

**MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES
August 25, 2023
HERNANDEZ, NEW MEXICO**

1. This meeting of the Jemez Mountains Electric Cooperative, Inc. Board of Trustees was called to order by Board President Dennis Trujillo at 9:11 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, roll call confirmed a quorum as follows:

Trustees Present:

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

Trustee(s) Excused:

None

JMEC Staff Present:

Michael Hastings, CEO and General Manager
Dennis Astley, Assistant General Manager
Geraldine Romero, CFO
Tina Trujillo Archuleta, Manager of Administration and External Affairs
Tammy Trujillo, Interim Manager of Member Services
Karen Wisdom, Senior Manager of Contracts, Compliance and Special Projects
Dwight Herrera, Senior Manager of Human Resources and Support Services
Bill Barva, Cuba District Manager and Engineer

Others Present:

Joseph Yar, JMEC General Counsel and Utility Counsel
Shawna Tillberg, Paralegal
Bill Boas, Broadband Consultant
Karen Farrell, Wordswork, Secretarial Services

4. REMARKS FROM JMEC MEMBERS - None were presented

5. CONSENT AGENDA

- a. **Approval of Agenda**
- b. **Approval of the July 28 2023 Board Meeting Minutes**
- c. **Approval of the July 2023 Membership List**

ACTION: Ms. Martinez moved to approve the Consent Agenda. Mr. Roybal seconded and the Motion passed without opposition.

Mr. Vigil suggested that the monthly membership list may not be necessary since all customers are now members. GM Hastings said he would investigate that.

6. OTHER REPORTS

a. President's Report

President Trujillo thanked the Trustees for attending the Annual Meeting where there was record attendance and the eight suggested bylaws amendments passed. He thanked staff and especially Ms. Trujillo Archuleta for her efforts.

President Trujillo provided a new list of standing and ad hoc committee members. President Trujillo reminded the Trustees that they can participate in any of the committees, he invited them to contact him if they prefer a different committee assignment. Committee meetings are held at the discretion of the committee chairs and the GM.

GM Hastings said that he anticipated bringing the draft FY24 budget to the Board late November/early December. The district managers – Mr. Wiseman and Mr. Barva – will assist in the budget, as well as their respective district budgets.

Mr. Coriz advocated holding budget study sessions where priorities are defined and corresponded to the budget. Identifying broadband issues and the corresponding budgetary needs would be useful. Mr. Gallegos said, along with broadband, the substation at Abiquiu should be a priority.

Mr. Vigil requested an itemization of all JMEC loans, balance, terms and maturity dates.

It was noted that including the four-year plan and how the projects dovetail with the budget, would serve as an important component to budget building.

Regarding competitive wages in Cuba, GM Hastings said that would be a topic for today's executive session.

b. Statewide Report

Mr. Bustos reported that Statewide staff circulated a draft bill, developed by the state broadband office, to control and regulate costs for pole attachments. Statewide staff will analyze and review the bill. Additionally, Statewide is seeking a variance/stay on a proposed PRC rulemaking that would require a professional engineer to approve every interconnection to the grid. Electric co-ops are regulated by RUS in this regard, and this proposal, if approved, would be particularly difficult. Statewide is holding its strategic planning session September 7th through the 9th.

GM Hastings said that having a PE sign off on every interconnection is not a good idea. He did not know who proffered the idea. Even the investor-owned utilities (IOUs) are involved in opposing this proposal. Co-ops are regulated by RUS in this regard. Statewide is requesting a variance/stay on the implementation date of the rule to allow time to work with PRC. This appears to be a regulatory overreach. While the IOUs are not asking for a variance, they have clearly expressed concern. It will be important that JMEC is aligned with Statewide's concerns, and perhaps a letter writing campaign can be introduced.

The state's proposed bill changes the manner in which pole attachment fees are calculated. GM Hastings said that Kit Carson has already built out fiber, and this proposed legislation would be extremely advantageous to them. It was noted that Kit Carson is not a Statewide member.

GM Hastings said that during the legislative session, Representative Joseph Sanchez offered to mediate between JMEC and Kit Carson. There appears to be a new push by Kit Carson to limit the agreement to Abiquiu and Gallina under the ReConnect 3 program. Tomas Barela will be working on this issue.

