

**MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES MEETING
FRIDAY, JUNE 26, 2020
HERNANDEZ, NEW MEXICO**

1. This meeting of the Jemez Mountains Electric Cooperative, Inc. Board of Trustees was called to order by Chairman Leo Marquez at 9:00 A.M. on the above-cited date, at JMEC Headquarters, 19365 S.R. 84/285, Hernandez, NM.

In accordance with the Public Health Emergency Order issued by the State of New Mexico, this meeting was conducted telephonically.

2. & 3. Following the Pledge of Allegiance, Nick Naranjo, Secretary, called roll and confirmed the presence of a quorum.

Those present in the Board room were: Trustees Marquez, C. Trujillo, Naranjo, Jaramillo, Tapia, Crawford, Cordova, and Vigil. Trustees D. Trujillo and McCoy participated by phone.

PRESENT:

Leo Marquez, Chair
Charlie Trujillo, Vice Chair
Nick Naranjo, Secretary
Johnny Jaramillo, Treasurer
John Tapia, Asst. Secretary/Treasurer
Lucas J. Cordova
Stanley Crawford
Delores McCoy
Dennis Trujillo
John Ramon Vigil

ABSENT:

Bruce Duran

JMEC STAFF PRESENT:

Ernesto Gonzales, General Manager
Teresa Chavez, Chief Financial Officer
Karen Wisdom, Contract Administrator and Compliance Officer
Laura Rendon, Executive Assistant

GUEST:

David Tinley, Daniels Insurance

4. APPROVAL OF THE AGENDA

Manager Gonzales requested moving item 6.B, Insurance Broker Update up the agenda to the first item under 5, Action items.

Mr. Crawford requested a discussion regarding the role of the Executive Committee. Chair Marquez concurred and recommended doing so during executive session.

ACTION: Upon motion by Mr. Tapia and second by Mr. Naranjo, the agenda was approved [9-0] as amended. [Ms. McCoy was not present for this action and arrived shortly thereafter.

5. ACTION ITEMS

A. Insurance Broker Update

Manager Gonzales advised the Board that the agent at HUB International where JMEC was getting insurance left the agency and staff contends that since his departure the service has been very poor.

Karen Wisdom, Contract Administrator and Compliance Officer, confirmed that JMEC was receiving poor customer service response and reached out to Daniels Insurance. JMEC is not changing its provider but rather the broker.

David Tinley, president and CEO of Daniels Insurance introduced himself and said he began with Daniels in 1988 and is responsible for both the Santa Fe and Albuquerque offices. He will serve as the account manager. Daniels will serve as an off-site risk management firm to help identify and analyze risk exposure, and to evaluate and make recommendations to deal with those risks. Daniels will treat JMEC as the highest of priorities. At this point, Daniels is not covering employee benefits, although they could.

Mr. Tinley said there will be no change in cost as they take over the policies for the remainder of the year. Daniels is replacing the previous broker, HUB International.

ACTION: Upon motion by Mr. Tapia and second by Mr. Cordova, the motion to approve Daniels Insurance passed by unanimous [10-0] roll call vote.

Mr. Tinley thanked the Board for their trust in Daniels.

B. Approval of May 2020 Board Minutes

Ms. McCoy noted that she was missing some pages.

There was agreement to postpone action on the minutes.

C. Approval of May 2020 Membership List

ACTION: Mr. Naranjo moved to approve. Mr. Tapia seconded and the motion passed by unanimous [10-0] roll call vote.

6. GENERAL MANAGER'S UPDATE

A. Service Award - Mike Hindi 10 Years

Manager Gonzales said Mike Hindi has been an excellent employee of JMEC for 10 years. Mr. Hindi was congratulated and received a round of applause.

