

MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES
REGULAR MONTHLY BOARD MEETING
FRIDAY, SEPTMEBER 30, 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 9:13 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 led by President Trujillo, Secretary Vigil took roll and a quorum was confirmed as follows:

Present:

Dennis Trujillo, President
John Ramon Vigil, Secretary
Dolores McCoy, Treasurer
Stanley Crawford, Asst. Secretary/Treasurer
Elias Coriz
Bruce Duran
Dennis Gallegos
Marissa Maestas-Muller
Marcie Martinez
Lucas J. Cordova (via WebEx and Telephone)

Excused:

Manuel Bustos, Vice President

JMEC Staff Present:

Michael Hastings, CEO and General Manager
Dennis Astley, Director of Engineering and Engineering Operations
Tina Trujillo Archuleta, Executive Assistant
Geraldine Romero, Interim CFO
Dwight Herrera, Senior Manager of HR and Support Services
Tammy Trujillo, Administrative Professional

Others Present:

Frank Coppler, JMEC Counsel
Erin Dayl, Consultant

Johnny Valerio, Contract Accountant
Bill Boas, Broadband Consultant
Karen Farrell, Wordswork – secretarial services

GM Hastings introduced Erin Dayl a JMEC consultant on solar and Strategic Planning related issues. He also introduced two new employees: Janelle Anaya, work order clerk, and Eric Saucedo, meter reader.

4. REMARKS FROM JMEC MEMBER – None were offered.

5. CONSENT AGENDA

- A. Approval of Agenda**
- B. Review and approve the August 18, 2022 Special Board Meeting Minutes (Forensic Audit) – Removed from Consent Agenda**
- C. Review and approve the August 25, 2022 Regular Board Meeting Minutes**
- D. Review and approve the August 28, 2022 Organizational Board Meeting Minutes**
- E. Review and approve the September 9, 2022 Special Board Meeting Minutes**
- F. Approval or the August 2022 Membership List**

GM Hastings requested the addition of the School Committee report as 8.F and noted that a redline version of the August 18, 2022 meeting minutes was provided.

ACTION: Ms. Martinez moved to approve the Consent Agenda with the amendments as suggested and Ms. Muller seconded. The Motion passed without opposition.

B. Review and approve the August 18, 2022 Special Board Meeting Minutes (Forensic Audit)

Ms. Martinez said she was pleased with the added information that provided greater transparency to the Forensic audit process.

In response to a question, GM Hastings said neither the forensic audit nor meeting minutes were mentioned in JMEC’s Rebuttal Testimony in the JMEC rate case. Rebuttal testimonies were filed by GM Hastings, Dennis Astley and Justin Proctor from Guernsey.

ACTION: Ms. Martinez moved to approve the August 18th minutes and Mr. Coriz seconded. The motion passed without opposition.

Recognizing this was the first time the Board had a Consent Agenda, Mr. Vigil said that typically the consent items are approved in one motion and any items that require additional discussion are pulled from the Consent Agenda.

7. OTHER REPORTS – DISCUSSION ONLY

A. President’s Report

President Trujillo said the JMEC’s rate case is moving forward and Joseph Yar recently filed a motion to strike irrelevant testimony. The hearings are set for October 18 through

the 20, 2022. GM Hastings said JMEC filed a motion for an in-person hearing and the AG and PRC staff have objected to that. The hearing examiner will consider the Motion at the procedural hearing on October 11, 2022.

President Trujillo noted that GM Hastings has been reaching out to the Pueblos on the small solar projects.

Noting that quorums were achieved at the 2022 Special District Meetings at five out of six districts, President Trujillo thanked the JMEC Staff for their tremendous efforts.

Ms. Martinez advised that the rate case testimony can be read directly on the PRC docket website and she encouraged the Board members to read the very informative testimonies made on JMEC's behalf.

B. Tri-State Director Report

Mr. Duran reported on the Tri-State Directors meeting stating that the issue of United Power's buyout remains of paramount importance.

GM Hastings said the Administrative Law Judge (ALJ) submitted an initial over 200-page decision on the FERC case involving the United buyout of Tri-State. The ALJ is suggesting that United Power should pay \$760 million to get out of Tri-State, which is a third of the \$2.1 billion Tri-State was requesting. He said the low figure is concerning for Tri-State's future. The order is well-crafted and addresses the intervenor's argument. A few exceptions were made toward Tri-State's view primarily with transmission.

