri-State and United is vicious and that impacts JMEC's intent for a partial buyout. At this point, GM Hastings said Tri-State is willing to work with JMEC to develop a partial supply contract.

Mr. Duran said the Tri-State directors would like United Power to get out of Tri-State as soon as possible.

GM Hastings pointed out that when Kinder Morgan closed down that impacted JMEC greatly. For Tri-State to lose United Power is also a big deal even if a price is agreed upon.

Mr. Duran reported that Robert Baca from Pecos was unanimously elected as the External Affairs and Member Relations Committee Chair. Wayne Connell will represent the directors at NRECA. He said the co-ops of New Mexico are fortunate to have Tim Rabon from Otero County on the Executive Board.

GM Hastings reminded the Board that EnerVision presented the information received from the four responses/proposals from the RFP regarding electric power suppliers at a special Board meeting. Two of the proposals provided a decrease in power costs even with the partial buyout from Tri-State. The plan is for the new partial power supplier to include the cost of the Tri-State partial buyout in a cost similar to what Guzman did for Kit Carson. The rising interest rates will have an impact on any deal.

B. JMEC Loan Portfolio Review

Per the Board's request, GM Hastings presented a breakdown of the current loans. He noted that most of the borrowed money is via RUS. The interest rates range from 6.41 percent down to 1.1 percent. This is an issue that co-ops are working with Congress on to allow for refinancing to a lower interest rate. There is one loan with Cobank for just \$455,656 that comes due in September 2022. There are also a number of loans with CFC. The loans with CFC are approximately 20 percent of JMEC's debt and are being paid interest only and will be paid off similar to a balloon payment methodology. As a general rule, Cobank and CFC's interest rates are higher than those of RUS. He noted that all utilities carry debt and he favored an approximate 40 percent equity level.

8. CEO AND GENERAL MANAGER'S UPDATE

A. Miscellaneous Matters

i. Engineering Report – AMI

GM Hastings said the Co-op received some disturbing information regarding its automated metering program. This is an important program that JMEC relies upon and costs a great deal of money. GM Hastings then turned the floor over to Mr. Astley.

Mr. Astley provided a history of JMEC's AMI system starting with the Turtle 1 system, then Turtle 2, then the next generation, Plex. JMEC signed up for Plex some years back and installation of Plex accelerated last year. The AMI (automated metering infrastructure) is a power line carrier system with the meter communicating across the power line to the substation and those are brought into the office/billing system. Plex is 15 percent deployed within the system. JMEC learned last month that the vendor, Landis+Gyr, will discontinue carrying and supporting Plex. Most of JMEC's system is from the early 1990s.

Landis+Gyr propose transitioning JMEC to a radio frequency (RF) or cellular phone system. The Turtle system is already troublesome, and Mr. Astley is dissatisfied with

the customer service the vendor provides. A cellular system requires reliance on a third party for data gathering, which Mr. Astley wasn't a champion of. Unless JMEC replaces the entire system, which he did not advocate, there is a need for RF and that needs to be with a trusted, responsive firm. Mr. Astley reviewed options which included PLC/power line carrier; RF systems which either use a line of sight between the meter and receiver or a mesh system where meters talk to each other.

After reviewing the situation and talking to other customers, Mr. Astley recommended using Sensus as the vendor. Sensus could be used for metering electric, water and natural gas and may be useful for mutual domestics to tie into. The collectors are fairly inexpensive and a large number could be used if the broadband fiber is extended. Sensus still supports the first system it ever deployed, provides instantaneous reading which will save money in dispatching, and integrates with SEDC, JMEC's current billing system.

Regarding Cuba, Mr. Astley said Sensus would assist in alleviating the meter reading issues in Cuba where member billing is sometimes an estimate. He is working with a consultant to measure the frequency the Cuba solar system is emitting which is interfering with JMEC's Turtle system.

Mr. Astley said he planned on continuing to use the Plex system and install it in Jemez Springs and as fiber is deployed replace the Plex with Sensus. In fact, Mr. Astley was confident that JMEC could sell the AMR/Plex components. JMEC would continue as a hybrid system until the fiber is up Highway 4 and into Dixon, etc. Rather than continuing with Landis+Gyr, he recommended moving on to Sensus.

Sensus has a good reputation in the industry and can provide hourly load data on a residential meter, as well as 15 minute data on commercial meters. Once fiber is installed, collectors can be located where it's hard to read RF meters now. Another benefit is Sensus technology is not limited and they offer three different brands of residential class meters and two commercial brands. SCADA data can also be accessed through an interface with Sensus and can interface with the OMS (outage management system).

Recommendation from management is to continue to install Plex at Jemez Pueblo, evaluate the system in Cuba and develop a propagation study to determine coverage of the system, deploy Sensus where there are currently issues and start replacing meters in Española. An RFP will require more time and Mr. Astley said from his initial review he thinks Sensus is going to be considerably less expensive than Landis+Gyr.