B. Business Services & Financial Information

1. May Financial Information

Teresa Chavez, Chief Financial Officer, reviewed the May ratios and statistics. What follows are highlights of the report:

- Year to date, the TIER actual was 2.12 percent and OTIER 2.06 percent; both showing a decrease from last year
- There were 31,036 consumers, a decrease of 113 from last year
- Total connects for all three districts were 170, a decrease from last year
- Total disconnects were 133, a decrease of 53 from last year
- Consumers per employee was 293
- Solar net metering, year-to-date is five
- Revenue generated per mile was down \$115 from last year
- KWH purchased and sold was down from last year
- Line loss decreased from last year by 3 percent
- Plant investment per mile was up from last year - attributed to work orders
- RUS loan is 84 percent; Co-Bank/CFC loan is 16 percent
- There are currently 106 employees
- KWH sold for May is 23,720,845 a decrease of 5 million + from last year
- Electric revenue and other revenues showed a decrease for the month
- Kinder Morgan shows a decrease in KWH from last year. All but three of KM's accounts are suspended and the revenue was \$38,940 compared to last year same time at \$518,461
- KM and is currently providing 1 percent of total revenue compared to May 2019, at 13 percent of total revenue
- Cost of power was \$1,995,232 a decrease of \$398,000+ from last year
- Accounts receivable have increased in all timeframes
- Bad debt write-offs increased from last year by 884
- Form 7 shows a decrease of \$3.2 million + from last year's operating revenue

Manager Gonzales noted that the changes in JMEC's revenues began in March. Regarding a budget discussion, Chair Marquez suggested doing so at the regular

July 24th meeting. Staff was directed to provide year-by-year comparison data to enhance the discussion.

B. Finance Committee Meeting - June 2020 information

Johnny Jaramillo, Chair of the Finance Committee, reported that the committee met with a quorum, Thursday, June 25th, and reviewed the finance-related materials for May 2020. All materials were forwarded to the Board electronically.

1. General Fund Expenditures

ACTION: Mr. Jaramillo moved to accept the general fund expenditures for informational purposes. Mr. Naranjo seconded. The motion passed [9-1] with Ms. McCoy casting the sole nay vote.

2. Credit Cards

Mr. Jaramillo said that the committee reviewed the Wells Fargo credit card charges made by the authorized users on the one account.

ACTION: For informational purposes, Mr. Jaramillo moved to accept the credit card charges and Mr. Naranjo seconded. The motion passed by unanimous [10-0] roll call vote.

3. Attorney Expenses

Mr. Jaramillo reviewed the invoices that were vetted and approved by the General Manager and acted on by the Trustees last month.

Manager Gonzales said the Finance Committee reviewed and provided an approval contingent upon his review. Those invoices totaled \$32,645 and he along with staff provided a thorough review.

ACTION: Recognizing the contingency placed on committee's approval was met, Mr. Jaramillo moved to accept the attorney expenses in the amount of \$32,645.19. Mr. Tapia seconded.

Ms. McCoy said she would be voting against the motion because she has not seen the invoices or the attorney contracts.

The motion passed by majority [9-1] roll call vote with Ms. McCoy voting nay.

4. Consultant Expenses

Mr. Jaramillo outlined the charges as follows:

The Prime Group Row/6	\$ 1,200.00
Tony Trujillo & Assoc. Consulting	\$ 6,521.25

FBT Architects	\$ 6,522.58
Transmission & Dist. Svcs	\$13,289.69
Eide Bailly LLP	\$13,854.50
Totaling \$ 41,388.02	

Mr. Tapia noted that JMEC's contract for lobbying efforts with Tony Trujillo & Associates was for \$20,000 and at this point the only charge is \$6,521.25. Mr. D. Trujillo requested additional information regarding the lobbyist - the contract, deliverables and invoice information.

ACTION: Mr. Jaramillo moved to accept the consultant fees and Mr. Naranjo seconded. The motion passed by majority roll [9-1] call vote with Ms. McCoy voting against.

5. Trustee Vouchers

ACTION: Mr. Jaramillo moved to accept the trustee vouchers. Mr. Naranjo seconded.

Mr. Crawford requested a list of the meetings and those who attended attached to the trustee report.

