

MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES
FRIDAY, FEBRUARY 24, 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 9:08 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
John Ramon Vigil, Secretary [remotely]
Dolores McCoy, Treasurer
Stanley Crawford, Asst. Secretary/Treasurer
Lucas J. Cordova
Elias Coriz
Bruce Duran
Dennis Gallegos
Marcie Martinez
Marissa Maestas-Muller

Trustee(s) Excused:

None

JMEC Staff Present:

Michael Hastings, CEO and General Manager
Dennis Astley, Assistant General Manager
Tina Trujillo Archuleta, Manager of Administration and External Affairs
Geraldine Romero, CFO
Dwight Herrera, Senior Manager of Human Resources and Support Services
Karen Wisdom, Senior Manager of Contract Administration and Compliance
Tomas Barela, Manager of Broadband

Others Present:

Frank Coppler, JMEC Counsel
Karen Farrell, Wordswork, Secretarial Services

4. **REMARKS FROM JMEC MEMBERS** - None were offered.

5. **CONSENT AGENDA**

- A. Approval of Agenda**
- B. Approval of the January 2023 Membership List**
- C. Approval of the January 26, 2023 Board Meeting Minutes**

GM Hastings noted that the membership list should read January 2023 and he requested the inclusion of the Broadband Committee report under Executive Session.

ACTION: With those changes, Mr. Cordova moved to approve the Consent Agenda. Mr. Bustos seconded. The Motion passed by unanimous voice vote. [Trustees Muller and Coriz were not present for this action and arrived immediately thereafter.]

6. OTHER REPORTS

A. President's Report

President Trujillo noted that senior staff has been tracking and attending the New Mexico legislative session. GM Hastings and Tomas Barela have continued dialogue with Kit Carson regarding broadband issues. The Board will be asked to adjust the budget to rectify an accounting recording issue.

i. Update on Bylaw Committee Activities

President Trujillo said a Bylaws Committee meeting occurred on February 13, 2023, and there was an interested member who may better complement the Communications Committee. He requested that Trustees with any bylaw amendments submit them soon for review at the 1 p.m., Thursday, March 16, 2023, Bylaw Committee meeting. Bylaw recommendations from Loyda Martinez, Dave Neal, and legal counsel Coppler will be reviewed at that meeting and the current JMEC Bylaws will be distributed. He hoped to have at least three bylaw recommendations to bring forward at the JMEC 2023 annual meeting.

Mr. Duran said it is important that the bylaws do not hinder the GM's ability to conduct co-op business.

ii. Strategic Planning Discussion

President Trujillo said the primary focus of the 2023 Strategic Planning Sessions will be on JMEC's plan to initiate broadband.

GM Hastings said he met with Mr. Coriz, and they propose Friday, April 21st and Saturday, April 22nd as Strategic Planning meeting dates. The dates are after the legislative conference and prior to the April JMEC Board meeting.

Location wise, Mr. Coriz recommended meeting at the JMEC headquarters, catering meals and dedicated Saturday, April 22nd to broadband. There was agreement that meeting at the JMEC headquarters was preferable.

B. Tri-State Director Report

i. Discussion of Tri-State – Related Calls

Mr. Duran said he and GM Hastings have been working on Tri-State issues. Tri-State Policy #115 contains a penalty for renewables, and he requested that the GM explain the issue.

GM Hastings said that Tri-State has its own meter on JMEC's two solar projects and Tri-State bill at its regular rate for those kilowatt hours. Even though it is JMEC energy being produced for its members, Tri-State bills JMEC as though there was no solar project for those kilowatt hours. Then, per policy #115, Tri-State gives JMEC an "energy credit" and the energy cost is returned. However, Tri-State adds two demand charges: transmission and generation. That means that during peak periods or in the summer JMEC pays over \$100,000 a month extra for the solar projects which is on top of what JMEC pays for the power purchase agreement (PPA) with the solar project owners. He mentioned that both the Alcalde and Cuba solar PPAS had already been established when he arrived at JMEC.