8. CEO and GENERAL MANAGER'S UPDATE

A. Miscellaneous Matters

i. Introduction of New Employees

GM Hastings said he was pleased to announce new hires have been made and he looked forward to introducing them in the future.

ii. 2021 CFC KRTA Review

GM Hastings said CFC conducts the KRTA (key ratio trend analysis) each year which compares co-ops to other co-ops in the United States. The basics include the average total consumers, the total kilowatt hours sold, the total utility plant numbers, number of full-time employees, and total miles of line. In 2021 JMEC served 31,424 members and the median for the United States is 15,000. There are 812 co-ops and JMEC is ranked 192 in size. He mentioned that the PRC views JMEC as a large co-op and by KRTA comparison it is not. JMEC ranks in the middle for the amount of kilowatt hours sold. He said the review is very interesting and encouraged the Board members to review the 2021 CFC KRTA.

iii. CFC Delegate/NRECA – Region 10 Meeting

GM Hastings said the meeting will be with NREC Regions 8 and 10. Board members Bustos, Vigil and Trujillo are interested in attending. There needs to be JMEC representatives for CRC and NRECA to vote at the meeting. He noted that he and Mr. Astley would also be attending.

President Trujillo said the meeting is in Little Rock, Arkansas, October 23 to 25, 2022. Mr. Vigil accepted the responsibility to serve as the delegate for both NRECA and CFC at the meeting.

ACTION: Mr. Coriz moved to appoint John Ramon Vigil as JMEC's representative. Ms. Maestas-Muller seconded, and the Motion passed without opposition.

iv. Broadband Business Name

GM Hastings said this item was discussed at the Broadband Committee and a suggestion of "Jemez Net" came up. Mr. Coriz, Chair of the Broadband Committee, said the name was liked because it tied itself back JMEC.

v. CoBank Charitable Match

GM Hastings said the match grant was completed with Tina Trujillo Archuleta accomplishing the Board's recommendations with food assistance as its theme. There was not a recipient organization on the west side and he recommended using the \$500 donation from Touchstone for that area.

vi. NORA Annual Meeting Report - Northern Rio Arriba Electric Co-op

GM Hastings said he along with Board members Martinez, Trujillo, Vigil, and McCoy attended the NORA meeting in Chama.

8. B. Business Services and Finance

i. August 2022 Financial Report

GM Hastings said the Co-op lost just over \$400,000 in August. The strategic planning process will include a deep dive into the financials versus budget versus the cost of service study. The co-op is doing "okay" in terms of what was budgeted for expenses for 2022. The problem is JMEC was counting on more money coming in from the rate case starting July 1, 2022. As a result, JMEC is losing money and year to date the loss is about \$1 million. He noted there was \$8 million in the construction work in progress on the balance sheet which has to do with the 1,300 open work orders and the Cerro Pelado Fire. He was confident progress would be made in the work order area with the newly hired work order clerks. In terms of cash, he was glad there was a large cash reserve when he came to the Co-op 18 months ago. When finances settle down, GM Hastings suggested that JMEC consider paying capital credits.

Geraldine Romero, interim CFO, highlighted that:

- YTD, total services in place, 31,533
- YTD, total miles energized, 4,159

Ms. Romero provided the August data as follows:

- TIER and OTIER were negative
- August 2022, beginning balance, \$3.5 million
- August 2022, total collected deposits, \$9.1 million
- August 2022, total disbursements, \$7.9 million
- August 2022, ending book balance was \$4.8 million
- August 2022, cash account, \$5.7 million
- August 2022, total investment accounts, \$4 million

Ms. Romero reviewed a new page of data showing the different classifications of customers, sales and revenue data. Ms. Martinez requested that this information continue to be included in the monthly reports.

- YTD, average 31,533 consumers
- YTD, average residential kwh usage, 586
- YTD, average small commercial kwh usage, 3,583
- YTD, average large commercial kwh usage, 195,101
- YTD, cost of purchased power as a percentage of revenue, 62 percent
- YTD, purchased kwh, 31.2 million
- YTD, sold kwh, 30.2 million
- YTD, line loss was 2 percent – last year it was 6 percent
- August 2022, there were 114 employees – last year 102

Mr. Crawford noted that in the past he received complaints from Positive Energy and recently that has changed and Positive Energy is very pleased with JMEC's assistance. GM Hastings attributed that to efforts being made in Mr. Astley's department.

ii. Finance Committee Meeting

Mrs. McCoy, Finance Committee Chair, said that the committee met yesterday, September 29, 2022 and reviewed the Agenda items.

a. August 2022 General Fund Expenditures

ACTION: For informational purposes, Mrs. McCoy moved to approve the August 2022 general fund expenditures list. Ms. Martinez seconded and the motion passed by unanimous voice vote. [Mr. Crawford was out of the room for this vote.]

b. August 2022 Staff Credit Cards

ACTION: Mrs. McCoy moved to approve the staff credit card charges. Ms. Maestas-Muller seconded.