Ms. Chavez pointed out that on June's vouchers there will be a change on the gross receipt tax. Tax & Rev advised JMEC that GRTs were not paid. She spoke with the agency and explained that the Co-op pays the GRTs per the TS-22 Agreement. She advised the trustees that if they receive notification from Tax & Rev regarding unpaid GRTs to forward that documentation to her for correction. In the past, JMEC paid the tax based on where the trustee lives; however, according to Tax & Rev it is based on the location of the meeting.

ACTION: Mr. Jaramillo moved to accept the trustees' fees and Mr. Naranjo seconded. The motion passed by majority [9-1] roll call vote with Ms. McCoy voting against.

6. May 2020 Cash Flow Analysis

The analysis was provided in the Boardbook and Ms. Chavez reviewed the figures.

Manager Gonzales said the Co-op has eight weeks from the date of disbursement to spend down the \$1.4 million in PPP funds. Anything that requires payback will incur one percent interest.

7. RFPs/Contracts/Purchasing

Ms. Wisdom said three RFPs were issued - Dixon Circuit, Jaconita Circuit and Truchas Circuit - with bid closing on Monday, June 22nd. The Tree Trimming

Committee was present for the bid openings on June 23rd. All bids include tax and staff recommends going with the lowest bidders as follows:

Dixon Circuit #20-0620-0001: Two bids received. Staff recommends awarding bid to lowest bidder, Affordable Tree Trimming, with 35 weeks for completion.

Jaconita Circuit #20-0620-0002: Staff recommends awarding bid to lowest bidder, Southwest Fire Defense, with 16 weeks for completion.

Truchas Circuit #20-0630-0003: Three bids were received. Staff recommends awarding bid to the lowest bidder, Southwest Fire Defense, with 24 weeks for completion.

Manager Gonzales said the bidders meet all of JMEC's requirements and he recommended the Board approve staff recommendation.

ACTION: Mr. Jaramillo moved to accept the bids as presented by staff. Mr. Cordova seconded and the motion passed by unanimous [10-0] roll call vote.

Abatement of the Existing Headquarters

Ms. Wisdom reminded the Board that a survey was conducted on the building by Keers Remediation. An RFP was issued which included the survey for the abatement of the building. Five bids were received and staff recommends awarding the lowest bidder: Southwest Abatement.

ACTION: Mr. Jaramillo moved to accept the low bid and award the contract to Southwest Abatement. Mr. Vigil seconded. The motion passed by unanimous [10-0] roll call vote.

Engineering Study Decommissioning of the Española Substation

Ms. Wisdom said this item, which appeared on the Finance Committee agenda, was sent back to staff to obtain additional information from the engineering firm.

Cyber Security Audit

Ms. Wisdom advised the Board that she and Ms. Chavez noticed unusual activity within the Co-op's accounting which included fraudulent checks and questionable ACH payments. She immediately filed a claim on the Co-op's cyber security insurance and legal counsel for the insurance company recommended a forensic audit of the computer system. The Co-op did not incur any financial losses. A top level forensic investigator was contacted and the base line cost is \$15,000. That amount can increase depending on the impact to the system. There are four phases to the audit with an estimate of \$15,000.

ACTION: Mr. Jaramillo moved to authorized staff to move forward with the cyber security audit. Mr. Tapia seconded. The motion passed by unanimous [10-0] roll call vote.

Ms. Wisdom commended Ms. Chavez for her quick action on this issue.

8. AMR - Equipment Meters

Manager Gonzales informed the Board of the AMR (automatic meter reading) equipment expenditures: 32,000 batteries were purchased for the Velarde Substation; \$25,000 of testing equipment for the Cuba and Española office; portable test boards for the west side and one for Española. Prior to the virus, 200 meters were ordered for the Cuba substation and an additional 1,500 meters will be ordered for Cuba. Any usable/workable meters removed from Cuba will be reused in the system. The plan is to phase in the meters and build up the existing system.

