

**MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES MEETING
Friday, January 26, 2018
HERNANDEZ, NEW MEXICO**

1. This regular meeting of the Jemez Mountains Electric Cooperative, Inc. Board of Trustees was called to order by Chairman Nick Naranjo at approximately 9 A.M. on the above-mentioned date, at JMEC Headquarters, 9365 S.R. 84/285, Hernandez, NM.

2. & 3. Following the Pledge of Allegiance, Charlie Trujillo, Secretary, called roll and confirmed the presence of a quorum as follows:

PRESENT:

Mr. Nick Naranjo, Chair
Mr. Leo Marquez, Vice Chair
Mr. Charlie Trujillo, Secretary
Mr. Johnny Jaramillo, Treasurer
Mr. Lucas J. Cordova, Trustee
Ms. Dolores McCoy, Trustee
Mr. David D. Salazar, Trustee
Mr. Victor Salazar, Trustee
Mr. John Tapia, Trustee at Large [10:05 arrival]

ABSENT:

Mr. Bruce Duran, Trustee
Mr. Dennis Trujillo, Trustee

JMEC STAFF PRESENT:

Ms. Donna Montoya-Trujillo, Interim General Manager/Chief Financial Officer
Ms. Laura Rendon, Executive Assistant
Mr. Nathan Duran, District Manager
Ms. Karen Wisdom, Contract Administrator and Compliance Officer
Mr. Andrew Chavez, IT Systems Manager
Mr. Eli Gallegos, Facilities Manager
Mr. Dwight Herrera, HR Director
Ms. Theresa Chavez, Acting Account Manager
Mr. Adam Roybal, Engineering Manager
Mr. Jim Wiseman, Safety Coordinator
Mr. Christopher Crowther, Cuba Branch
Mr. Mike Hindi, Española Warehouse Supervisor

OTHERS PRESENT:

Ms. Karen Kilmore, JMEC Contract Counsel
Mr. Lee Goodwin, Lower San Pedro
Ms. Amanda Martinez, *Rio Grande Sun*
Mr. C.M. Sperberg-McQueen, La Mesilla
Mr. Vernon Jaramillo, Member
Mr. Rob Stout, Embudo
Mr. Phil Roybal, El Rancho

4. APPROVAL OF AGENDA

ACTION: Mr. Cordova moved approval of the agenda as published. Mr. Marquez seconded and the motion passed by unanimous [8-0] voice vote. [Mr. Tapia was not present for this action.]

5. RECOGNITION OF GUESTS & STAFF

Interim Manager Montoya-Trujillo invited staff and guests to introduce themselves.

6. BUSINESS WITH MEMBER GUESTS

Mr. C.M. Sperberg-McQueen asked whether there has been any progress in sending a letter to Tri-State and inviting them to discuss the contract. Ms. Montoya-Trujillo said an invitation has been extended to Tri-State and a date to meet is being discussed.

Mr. Lee Goodwin said with the new year he wanted to extend his assistance to the Board regarding renewable energy.

Mr. Rob Stout commented on the trend of fossil fuel prices going up and the prices of renewables going down. He urged the Board to initiate renewables. Mr. Marquez advised Mr. Stout that an update on the Energy Committee was scheduled for later in the meeting.

Mr. Stout said he understood Kit Carson terminated their contract with Tri-State without raising rates to the members and that Guzman Renewable Energy picked up the termination charge. Mr. Marquez said Kit Carson appeared before the PRC for a rate increase.

Mr. Vernon Jaramillo thanked the Board for their generous donation to the Cariños Charter School.

Mr. Phil Roybal of El Rancho said his recent JMEC bill was tremendous at 1900 KWH and he and his wife believe the meter was misread. He ran an online usage calculator and that came to 582 KWH. Ms. Montoya-Trujillo offered to conduct an energy and meter audit on Mr. Roybal's home.

6. ACTION ITEMS

a. Approval of Minutes

1. December 22, 2017 Regular Board Meeting

ACTION: Mr. Cordova moved to approve. Mr. Marquez seconded and the motion passed by unanimous [8-0] voice vote. [Mr. Tapia was not present for this action.]

b. December 2017 Membership List

Ms. Montoya-Trujillo said the information was included in the Board packet as well as in Diligent software. There were 98 new members.

ACTION: Mr. V. Salazar moved to approve the membership list. Mr. Cordova seconded and the motion passed by unanimous [8-0] voice vote. [Mr. Tapia was not present for this action.]

c. Approval of Meeting Dates for 2018

d. Approval of Annual Meeting Date for 2018

Ms. Montoya-Trujillo pointed out that the schedule anticipates holding the Board meetings on the fourth Friday of each month unless there is a holiday. The March meeting will be held in Cuba, the October meeting in Jemez Springs and the annual meeting will be on July 22nd. She noted the dates can be modified.

ACTION: Mr. Marquez moved to approve the meeting dates as presented. Mr. Cordova seconded and the motion passed by unanimous [8-0] voice vote. [Mr. Tapia was not present for this action.]

