

**MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.**

BOARD OF TRUSTEES

FRIDAY, MARCH 31, 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 9:07 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
Dolores McCoy, Treasurer
Stanley Crawford, Asst. Secretary/Treasurer
Lucas J. Cordova [remotely: @ 10:30]
Elias Coriz
Bruce Duran
Marcie Martinez

Trustee(s) Excused:

Dennis Gallegos
Marissa Maestas-Muller

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
Karen Wisdom, Senior Manager of Contract Administration and Compliance
Bill Barva, Cuba District Manager and Engineer
Erlinda Romero, Accounting
Matthew Casados, IT Manager
Nick Manning, System AD, IT
Trini-Rae Romero, Billing
Erica Salazar, Billing
Emma War, Cashier
Debra Martinez, General Accounting
Dennis Siow, Mechanic

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 February 2023 Membership List**
- C. Approval of the February 24, 2023 Board Meeting Minutes**

ACTION: Mr. Vigil moved to approve the Consent Agenda. Mr. Coriz seconded and the Motion passed by unanimous voice vote. [Mr. Cordova was not present for this action.

6. OTHER REPORTS

A. President's Report

GM Hastings introduced the new employees joining the JMEC team.

President Trujillo reported on the following:

- GM Hastings has been working closely with Kit Carson on broadband issues. An MOU was being developed and he was pleased that progress was being made.
- Ongoing meetings with the Pueblos have occurred.
- A meeting has been scheduled for April 4th with Tri-State's CEO Duane Highley and Board Chair Tim Rabon to discuss Tri-State Policy #115 and the Rate S (standby) regarding renewables.
- *Enchantment* magazine has JMEC management on the cover and a couple of articles featuring JMEC and its 75 years as a co-op. GM Hastings said the articles will provide additional information to the membership to communicate and tell our story.

i. Update on Bylaw Committee Activities

President Trujillo said the bylaw recommendations were reviewed and following further legal and Board review, three or four bylaws will be developed for presentation at the annual meeting for action. A Bylaws Committee meeting is scheduled for April 10th at 1 p.m.

ii. Strategic Planning Discussion

Strategic planning meetings are scheduled for April 21st and 22nd.

B. Tri-State Director Report

i. JMEC Meeting at Tri-State

GM Hastings said the April 4th meeting with Tri-State will be important.

Mr. Duran said he attended the Tri-State meeting in Denver, March 1, 2023. The focus was on safety awareness and the rate design. He mentioned that Policy #115 is vital in regard to JMEC building its solar arrays and amendments are being proposed to Policy #117 which require review.

ii. Tri-State Delegate Resolution – Tri-State Annual Meeting

ACTION: Mr. Coriz moved to approve the resolution and nominate Bruce Duran to serve as the JMEC delegate. Ms. Martinez seconded and the Motion passed by unanimous voice vote. [Trustee Cordova was not present for this action.]

iii. Tri-State Policy Presentation

Dennis Astley, Assistant General Manager, presented a slide deck giving explanations of Tri-State's Policy #115 and the Rate S. Policy #115 was issued in 2002, 21 years ago, and allows its members to acquire 5 percent of their energy from another source under the ownership or control of the member system. Tri-State has two bill credit options for the cost of that energy – solar for JMEC – Rate S is a standby rate and applies when it is more than a 1 MW; when it goes above 5 MW there are other provisions. Tri-State would provide metering on JMEC's member load. He reviewed the metering charges noting that these are all costs in addition to the PPA negotiated with the owner of the system. Using a net metering example from May 2022, Mr. Astley demonstrated how the co-op is losing money with the bill credit as well as the net metering option. He offered the following observations:

- Tri-State is not allowing members to buy 5 percent from another provider.
- Tri-State is allowing JMEC to pay another provider as well as Tri-State for the same production.
- Tri-State is charging demand for generation and transmission when the demand is actually being offset by the production system.
- Tri-State is essentially charging a penalty to the member systems for having a production system on JMEC lines that could be consider a load reduction.
- If the output of all production systems – including rooftop – exceeds the 5 percent, Tri-State will charge a demand component equal to the generation demand rate and purchase the energy at the avoided cost rate which is considerably less than the bill credit rate.

As an analogy, Mr. Astley said Tri-State's options are "similar to your grocer telling you that you can grow your own food in your yard but will have to pay him a discounted cost for the food you get from your garden." He pointed out that without the solar energy, JMEC would have purchased that energy from Tri-State. He reviewed the current losses as well as potential future losses with the different billing options.