Ms. Martinez asked whether the recommendations offered by the forensic auditor regarding the tracking of credit card charges had been initiated. Ms. Romero said the

report has been modified and guidelines were emailed to the credit card holders. Staff will receive training on purchase orders. GM Hastings said a procedure would be useful.

The motion passed by unanimous voice vote.

c. August 2022 Attorney Expenses

ACTION: Mrs. McCoy moved to approve the August 2022 attorney expenses. Mr. Coriz seconded and the Motion passed by unanimous voice vote.

d. August 2022 Consulting Expenses

ACTION: Mrs. McCoy moved to approve the August 2022 consulting expenses. Mr. Gallegos seconded and the Motion passed by unanimous voice vote.

e. August 2022 Trustee Vouchers

ACTION: Mrs. McCoy moved to approve the August 2022 trustee vouchers. Ms. Martinez seconded. The Motion passed by unanimous voice vote.

f. Tree-Trimming Services for Las Conchas Power Lines

Mrs. McCoy said the Committee reviewed a recommendation from the JMEC Vegetation Management Committee to select Family Tree for additional tree trimming work in the Las Conchas area by the Valles Caldera. The lowest bid was from Family Tree with the work to be completed within 21 weeks.

ACTION: Mrs. McCoy moved to accept the low bid from Family Tree. Ms. Martinez seconded. The Motion passed by unanimous voice vote.

That concluded the Finance Committee report.

[The Board recessed from 10:50 to 11:00.]

iii. Naming of Bylaw Committee – Approach and Process

GM Hastings said the idea of including a couple of JMEC members to this committee as non-voting members came up. The Energy Committee has member participation which has been very worthwhile. David Neal has expressed an interest to serve on the Bylaw Committee.

President Trujillo said the Bylaw Committee should be a stand alone with its sole focus on bylaws. He invited interested trustees to email him.

Mr. Duran suggested the Bylaw Committee include one member from each of the JMEC districts and added that he would like to serve.

Mr. Vigil stressed the importance of not allowing one district to dictate the bylaw updates. President Trujillo agreed that the changes should be driven by the membership.

9. COMMITTEE REPORTS

A. Communications Committee

Mr. Crawford said the Committee met and discussed an issue regarding public relations communications and there was a suggestion that all PR-related materials go through Marketing/Communications Coordinator Tony Martinez to ensure items are adequately publicized. Francisco Acevedo will be the spotlighted as the JMEC employee in *Enchantment*.

GM Hastings apologized for not being available at that meeting; however, at this point, Tony Martinez works on management for approval-related issues and as assigned, it is his preference that all materials pass through the GM's desk. In terms of deciding what JMEC says in print, that role sits with management.

Ms. Martinez recalled that the issue surrounding the Committee's discussion had to do with a broadband survey that the Trustees were not afforded an opportunity to review. She advocated improving/increasing public relations to inform the customers of JMEC's efforts for its membership. GM Hastings agreed that expanded efforts were needed in communications which has improved since his arrival.

Ms. Martinez said JMEC is incurring unwarranted complaints which are particularly unhelpful during this rate case. With the Trustees' assistance, more support letters could be solicited and obtained.

President Trujillo requested that Staff forward the Communications Committee Agenda to all Trustees.

Ms. Martinez said a list of bullet points that can be passed on to members outlining why the rate increase is necessary would be helpful. Those bullet points could also serve as talking points for Trustees on why the rate increase is necessary and promote a united consistent message.

Noting that the *Enchantment* is a "feel good" publication, Mr. Crawford recommended broadening JMEC's internal communications.

GM Hastings said he recently reached out to Melissa Sturges at SturgesWord to compose a one-page information sheet on the rate case. He expected following his review of the document it would be available next week. The SturgesWord copy can be distributed as flyers at the Española job fair and the art festival in Nambe.

It was mentioned that it was very important that the information page clearly establish that the rate case is not associated with the construction of the new headquarters.

B. Annual Meeting Planning Committee

Mr. Vigil said the Committee met this week and shared their satisfaction with how the JMEC Special District Meetings and Annual Meeting occurred. They discussed future meetings and a series of recommendations were offered: have two or three food vendors, hire a band, do some maintenance at the campgrounds to include additional parking, improve handicap access and the shelters, consider purchasing a better sound system and continue the vehicle give-away. It was also suggested that the La Luz Campground building be used for other events. The Committee also recommends that the Annual Meeting continue to be held the last week in August. The Special District Meetings and Annual Meeting came in under budget.