GM Hastings and Assistant GM Astley had a conference call with Tri-State's Susan Hunter and Reg Rudolph and expressed their dismay that Tri-State is charging generation and transmission demand as though JMEC was using transmission when it is coming through JMEC's distribution system. Not only is it unfair but it does not make sense. GM Hastings said the Tri-State representative recognize the concern, but they lack the authority to change it.

GM Hastings noted that this was one of several issues that JMEC has with Tri-State. He and Mr. Duran will try to meet with Mr. Highley and include Tri-State Board Chair Tim Rabon from New Mexico and the San Isabel Electric Co-op in Colorado's Tri-State Board member who has a similar issue with wind turbines. He said JMEC does not want to sue its power supplier and incur legal fees.

President Trujillo recommended bringing up JMEC's issues with policy #115 during the general session at the Tri-State meeting.

GM Hastings noted that JMEC has several other issues with Tri-State. Another is the manner in which Tri-State handles the power generated behind the meter. Okhay Owingeh would like the flexibility to install solar and perhaps battery storage for their purposes – the casino, hotel and other commercial loads. Okhay Owingeh was at the table with Tri-State negotiating transmission and easements. Tri-State has a standby rate which if behind the meter is over one megawatt the standby rate is required which would be charged to JMEC. This would make the price of power too high to pursue the solar projects.

GM Hastings said he and Mr. Duran would be meeting with Okhay Owingeh representatives later today to talk about issues that came up with Tri-State who have discontinued discussions concerning the Okhay Owingeh proposed solar and/or battery projects.

With the partial buyout settlement postponed until 2025, Tri-State wants to restart negotiations and it appears that everything is back on the table.

Ms. Martinez requested that staff provide a dollar amount that JMEC may be losing with the current solar projects. GM Hastings estimated that over the past two years the additional power costs may be in the neighborhood of \$250,000.

Mr. Cordova suggested that JMEC develop a Policy for behind meter generation. GM Hastings agreed that the cost for these projects should not be spread out to the other members. Recognizing what JMEC lost with the Cuba solar project, President Trujillo recommended JMEC develop a Policy for renewables.

GM Hastings noted that Tri-State had different rates when policy #115 was developed. Mr. Duran requested that the Board members receive a copy of that policy.

7. OTHER BOARD ITEMS –Discussion and Action

A. Business Services and Finance

i. January 2023 Financial Reports

GM Hastings noted that operating margins in the amount of about \$463,642 were made during January 2023, and that JMEC is “back in the black” with the first month of the new rates going into effect.

Referring to an error within the 2023 budget, GM Hastings said the rate riders are set up so the Pueblos charge JMEC for rights-of-way and then JMEC bills the service members within the Pueblo the same amount charged for the ROW – an exact setoff, down to the penny: It’s a wash. In the 2023 budget, the money coming in from the members was not offset by the expenses for the ROW invoices. That created a \$1.3 million error which is material to the budget. To address the error, the budget was cut by \$1.3 million. Chair of the Finance Committee, Mrs. McCoy, will be asking the Board to modify the 2023 budget to address the error. GM Hastings said he was pleased the error was caught in January which gives the Co-op enough time to deal with it. The adjustments will be made to the capitalization rate for labor, lowering the distribution expenses. That will cut \$810,000 in expenses. The Customer Accounts Expense was reduced, minor adjustments were made to G&T capital credits and capital credit dividends were also lowered. Those changes add up to \$1.3 million. Departments will need to watch balances closely. Some revenues were not accounted for. An example is JMEC’S fleet. The fleet had four old vehicles that were auctioned off for \$33,000.

Another big issue is that JMEC’s cash is way down and cash flow will be carefully monitored. He noted that in January there was \$1 million drawn down from the CFC line of credit and capital expenditure work will be billed to RUS for reimbursement. Contact with FEMA for reimbursement of the Cerro Pelado fire is a daily exercise and there is an anticipation of receiving 75 percent of what JMEC spent which would add a couple million in cash.