GM Hastings said it was important that JMEC members do not oversize their solar projects. State law allows the member to go up to 120 percent of their needs. Ms. Martinez recommended getting our state representatives involved.

For diversity purposes, Mr. Duran recommended conducting a wind study.

GM Hastings mentioned that with the 50 percent Tri-State buyout, all solar could be placed within that 50 percent and would not be subject to the Tri-State policy. A total buyout would solve the entire problem. President Trujillo hoped that the April 4, 2023,

meeting would be an opportunity to air the issues with Tri-State and perhaps reach some resolutions.

GM Hastings said JMEC member Pueblos have federal grant money and are ready to move forward with their solar projects. The dollar loss and losing 20 percent of JMEC's load represented by the Pueblos is important. He noted that a full buyout would take two years and at least a year to get alternative power supply in place. Once FERC rules on the United Power case, the cost of a full buyout will be known.

Mr. Astley noted that Rate S is a serious concern and he mentioned how alternative energy could serve as a reliable backup but the standby rate makes it financially difficult to do so.

Mr. Coriz said Tri-State charges are in direct conflict with the current administration's push for renewables.

GM Hastings said he was informed by former JMEC GM Sanchez that a study for a total buyout was conducted and GM Hastings would get that information.

Mr. Astley said that WAPA, a federal power marketing agency, has policies similar to #115 and the Rate S. According to WAPA, FERC provided general direction for accounting for generation that is on-line during a transmission peak so that it does not lower the customer's bill because all network customers must collectively pay for a system that would provide for the customer's entire energy needs in the event that the generation is not available. All behind-the-meter-generation is metered. GM Hastings said Tri-State will probably argue that WAPA's charges serve as precedent for their charges.

C. New Mexico Statewide Report

Mr. Bustos said the Tri-State information regarding Rate S and Policy #115 should be brought to the attention of Statewide.

Statewide Manager Charise Swanson did a great job representing the co-ops during the 2023 New Mexico legislative session, stated GM Hastings. Ed Rougemont was also very effective.

7. OTHER BOARD ITEMS – DISCUSSION AND ACTION

A. Business Services and Finance

i. February 2023 Financial Reports

GM Hastings noted that the financials are consolidated and in the future broadband and electric will be presented separately. NRTC and a consultant will work with Geraldine Romero to break the two divisions, electric and broadband into two financial reports. He expected to see a downtick in revenue during the shoulder months prior to air-condition season. There is close to \$9 million in construction work in progress/open work orders. A work order clerk has recently returned to work and he was confident that number would come down. Management will be working with lenders for broadband financing

and the new electric work plan and will keep a close eye on cash. February ratios were good. The peak in February was 65,253 megawatts. Average residential usage is up slightly. Line loss is at 2 percent which is very good and was attributed to the meter audit conducted in 2021/2022. As JMEC gets into the broadband business and starts working on the electric work plan the JMEC equity number will go down.

Regarding staffing, GM Hastings said when he came onboard there were 102 employees, which was not enough to serve the members and at this point there are about 125 employees. He said succession planning is very important to JMEC.

Mr. Duran asked about the west side and GM Hastings said things are going well and a few issues are being worked on. The new manager, Bill Barva, is a PE and is able to assist with engineering issues. With money available there is a possibility of connecting the Jicarilla, NORA and JMEC transmission systems to back feed each other. This would be a win-win-win.

There are three journeymen and three apprentices in Cuba. More linemen could be used in Cuba as well as in Española. With more journeymen, JMEC could hire more apprentices, and reduce the need for contractors. Currently, a consultant is utilized for marketing and communications and doing this in-house would be a cost savings as well.

GM Hastings said there is a lot going on with fiber in the area. Former JMEC Trustees are working with Santa Clara Pueblo to enter the broadband business. Santa Clara Pueblo is also working with RediNet.

ii. Finance Committee Meeting

Mrs. McCoy, Finance Committee Chair, said that the Committee met March 30, 2023 and reviewed the Agenda items.

a. February 2023 General Fund Expenditures

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

b. February 2023 Staff Credit Cards

ACTION: Mrs. McCoy moved to approve the staff credit card charges. Mr. Bustos seconded. The Motion passed by unanimous voice vote.