GM Hastings requested authorization to move forward with Sensus as outlined. He agreed with Mr. Astley that JMEC needs to move away from Landis+Gyr because they are dropping support and are not reliable. Sensus appears to be the best solution.

Mr. Astley referred to the approved budget which included over \$5 million for Landis+Gyr. Sensus provided an estimate of \$3.5 million to do the entire system. Mr. Astley recommends JMEC's internal team review component by component with Landis+Gyr.

Mr. Astley said JMEC has Turtle at many of its substations and these need to be phased out. Every meter that has a Turtle will be replaced. There are software and equipment requirements that will need to be installed in Hernandez for the readings to be brought in, processed and exported to SEDC.

Noting that funds were allocated within the current approved 2022 budget, the Board provided its consensus for Mr. Astley to move forward as outlined.

ii. Update on Tribal Meetings (Nambe, Okhay Owingeh, Santa Clara, San Ildefonso, Navajo Nation and Jemez)

GM Hastings provided an update as follows:

- Nambe: Management is working with the Nambe Pueblo on a small solar project.
- Okhay Owingeh: Management is working with the pueblo on a variety of fronts to include solar and a substation.
- Santa Clara: There are several issues that JMEC is trying work through with the Pueblo. There was concern that SatView was attached to JMEC poles and they desired additional fees.
- San Ildefonso: Wants solar to cover the new load from the water treatment plant that is under construction. They also want to consider developing solar power that the Pueblo can potentially sell to Los Alamos County. Mr. Astley will be meeting with their leadership and engineering firm.
- Navajo Nation: He, along with Ms. Campbell, met with the Nation Officials in Window Rock, AZ. There was a discussion about an outstanding debt. Ms. Campbell is well respected by the Nation.
- Jemez: GM Hastings and JMEC consultant Erin Dayl met with Senator Shendo and an I-CAST consultant in Santa Fe. It seems the Pueblo is working on a plan that is not currently public information. The trespass issue has been resolved. Their total load is approximately 1 megawatt.

Chair Trujillo advocated developing a standardized process/policy for dealing with pueblo-located solar systems.

iii. JMEC Rate Case Update

GM Hastings announced that Mariel Nanasi, Executive Director and President of New Energy Economy, has withdrawn as an intervener in JMEC's rate case. There are other protesters that Ms. Nanasi was not representing. The PRC staff and commission had rejected JMEC's test year in its initial rate case filing and required new cost of service study.

To accommodate Trustees' schedules, Chair Trujillo revised the Agenda and moved to Committee reports next, executive session followed by finance reports.

12. COMMITTEE REPORTS

A. Communications Committee – No Report

B. Policy Committee

Ms. Martinez reported that the Committee has not met since the last Board meeting. The Committee will be revisiting a number of policies and the Committee will be meeting before the next Board meeting.

C. Energy Committee

Mr. Crawford said the committee discussed the reciprocating engine generation option. The transmission RFP is still in progress. Three new substations may eventually be required within the Navajo Nation.

GM Hastings said a meeting with representatives of Mike's Mini-Mart in Velarde is being scheduled to discuss the installation of EV chargers.

Mr. Gallegos suggested the Abiquiu Inn or the O'Keeffe Foundation may be interested in an EV charger. GM Hastings concurred that having a charger in Abiquiu was important and it should be located on the east side of the highway there. Mr. Gallegos offered to reach out to those Abiquiu establishments.

D. Annual Meeting Planning Committee

Mr. Vigil said the Committee has met a number of times and is extremely busy arranging the JMEC 2022 Special District Meetings. He urged the Trustees to distribute the information cards and Staff to ensure the meeting notices are going out to members. There is a recommendation that meter readers place information hangers/placards on Member doors as the Notices in District 4 were mailed late.

Ms. Trujillo Archuleta said she would check on the door hangers. In the meantime, she has been in communications with Melissa Sturges of Sturges Word who recommends district-wide phone calls and emails to members as an appropriate method to encourage meeting attendance. The employees will conduct a phone bank a few days before the Special District 4 meeting as a reminder.

Chair Trujillo requested a focus on District 4. GM Hastings assured the Trustees that staff has been working hard on the Special district Meetings; the proxies for LLCs and corporations are going out today. Facebook, newspaper and radio announcements as well as the notices are occurring.

E. Broadband Committee

Mr. Coriz said the committee met earlier this month and discussed the NRTC Feasibility Study. GM Hastings said the services agreement with Kit Carson will be discussed during executive session.

F. Building and Grounds Committee

Mr. Coriz said the Committee worked on an RFP for a structural engineer with the purpose of getting an estimate for renovating the old headquarters. The RFP was issued

previously and there was no response. In hopes of getting responses, the RFP was sent to a broader group. The idea is to determine whether it's reasonable to renovate the building.

The committee also discussed drainage at the Hernandez campus and the Cuba district office. He mentioned that the three+ acre parcel adjacent to the Hernandez campus that JMEC made an offer on is having some title issues.