9. Banking Proposals/Review

Manager Gonzales said that the fees the Co-op is paying to Wells Fargo were steep and management obtained fees from the three local banks. Those fees were submitted to the Domenici law firm who conducted an analysis and recommended Century Bank offered the best deal. For the first three months Century charged no fee. He reviewed the analysis and noted that Century provides interest and insurance for 50 percent of the total deposit. The interest almost cancels the fees.

Management recommends entering into a banking agreement with Century Bank subject to a transition schedule and banking agreement.

ACTION: Mr. Jaramillo moved to approve as recommended by management. Mr. Vigil seconded.

Manager Gonzales said Century will collect consumer payments and deposit into JMEC's account without a charge. The Co-op will continue to use Wells Fargo in Cuba and Jemez Valley.

The motion passed by unanimous [10-0] roll call vote.

10. Residential Solar Financing

Mr. Tapia said solar financing for JMEC's residential consumers has been an ongoing issue with the Energy Committee for months. The committee is recommending that the Board approve a \$500,000 allocation for financing. Ms. Chavez is investigating a loan service provider. These low interest loans will be available to JMEC residential consumers excluding Board members and

employees. Staff will write a bulletin for the newsletter announcing the program.

ACTION: Mr. Tapia moved to approve the allocation of \$500,000 for the consumer solar financing program which excludes participation of Trustees and employees. Mr. Naranjo seconded.

Ms. Chavez said she has contacted a number of banks to service the program and at this point there is not a recommendation.

Mr. Tapia said staff will develop a list of qualified solar providers to bid on these residential projects.

Manager Gonzales said Ms. Chavez is working on loan servicing, Ms. Wisdom on criteria for solar providers, and Tony Martinez is working on the engineering side.

Based on the success of the program, Mr. Tapia said the Energy Committee would consider allocating an additional \$500,000.

Manager Gonzales noted that engineering will confirm whether the substation can handle the solar. JMC is working on Rate 14 with Jack Moss as part of the agreement with Dave Neal. Rate 14 includes the provision that the Co-op has the right of refusal to protect substations from overloading.

The motion passed by unanimous [10-0] roll call vote.

[That concluded the Finance Committee report.]

7. COMMITTEE REPORTS

Manager Gonzales said according to IRS regulations the Foundation is a separate entity from the JMEC Board. He said he advised the School Committee of the distinction.

Fourteen students received \$4,000 a piece. Ms. Rendon said students represent Pojoaque High, Cuba High, Española Valley High, Jemez Valley High and McCurdy High. She was unable to contact Coronado High School which she attributed to the virus. There is still funding available if Coronado contacts JMEC.

Mr. Naranjo highlighted that none of the scholarship students are related to Board members or employees.

Chair Marquez requested that staff include information regarding the scholarships in the next newsletter and forward information to the media.

9. NEW BUSINESS

A. Tri-State Report

Mr. Cordova said that the latest report was forwarded to the Board. Mr. Tapia asked whether Tri-State would be expanding the solar to 10 percent. Mr. Cordova said that requires a vote, which he anticipated would occur at the annual August meeting; although, COVID may alter that schedule. Chair Marquez said JMEC wants to see the percent increased to 10.

Mr. D. Trujillo said that, based on the closure of some of Tri-State's power producing plants, he understood there may be a rate increase. Mr. Cordova said the executive board recently held a phone meeting with the new Tri-State manager, who stated rate increases were not planned, and insinuated there may be decreases in the rate. Tri-State expects to grow their renewables resulting in rate decreases.

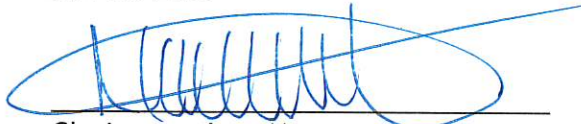
Noting the Public Health Emergency Order regarding COVID may be extended well through the summer, Chair Marquez encouraged the Board members to meet with staff to upgrade their laptops to ensure accessibility to the digital Board information.

10. ADJOURN

Having completed the agenda and with no further business to come before the Board, Chair Marquez adjourned the meeting at 10:00 a.m.



APPROVED:


Chairman, Leo Marquez


Secretary, Nick Naranjo