7. CEO AND GENERAL MANAGER'S UPDATE – Discussion and Action

a. Miscellaneous Matters

i. Report on Work Order Process

GM Hastings said that Karen Wisdom is heading up the work order process with the assistance of a consultant from Bolinger, Segars, Gilbert & Moss. There is approximately \$9 million in construction work in progress which are a major part the open work orders. The work order clerks are very good, and he was pleased with the progress.

ii. Report on Grid Resiliency Grants – Pueblos

This state grant has an August 31st deadline, and is basically a grid-resiliency grant. GM Hastings said that the grant applies primarily to the tribes and the Pueblos. The grant is not competitive, but rather based on the population. On August 4 2023 GM Hastings sent a letter to the leadership of the Pueblos and the nations, and offered JMEC's assistance in preparing the grant letter. Pojoaque, Nambe, Okhay Owingeh and San Ildefonso responded and JMEC is assisting them. Zia and Jemez have not responded.

While the grant amounts are not tremendous, it could supplement necessary studies. GM Hastings said it was important that JMEC reaches out to assist in these grants.

iii. Report on State Broadband Grant

GM Hastings reported that the \$10 million broadband grant for which JMEC applied is on the Governor's desk along with the Wave 3 grants. The state pressured JMEC to increase its match from 25 percent to 50 percent and JMEC conceded. Strangely, 25 percent was submitted and Mr. Barela is monitoring this grant. If obtained, the grant will be used to expand connectivity from headquarters across the river to Okhay Owingeh, up to Alcalde to Velarde. That grant would be instrumental in hooking up many JMEC members to broadband.

Ms. Martinez asked how staff is staying on top of the availability of state and federal grants. GM Hastings said that, aside from his OCD nature to monitor grants, JMEC has contracted with NRTC grant writers on both federal and state broadband grants. There are weekly phone calls with NRTC to discuss the grants. On the electric side, JMEC has contracted with EnerVision who subcontracts with the Ferguson Group, and there are weekly calls with those entities regarding electric grants. This insures that grant opportunities are not missed.

Mr. Coriz expressed concern that JMEC's willingness to match the grant with 50 percent was not included in the grant. With the encroachment on JMEC's service area it is important that JMEC leaves no funding on the table. He requested an updated from Mr. Barela on the progress of broadband.

GM Hastings said that October remains the target to start stringing fiber. There are three areas being considered. 1) Build straight south from headquarters to Española. The overriding issue is Santa Clara's tribal boundary that starts at Fairview Lane. Dialogue with the Pueblo has been difficult. To service Española, the cable needs to run through Santa Clara. 2) Headquarters across the river to Okhay Owingeh and up to Alcalde and Velarde. Kit Carson did protest that line but has since withdrawn the protest. 3) Going straight north to the Medanales substation to Abiquiu. Kit Carson received an RUS ReConnect 3 grant to serve south of Abiquiu to Highway 96 over to Gallina; JMEC has been in negotiations for over nine months with Kit Carson in regard to this line.

Regarding Santa Clara Pueblo's unwillingness to work with JMEC, President Trujillo said the Pueblo believes JMEC owes them \$870,000. The issue was created with Satview who is no longer in business, and was attached to JMEC poles. GM Hastings said JMEC has been working on a plan to work around Santa Clara but the San Pedro Substation is in Santa Clara Tribal lands. Santa Clara is a member of JMEC and clearly the co-op will work with them, but this is a difficult situation.

Satview had cables attached to JMEC poles throughout its service area and when they left, JMEC filed suit for unpaid pole attachment fees which amounted to over \$400,000. JMEC won that judgment. In tribal court Santa Clara Pueblo got a judgment against Satview for unpaid right-of-way fees for \$870,000. JMEC's judgment included the cables, and in 2021 both RediNet and Windstream were instructed by JMEC to leave the

Satview system alone. Santa Clara believes that since JMEC owns Satview's lines, JMEC owes them \$870,000. GM Hastings said when he, President Trujillo and Mr. Astley met with Governor Chavarria and a few of his lieutenants, he was able to correct a misconception, in that JMEC was not given Satview lines, rather permission to take the cables down. JMEC does not own the Satview Cable system. It would cost \$1 million in labor to remove the lines so they have remained on the poles. Santa Clara wants the \$870,000 from JMEC.

Ms. Martinez recommended that Trustees reach out to Santa Clara representatives to make some headway on this issue. President Trujillo agreed that something has to give because it was critical to JMEC's broadband initiative to move forward.