EXECUTIVE SESSION

A motion to recess for lunch and go directly into Executive Session was made by Mr. Duran and seconded by Mrs. Martinez. The motion passed without opposition.

The Board recessed for lunch and met in Executive Session from 11:55 a.m. - 1:00 p.m.

Ms. Maestas-Muller moved to return to open session and Ms. Martinez seconded. The Motion passed without opposition. [Mr. Crawford and Mr. Coriz were excused from the remainder of the meeting.]

Chair Trujillo said Executive Session discussions were related to personnel and legal issues and no action was taken.

ACTION: Ms. McCoy introduced a motion that JMEC waive the Kit Carson Electric Co-op conflict of interest regarding broadband activities. Mr. Cordova seconded. The motion passed by a majority [4-2] voice vote with Ms. Martinez and Mr. Duran abstaining.

Manuel Bustos	No
John Ramon Vigil	No
Dolores McCoy	Yes
Stanley Crawford	(Absent)
Lucas J. Cordova	Yes
Elias Coriz	(Absent)
Bruce Duran	Abstain
Dennis Gallegos	Yes
Marissa Maestas-Muller	Yes
Marcie Martinez	Abstain

Mr. Duran and Mr. Cordova excused themselves from the remainder of the meeting.

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

Geraldine Romero, interim CFO, reviewed the Form 7 and noted that operating revenue and patronage this year was \$21.1 million, up \$1.3 million from last year. The cost of power is \$12 million up from last year by \$393,000. Total operation and maintenance expense for this year is \$18.3 million compared to last year at \$16.8 million. She attributed the increase to additional employees, trainings and maintenance. Total cost of electric service this year was \$21 million and last year it was \$19.4 million. Total

services in place, for this year is 31,405 with 4,142 miles energized. She reviewed assets and debits, property and investments and liabilities.

For May 2022, the TIER was negative 1.07 and OTIER was negative 1.08. Year to date, the TIER is positive at 1.23 and OTIER is positive at 1.12. She reviewed the cash flow for the month of May which ended with a cash account balance of \$3.961 million and investments at \$8 million. There is a total of \$11 million in liquid accounts and \$989,334 in non-liquid accounts.

Year-to-date there are 31,507 members up 169 from last year. Average residential kwh usage has not changed since last year at 619 kwh. Small commercial increase usage shows an increase of 288 kwh from last year and large commercial is up 18,937 kwh per consumer. She reviewed purchased power noting more has been this year and the average kwh costs for all JMEC member categories remains the same as last year. Line loss has improved by more than 1 million kwh which was attributed to the meter audit and other deployed remedies.

At the end of May, JMEC had 110 employees up by 10 last year same time.

Chair Trujillo noted that JMEC's cost so far for the Cerro Grande fire was nearly \$2 million and asked where that is reflected in the budget. Ms. Romero said the cost is spread out within the income statement. Although there is not a separate line item for it, Staff is keeping track of the expenses through a detailed work order.

ii. Finance Committee Meeting

Mrs. McCoy, Finance Committee Chair, said that the Committee met yesterday, June 23rd and reviewed the Agenda items.

a. May 2022 General Fund Expenditures

ACTION: For informational purposes, Mrs. McCoy moved to approve the May general fund expenditures list. Mr. Bustos seconded and the Motion passed by unanimous voice vote.

b. May 2022 Staff Credit Cards

ACTION: Mrs. McCoy moved to approve the Staff credit card charges. Ms. Maestas-Muller seconded and the Motion passed by unanimous voice vote.

Mr. Bustos requested that Staff provide the Finance Committee information with ample time before the meeting for review. Ms. Romero offered to post the material without the Agenda.

c. May 2022 Attorney Expenses

ACTION: Mrs. McCoy moved to approve the May attorney expenses. Ms. Martinez seconded. The Motion passed by unanimous voice vote.

d. May 2022 Consultant Expenses

ACTION: Mrs. McCoy moved to approve the consultant expenses. Mr. Bustos seconded and the Motion passed without opposition.

e. May 2022 Trustee Vouchers

ACTION: Mrs. McCoy moved to approve the trustee reimbursement vouchers. Ms. Maestas-Muller seconded. The Motion passed without opposition.

That concluded the Finance Committee report.

10. NEW BUSINESS

Staff was requested to add all of the JMEC 2022 Special District Meetings on the Trustee calendars and send a reminder note that the Trustees can email to district customers.

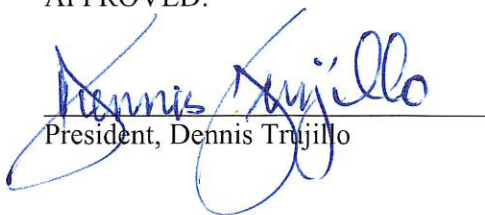
Ms. Campbell said notice of the JMEC 2022 Special District Meetings are being sent to all members. Blank certificates of authority will be available at the meetings for business representatives.

11 ADJOURN

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


Secretary, John Ramon Vigil

APPROVED:


President, Dennis Trujillo