Regarding the Tesla registration taxes, Tina Trujillo Archuleta, Manager of Administration and External Affairs, said she received confirmation that it was accurate and was an MVD tax.

c. February 2023 Attorney Expenses

ACTION: Mrs. McCoy moved to approve the February 2023 attorney expenses. Mr. Duran seconded.

In response to a question GM Hastings said there is a requirement that the auditor send a letter to all JMEC's attorneys to ascertain whether there is any pending litigation. Cuddy McCarthy charges to prepare that letter which is a common practice.

The Motion passed by unanimous voice vote.

d. February 2023 Consulting Expenses

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

e. February 2023 Trustee Reimbursement Vouchers

ACTION: Mrs. McCoy moved to approve the February 2023 trustee reimbursement vouchers. Ms. Martinez seconded and the Motion passed by unanimous voice vote.

That concluded the Finance Committee report.

iii. CoBank Resolution

GM Hastings said financing paid off its debt to CoBank last year and CoBank is willing to help with broadband as well as finance the electric work plan projects. The resolution includes a cover page for the Trustee officers, himself, and Ms. Romero to sign.

ACTION: Mr. Coriz moved to approve the CoBank resolution. Ms. Martinez seconded and the Motion passed by unanimous voice vote. [Mr. Duran was not present for this action.]

8. OTHER COMMITTEE REPORTS

A. Communications Committee

Communications Committee Chair Crawford said they met on March 7, 2023 with all members including the public member, Eric Loucks, participating. The May *Enchantment* magazine issue was discussed and will include district election information, know your neighbor section, energy tips, and features on a trustee and on employee. The 75th anniversary booklet was discussed with staff working with Sturges Word.

Ms. Martinez asked whether the issues with Tri-State should be communicated to the members. GM Hastings recommended holding off until JMEC management has had an opportunity to discuss the issues with Tri-State and perhaps develop a path forward.

B. Broadband Committee

Committee Chair Coriz said they met March 27, 2023, and GM Hastings provided a report on the NRTC master services agreement. GM Hastings said additional materials were provided to move forward with high-speed internet and a meeting is scheduled for mid-April. The committee discussed pole attachments, grant opportunities, supporting RediNet in running fiber to Chama, and selection of a fiscal agent to assist JMEC's broadband efforts.

Regarding Kit Carson, GM Hastings noted that an MOU was being developed to delineate issues that need to be addressed.

The broadband logo was presented on the screen and a recommendation for approval was requested.

ACTION: Mr. Coriz moved to approve the broadband logo as presented. Ms. Martinez seconded and the Motion passed by unanimous voice vote.

C. School Committee – No report was provided.

D. Tribal ROW Committee

Committee Chair Duran stated they met March 23, 2023, and discussed Tri-State's Rate S and other charges. He reported on the following meetings:

- Nambe Pueblo: A meeting is scheduled for April 10, 2023, to discuss solar, high-speed internet and substations.
- Pojoaque Pueblo: Discussions centered on solar, high-speed internet and JMEC electric power supply.
- Okhay Owingeh: Meetings continue with primary focus on solar, battery storage, high-speed internet and JMEC electric power supply.
- Santa Clara Pueblo: This meeting included discussion on high-speed internet and Satview issues.
- San Ildefonso Pueblo: Staff is working with the Pueblo to enhance their system to three-phase to serve the regional water facility.
- Zia Pueblo: The ROW agreement is not in place and staff is meeting with them to draft an MOU. Further meetings are necessary.
- Jemez Pueblo: Contracted with I-Cast to develop a solar power project.
- Navajo Nation: Management met at Ft. Defiance and discussed NTUA (Navajo Tribal Utility Authority) working with JMEC providing additional services and a mutual aid agreement.
- Jicarilla Apache: Staff met with the electric department manager and discussed substation projects that could serve as backups to each other's systems.
- Eight Northern Indian Pueblos Council: JMEC management met with the representing governors and discussed Tri-State policies, solar and other solar power ideas.

Mr. Duran said it would be in JMEC's best interest to partner with the Pueblos in their solar endeavors.

E. Policy Committee

Ms. Martinez, Chair of the Policy Committee, reported on the following activities:

Election Policy #145: Additional changes were made and a draft provided. Proposals include making the JMEC member list and list of those who voted in the last election available to candidates; hire a third party to run the election; conduct an automatic recount if the final vote of the top two trustee candidates is less than 10 votes or 1 percent of those voting in that district election; and, that the JMEC attorney shall hold all ballots for a period of six months following the election. The mailer that is currently sent out by JMEC announcing the election appears to highlight the incumbents and Ms. Martinez recommended reviewing that mailer. Additional committee review is necessary before being presented for Board action.