Ms. Muller recommended JMEC get on the Santa Clara Council Agenda to discuss this matter, even if it is heard under public comments.

Fully respecting Santa Clara's sovereignty, Mr. Coriz said that it may take a federal court to stipulate the previous court judgments and ultimately move this issue forward. It was fact that Santa Clara is currently developing broadband. Perhaps Okhay Owingeh Governor Phillips could assist JMEC.

President Trujillo said it was important that JMEC work on developing an agreement with Santa Clara. While agreeing with the President, Mr. Velarde said that JMEC needs to start stringing fiber and can't afford to lose another year.

Recognizing that Santa Clara may not be interested in negotiating, Mr. Gallegos advocated developing a new plan(s) that does not involve Santa Clara lands.

Mr. Coriz said that he understood the GPA, government procurement agreement, with Redinet allows a Pueblo or LLC to move into a service area for last mile. GM Hastings offered to review that issue.

Mr. Roybal requested a presentation in the near future on broadband.

iv. Other Matters – None were presented.

b. Business Services and Finance
i. July 2023 Financial Reports

GM Hastings reviewed the RUS Form 7 highlighting that a lot of electricity was sold in July. JMEC had estimated a number of accounts' July usage using last year's July numbers. Last year's July was a cool month. The line loss, which has been running 4 to 5 percent since the three-phase meter audits, was modified to 9 percent to address an accounting issue. The auditors have cleared this approach with an account for unbilled revenue. He expected the numbers to smooth out in August.

Mr. Cordova asked why meter readings were being estimated. GM Hastings said the co-op's meter system is imploding and the problems are appearing at every substation on a monthly basis. These problems reinforce the necessity to make the switch over to the

Sensus meters. Staff has been proactive in getting the vendor for the existing meters to work on a fix. Estimates will provide the right usage a month out. Mr. Cordova mentioned a specific Lyden customer who has had extraordinarily high bills, and GM Hastings said he would have staff contact that member to sort it out and perhaps replace the meter.

Referring to construction work in progress, that has a lot to do with open work orders, at \$9.62 million. The net utility plant is going up, which it needs to, and is now at \$90.7 million, reflecting \$8.7 million in infrastructure investment. JMEC is very low in cash and ideally, for a co-op of this size \$2 million to \$3 million would be good, versus the \$857,000 JMEC has. There is a line of credit with CoBank in the amount of \$15 million and a drawdown of \$2.7 million is anticipated this month. It is important that the ratios are met for 2023. The MDSC, modified debt service coverage, ratio is important because CFC uses this number. At this point, JMEC has met the ratios, but the upcoming shoulders months – September and October, when less electricity is sold, need to be watched.

Cash flow wise, at the end of July, JMEC is at \$1.2 million in liquid accounts.

Regarding the Los Alamos' account, Geraldine Romero, CFO, said that JMEC has a call in to both Los Alamos and Tri-State. GM Hastings said he understood Tri-State was having billing problems, and staff would remain on top of this issue.

President Trujillo asked how the \$3.4 million claim JMEC has against U.S. Forest Service on the Cerro Pelado fire has been budgeted. GM Hastings said the 75 percent of those funds will be in the 2024 budget, and although he is hoping JMEC will receive the full \$3.4 million, he was being conservative.

GM Hastings said that Ms. Wisdom has been working on obtaining permits from Santa Fe National Forest for the Ski Basin work. He, Mr. Yar and Ms. Tillberg discussed sending SFNF a letter to be on record, warning them that their delay in providing the proper permits could cause a fire and copying that letter to the entities that use the Tesuque Peak tower – Homeland Security, FBI, police, 911.

Mr. Coriz said he, President Trujillo and Mr. Bustos walked that line and 4G already has staged on top of the hill with some high-end equipment. GM Hastings said JMEC is “painfully” aware of that situation. The Forest Service gave 4G the go-ahead to stage at the top of the mountain because of the emergency reconductoring down the mountain. Following the staging, another department within the Forest Service said “stop.” Presently, JMEC has a T and E contract with 4G and reached an agreement for pricing of the special rental equipment department. This equipment is very hard to locate and JMEC cannot afford to lose additional time on this project. Some of the equipment has been moved from the staging area to assist with other JMEC jobs. GM Hastings said bottom line, JMEC was led astray by the Forest Service. Once the permits are obtained, 4G will start the work at the top and move as far as they can before the snow stops work.