Mr. Duran asked about a billing issue that was brought to his attention by members. GM Hastings said there have been issues at three substations, Medanales, San Pedro and Cuba. In Cuba there was interference from the solar project and the meters were not reading. The meter read on dwellings goes to the substation where the kilowatt hours are calculated and reported. At Medanales that reading feature failed. San Pedro had some

capacitor issues. There have been repair issues and installer issues. During August/September, the Medanales reads slowly stopped and the billing was not current and therefore inaccurate. The meters were working but until December the read was incorrect, and the December bill included all the kilowatt hours for the last three months or so. The member would come in and advise the cashier that there was a billing error and unfortunately the cashiers were not aware of the issue and insensitive to the situation. That caused some issues. If it's a Medanales billing error the member is now referred to the Billing Department and a spreadsheet depicting the usage is developed to help educate the customer and 24 months is offered to pay the bill. There will be no disconnects. Cuba is now getting reads from the old equipment.

GM Hastings said that the problem is there is a lot of old AMI technology which is failing well past its useful life. The industry is in its fourth generation of electronic meters and JMEC is far behind. It costs money to replace meters and past Boards did not want to spend the money. A letter is going out to the customers affected by the substation issues.

Mr. Cordova requested that the Board be made aware of these issues as soon as possible.

Mr. Astley outlined the issues at Cuba noting there were three different generations of power-line carrier meters reporting. The interference coming from the solar array frequency has interfered with one of metering systems in the Cuba area. The meters on order are not expected quickly. He requested 7,000 and will receive 351 in March. GM Hastings said staff will be switching out meters to best address issues. He reminded the Board that additional meter readers were hired. On the residential side, determining whether the meter is for a well, seasonal cabin, etc. will help to define the meter's role and improve data.

Mr. Gallegos said he was pleased to hear staff would develop spreadsheets; however, the members he received calls from all complained about the unprofessionalism of the JMEC staff handling this. Co-op staff should be reminded that they work for the membership. GM Hastings recognized that member service requires additional training, and he added that each case would be reviewed individually. President Trujillo said courtesy to its membership is a top priority.

Ms. Martinez recommended that a letter outlining the billing issues be sent to all members. Ms. Muller agreed and added that the member should be advised to reach out to the Co-op if their bill is too low as well as too high.

ii. Finance Committee Meeting

Mrs. McCoy, Finance Committee Chair, said that the Committee met February 23, 2023 and reviewed the Agenda items.

a. January 2023 General Fund Expenditures

ACTION: For informational purposes, Mrs. McCoy moved to approve the January 2023 general fund expenditures list. Mr. Coriz seconded and the Motion passed by unanimous voice vote.

b. January 2023 Staff Credit Cards

ACTION: Mrs. McCoy moved to approve the staff credit card charges. Mr. Duran seconded.

Ms. Martinez asked if the recommendations that the forensic auditor proffered were being implemented. GM Hastings said Geraldine Romero is taking the lead on incorporating all of the recommendations made by auditor Dawson.

Regarding the cost to register the Tesla, Tina Trujillo Archuleta, Manager of Administration and External Affairs, said she contacted NM Tax & Rev and they have directed the issue to a tax examiner. The car was purchased on tribal property so there was no tax at the time. She will continue to investigate the issue.

The Motion passed by unanimous voice vote.

c. January 2023 Consulting Expenses

ACTION: Mrs. McCoy moved to approve the January 2023 consulting expenses. Mr. Bustos seconded and the Motion passed by unanimous voice vote.

Mr. Coriz asked whether the trustee voucher information was posted on the website. GM Hastings said staff is determining how to redact identifying information before posting the vouchers on the JMEC website.

d. January 2023 Attorney Expenses

ACTION: Mrs. McCoy moved to approve the January 2023 attorney expenses. Ms. Martinez seconded and the Motion passed by unanimous voice vote.

e. January 2023 Trustee Vouchers

ACTION: Mrs. McCoy moved to approve the January 2023 trustee vouchers. Mr. Duran seconded. The Motion passed by unanimous voice vote. [Mr. Coriz was not present for this action.]

f. Line of Credit - Exploration

Mrs. McCoy reminded the Board that at last month's meeting the GM was authorized to explore setting up a line of credit. GM Hastings said that the \$1 million credit at Century Bank would be a secured line of credit through JMEC's account at the bank. The account would not drop below \$1 million and because it's secured the interest cost is very low. He has not received a term sheet from the bank and recommended holding off action until received.

g. 2023 Budget Amendment

This item was discussed during the January 2023 Financial Reports. [See page 4] GM Hastings recommended amending the 2023 budget to reflect the corrective actions.