Mr. Crawford suggested reconsidering the phrase “impugn the reputation of the Board.”

Credit Card Policy: Recommendations from the auditor are being addressed as well as the rate case settlement agreement requirements.

JMEC Trustees serving on cooperative boards: The policy has been updated with a goal of better defining when representatives are elected. The committee continues to work on this policy.

Mr. Coriz said he supported the current cycle of electing representatives especially in an effort to maintain historic knowledge and continuity. He added that interconnectivity can serve to strengthen the entire community.

Ms. Martinez said the development of new policies is to better protect the co-op.

Personnel Policy: This draft policy is being developed to permit a JMEC employee to serve on boards, commissions, etc. and do so as leave without pay. Mr. Coriz recommended the employee’s immediate supervisor make a recommendation to the GM for final approval. President Trujillo recommended this would be best included in the Employee Handbook.

Whistleblower and EV charger policies are under consideration. Ms. Martinez invited trustees to forward any ideas to her.

G. Energy Committee

Mr. Crawford, Energy Committee Chair, said they met on March 17, 2023 and discussed Tri- State, solar development on the Pueblos, and EV fast charger issues.

F. Bylaw Committee

President Trujillo noted that the Bylaw Committee met on March 16, 2023. The bylaws recommended by Mr. Neal and Ms. Martinez were discussed at the last Bylaw Committee Meeting. GM Hastings said Mr. Coppler is drafting the recommended bylaws for review at the next committee meeting on April 10, 2023.

G. Foundation Committee

President Trujillo said the committee met on March 16, 2023 and discussed requests for donations. Coronado High School requested \$1,000 for representation at the Business Professionals of America (BPA) competition. Carlos F. Vigil Middle School also requested \$1,000 for this same program. The committee looked favorably on both requests.

President Trujillo noted that the Foundation would be reviewing applications that meet Foundation guidelines. He noted that Rio Arriba and Sandoval counties routinely request donations for their county fairs and those should go before the Finance Committee as part of donations from JMEC rather than the Foundation.

Regarding scholarships, the committee decided to expend \$68,000 and provide \$4,000 scholarships to 17 students.

H. Annual Meeting Committee

Mr. Vigil reported that the committee met on March 9, 2023. The committee has decided to have three or four food caterers, only provide bottled water and permit civic groups or schools to sell soda as fundraiser. This year's give-aways will include a small wood cutting board and a 75th commemorative water bottle. Staff is researching the purchase of two ATVs as grand prizes and a New Mexico State Agency will contribute 50 percent to the band cost. Parking overflow and the idea of bussing people to the event are being discussed.

Election dates:

- District 4, July 18th
- District 5, July 25th
- District 6, July 27th

The Board recessed at 12:05 and met in Executive Session following lunch.

9. EXECUTIVE SESSION

A. Legal Matters

B. Personnel Matters

ACTION: Mrs. Martinez moved to go into executive session at 12:43 p.m. and Mr. Coriz seconded. The Motion passed by unanimous voice vote.

[The Board met in Executive Session from 12:43 p.m. to 1:27 p.m.]
The board came out of Executive Session at 1:27 p.m. by consensus.

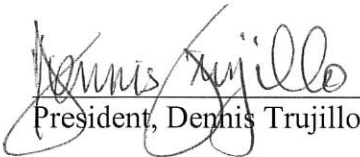
10. NEW BUSINESS

There was no new business to come before that Board Meeting.

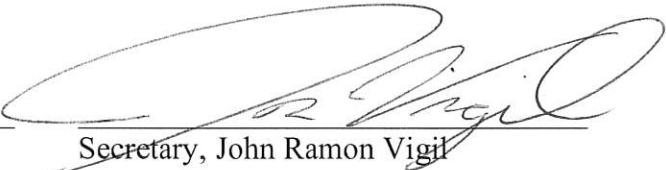
11. ADJOURN

Having completed the agenda and with no further business to come before the Board,
President Trujillo adjourned this meeting at 1:27 p.m.

APPROVED:



President, Dennis Trujillo



Secretary, John Ramon Vigil

DRAFT

- subject to approval –