President Trujillo offered to go to Santa Fe National Forest and personally explain the importance of the project and the cost to the co-op.

ii. Finance Committee Meeting

Mrs. McCoy, Finance Committee Chair, said that the Committee met August 24th with a quorum.

a. July 2023 General Fund Expenditures

ACTION: For informational purposes, Mrs. McCoy moved to approve the July 2023 JMEC general fund expenditures list. Mr. Roybal seconded. The Motion passed by unanimous voice vote. [Trustees Vigil and Coriz were not present for this action.]

b. July 2023 Staff Credit Cards

ACTION: Mrs. McCoy moved to approve the July 2023 staff credit card charges. Mr. Velarde seconded. The Motion passed by unanimous voice vote. [Trustee Vigil was not present for this action.]

c. July 2023 Attorney Expenses

ACTION: Mrs. McCoy moved to approve the July 2023 attorney expenses. Ms. Martinez seconded.

Under discussion, Ms. Martinez asked about the double taxation issue. GM Hastings said Gerald Coppler is handling that case, and JMEC won the case, but the counties of Sandoval and Santa Fe were not willing to return the taxes. Instead, they want to apply those monies to another tax year. JMEC has protested and it continues to drag on. The legal fees are minimal on this issue.

The Motion passed by unanimous voice vote.

d. July 2023 Consulting Expenses

ACTION: Mrs. McCoy moved to approve the July 2023 consulting expenses. Ms. Maestas-Muller seconded. The Motion passed by unanimous voice vote.

e. July 2023 Trustee Reimbursement Vouchers

ACTION: Mrs. McCoy moved to approve the July 2023 trustee reimbursement vouchers. Mr. Cordova seconded and the Motion passed by unanimous voice vote.

f. Donations

1. CoBank Sharing Success Charitable Match 2023

GM Hastings said that CoBank, one of JMEC's lenders, has a Sharing Success Program where they will match up to \$10,000. Last year, JMEC split \$20,000 for food-related giving. The deadline is September 20th and he requested the Board make a decision regarding this giving. Contributions versus sponsorships need to be considered. The

service area soup kitchen, volunteer fire departments with a 501(c) (3) status, Las Cumbres, Barrios Unidos and Compassion Through Action, were all mentioned for contributions.

Ms. Trujillo Archuleta said that she would research which volunteer fire departments would qualify for the donation. Entities need to be identified by September 20th. CoBank will only provide four checks thus limiting the gifting to four entities.

With the Board's approval of participating in CoBank's program, staff can poll the Trustees once organizations have been identified, stated GM Hastings.

Noting that Jemez Springs Volunteer Fire Department was helpful at the Annual Meeting, Mr. Vigil advocated contributing to their Friends group. Ms. Trujillo Archuleta assured the Board that before extending funds to any entity she would verify.

ACTION: Mrs. McCoy moved to approve \$10,000 to participate in the match with CoBank and authorize staff to sort out the details. Mr. Velarde seconded and the Motion passed by unanimous voice vote.

2. Sporting Clays Shoot - Organization

GM Hastings said that, for many years the co-ops, through the vendor Western United, have supported a skeet shoot with the proceeds going to a disability fund for injured co-op employees. Over the years, 31 awards have been given usually to linemen hurt on the job. Of those 31, five have gone to JMEC employees. Additionally, Western United supports linemen scholarships for training. Because of Covid, the event has not occurred for a few years. Western United is requesting \$1,000 from each of the coops.

ACTION: Ms. Martinez moved to approve a sponsorship in the amount of \$1,000 sponsorship for the Sporting Clays Shoot. Mr. Roybal seconded and the Motion passed by unanimous voice vote.

8. OTHER COMMITTEE REPORTS – None were presented

9. EXECUTIVE SESSION

- a. Legal Matters**
- b. Personnel Matters**

Mr. Cordova moved to go into executive session to discuss legal and personnel matters. His motion was seconded by Mr. Coriz and passed by unanimous voice vote.

[The Board met in executive session at 11:14 a.m. to 12:07 p.m.]

10. NEW BUSINESS

11. ADJOURN

Having completed the Agenda and with no further business to come before the Board, President Trujillo adjourned this meeting at 12:08 p.m.

APPROVED:



President, Dennis Trujillo



Secretary, Marcelina Martinez