There was a suggestion to give tickets for food vendors and designate concession-style areas for beverages.

Ms. Maestas-Muller recommended advertising La Luz as a wedding/event venue. President Trujillo said the site is available for rent from spring to fall and getting the word out could increase usage. Mr. Vigil agreed and recommended the rent generated revenue from the facility be used to maintain and improve the property. Mr. Duran observed that La Luz is an asset and perhaps JMEC should consider selling it.

C. Policy Committee

Ms. Martinez said the Committee met September 22, 2022 with all members in attendance. They discussed a draft Policy on Policies and determined it needed further work before presenting it to the Board. She acknowledged the GM's drafting assistance which is based on the Committee's recommendations. The Committee will work on Policy #137, Conflict of Interest, and are reviewing FEMA's conflict of interest Policies to assure JMEC's compliance. Mr. Coppler will also assist in proposed Policies.

A whistleblower Policy is being considered with assurance that employees as well as Board members are protected. The Committee will review and update the employee sexual harassment Policy with an eye towards Co-op and Board liabilities. Additional sexual harassment training is necessary. The following Policies are in process: #152, Board Communication; a new grievance Policy for non-union staff; Foundation Policies are being reviewed by the CPA; and the GM open door policy. The committee will work with the School Committee on changes to several other Policies.

GM Hastings mentioned that he and HR Manager Herrera spoke to JMEC's labor attorney who is assisting in an arbitration case. Interestingly, the union interprets the sexual harassment policy as a one strike Policy, whereas, management plainly sees it as a no tolerance Policy.

D. Broadband Committee

Mr. Coriz said the Committee met yesterday with all members present, along with President Trujillo and Staff. He introduced Bill Boas who is serving as a consultant to JMEC on Broadband issues. The committee discussed a number of items:

- Kit Carson may have received a large grant through USDA

- REDI Net abandoned the Middle Mile grant application
- A grant writer will be working with the Co-op to identify and assist in grant writing
- Pole attachment and right-of-way issues
- Speed testing of broadband in JMEC's service area
- Engage communications with Windstream on Middle Mile fiber lines

The Committee did discuss a name for JMEC's broadband business to include in the plan. Mr. Coriz expected many questions would be answered with the Broadband business plan. He lauded the energy GM Hastings has expended on the Broadband concept.

GM Hastings noted that electric co-ops cannot issue stock as regular corporations can. However, there may be other opportunities in the monthly fee structure.

E. Vegetation Management Committee – See page 6 for RFP action.

F. School Committee

Committee Chair Maestas-Muller said the Committee met on September 19, 2022 and discussed the NMRECA youth tour. The event takes place in June when selected high school students travel to Washington D.C. The Committee recommends sending four students within the service area and the cost is approximately \$2,700 per student. The Committee also wants to reinstate the JMEC Junior Board of Trustees and perhaps select students from that program for the NMRECA trip.

Also discussed at the committee meeting was:

- The 2023 English and Spanish Spelling Bees which Ms. Trujillo Archuleta will take the lead on;
- Review of Policy #114, Foundation Trust Educational Fund; and
- A coloring contest for 2nd, 3rd and 4th graders within the service area with the winners' art work displayed in the headquarters lobby.

Ms. Trujillo Archuleta said NMRECA needs to know the number of students JMEC will be sending to D.C. today. The money will come out of the Foundation account.

There was agreement that sending a representative from each district or each high school was the preference and the cost would be \$16,200. The six schools mentioned were Española, Jemez Valley, Cuba, McCurdy, Coronado, and Pojoaque.

ACTION: Ms. Maestas-Muller moved to send six students on the NMRECA youth tour representing each of the area's major high schools. Mr. Coriz seconded and the Motion passed by unanimous voice vote.

The Board recessed for lunch from 12:20.

9. EXECUTIVE SESSION

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

A motion was made to go into Executive Session at 12:55 p.m. by Mr. Crawford. The Motion was seconded by Ms. Martinez and carried unanimously. A motion was made by Mr. Vigil and seconded by Mr. Coriz to come out of Executive Session at 2:03 p.m.

10. NEW BUSINESS


There was no new business to come before the Board.

11. ADJOURN

Having completed the agenda and with no further business to come before the Board, President Trujillo adjourned this meeting at 2:05 p.m.


Secretary, John Ramon Vigil

APPROVED:


President, Dennis Trujillo