ACTION: Mrs. McCoy moved to approve the 2023 Budget Amendment. Mr. Duran seconded and the Motion passed by unanimous voice vote.

h. Review of Tree Trimming RFPs

Mrs. McCoy said the Committee reviewed the bids for the Vegetation Management Committee and Mr. Cordova will present that information.

That concluded the Finance Committee report.

8. OTHER COMMITTEE REPORTS

Asserting the Chair's prerogative, President Trujillo moved the Vegetation Management Committee report to the top.

D. Vegetation Management Committee

Vegetation Management Committee Chair Cordova said the Committee met on February 22, 2023 with all Committee members present. The Committee reviewed the bids for the San Ildefonso and Velarde circuits. He noted that Lenny Ortiz's estimates were very close to the low bidders.

ACTION: Mr. Cordova moved to award the tree-trimming contracts to the lowest bidders: Asplundh Tree Expert, LLC, for the San Ildefonso Circuit, and Family Tree Service, LLC, for the Velarde circuit. Mr. Bustos seconded and the Motion passed by unanimous voice vote.

GM Hastings said currently there are no local tree-trimming contractors.

A. Communications Committee

Committee Chair Crawford said the committee met on February 10, 2023, and GM Hastings provided updates on HB 218 and SB 165. The status of the bills was emailed to the Board members. GM Hastings said the bills have been slightly amended. The New Mexico co-ops are still involved in the bills' language.

The "Spotlight" in the *Enchantment Magazine* will feature Juan Duran. The April edition will have seven pages commemorating JMEC's 75th anniversary.

In response to a personnel question, GM Hastings requested that all personnel issues be discussed during Executive Session.

B. Broadband Committee

This item was moved to Executive Session.

C. School Committee

School Committee Chair Marissa Maestas-Muller said the Committee met with the full Committee in attendance and discussed a number of items. The JMEC Foundation and Tri-State scholarship application will be forwarded to the schools with a return deadline in April. Applications from students whose guardians have a JMEC electric meter can apply. Northern New Mexico College has agreed to judge the essays.

The Youth Tour applications have been sent to the area schools. Ms. Trujillo Archuleta said at this point she has not received any applications. She plans on setting up an information table during the lunch hour at the area high schools. The scholarship and youth tour information will be available.

The English Spelling Bee is scheduled for April 14th.

The coloring contest submittals have been collected and staff will be judging that contest.

President Trujillo recommended publicizing the scholarship program on the radio.

Ms. Trujillo Archuleta recommended scheduling a Foundation Committee meeting to determine the scholarship amount and number to be awarded.

E. Bylaw Committee

This item was covered under the President's Report.

9. EXECUTIVE SESSION

- A. Legal Matters**
- B. Personnel Matters**
- C. Broadband Issues**

President Trujillo requested a Motion to go into executive session to be followed by lunch and then to return to open session.

ACTION: Ms. Martinez moved to go into executive session at 11:23 a.m. and Mr. Cordova seconded. The Motion passed by unanimous.

[The Board met in Executive Session from 11:25 to 12:05]

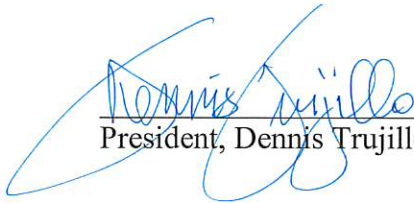
The Board came out of executive session at 1:26 p.m. with a motion from Mr. Coriz and a second by Mrs. Martinez. The motion carried unanimously. A motion was the made by Mr. Duran to approve a Resolution to increase the JMEC debt limit to \$215 million. The motion was second by Mr. Crawford and carried unanimously.

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 1:33 p.m.

APPROVED:



President, Dennis Trujillo



Secretary, John Ramon Vigil