9. GENERAL MANAGER'S UPDATE

a. Work Plan Priorities for 1st Quarter 2018

Adam Roybal, Engineering Manager, presented a detailed schedule to track jobs for the four-year plan. The jobs were divided by substations and focused on upgrades. Completion dates depend on equipment and crew availability. The jobs varied from relocation of regulators, installing new regulators, capacitor banks, etc. All circuits are being reviewed to ensure the chosen locations are appropriate as far as voltage, loading and accessibility to crews.

Mr. Roybal elaborated on the Jemez Pueblo/Ponderosa job which is a 2.5 mile underground line by the caldera. This will allow for the retirement of 5 miles of line through the canyon which were part of the burn and have become dangerous and hard to maintain. The job went through DOT, Forest Service and Valle Caldera and following a NEPA report, JMEC received approval. The equipment has been ordered. A contractor will do the borings and JMEC crews will install the junction box settings and terminals.

Mr. Roybal said the Llano line has been designed, and an application to DOT is being developed for a DOT permit. JMEC has right-of-way with DOT and there is a small portion that requires easement from a private owner.

Ms. Montoya-Trujillo said USDA RUS serves as JMEC's oversight agent for the four-year plan. She described how the RUS funds go through JMEC's Wells Fargo construction account and once cleared are transferred to the general fund. She estimated the RUS funds would be in the construction account for six weeks to verify the 219s and that the funds were reimbursements.

Directive: Staff to investigate opening an account with Washington Federal Bank

JMEC Junior Board

The Pojoaque Valley High School and Cuba High School councilors and students introduced themselves.

b. RESAP Certificate

Jim Wiseman, Safety Manager, said JMEC joined the Rural Electric Safety Achievement Program (RESAP) in 2008 which is sponsored by the National Rural Electric Cooperative Association (NRECA) and strives to promote the highest standards of safety among electric cooperatives. Every three years, NRECA conducts a complete inspection of everything: facilities, trucks, job site safety, etc. Following the inspection, a three-year safety improvement plan is developed.

Mr. Wiseman congratulated the staff at JMEC for achieving the certificate. Staff received a round of applause.

c. Employee Awards

Ms. Montoya-Trujillo presented a 10-year service award to Christopher Crowther. He works out of the Cuba branch.

Mike Hindi, Española Warehouse Supervisor, was recognized as JMEC Employee of the Month.

Mr. Crowther and Mr. Hindi received gift cards and a round of applause.

A. Business Services & Financials

1. December 2017 Financials

Ms. Montoya-Trujillo reviewed the year-end and month ratios for the TIER (times interest earned ratio) and OTIER (operating). December TIER was 2.20

and the OTIER 1.49. The year-to-date TIER was on budget at 1.68 and the OTIER at 1.38 was slightly below the budget at 1.49.

Ms. Montoya-Trujillo reviewed the consumer statistics, noting that there were 31,088 consumers at the end of December. Residential average KWH usage for the month was 537; average KWH usage for small commercial was reduced slightly over last year; and large commercial KWH usage was up from last year. She pointed out that the connects and disconnects were delineated by district and there was a small growth during the year. Reconnects resulting from a disconnect for non-payment are not included in the connect count.

Ms. Montoya-Trujillo reviewed a series of statistics: revenue per KWH sold was 13 cents; revenue generated per mile was \$1,037.28, up \$40 from last year; purchased power as a percent of revenue was 60 percent compared to 71 percent last year; operating expense as a percent of revenue was 28 percent. She reviewed the purchased, sold and plant use of KWH.

Ms. Montoya-Trujillo noted that the year-end adjustment has not been made regarding KWH sold and energy purchased. Annually, during December, JMEC accrues the KWH in the revenue from January against the December purchases. The line loss number will also be adjusted.

Cost per KWH sold was 7 cents and the average cost for a residential consumer was 14 cents, small commercial was 13 cents, large commercial 10 cents. Currently JMEC has 4,158 miles of line with a density of 7.48 customers per mile of line. Ms. Montoya-Trujillo reviewed the report to include net worth, accounts receivable and bad debt write-offs, noting they were better than last year.

2. Finance Committee Meeting

Johnny Jaramillo, Chair of the Finance Committee, reported that the committee met with a quorum yesterday, Thursday, January 25th at which time they reviewed the finance-related materials for December 2017.

a. General Fund Expenditures

ACTION: Mr. Jaramillo moved to accept the general fund expenditures for information. Mr. Lucero seconded and the motion passed without opposition. [Mr. Tapia was not present for this action.]

DIRECTIVE: Staff to provide the taxable value for the counties, other than Rio Arriba, within JMEC's service area

Mr. Marquez noted that high payments to the counties reflect interest and penalties from 2016. Previous management failed to pay taxes.

b. Credit Cards

Mr. Jaramillo said the committee reviewed the Wells Fargo account charges made by the following authorized users: Ms. Rendon, the plant, Mr. Duran, and the accounting department. The total charges for the month were \$21,298.51. It was noted that Ms. Rendon's charges reflect reservations and flights for the March NRECA training in Las Vegas, NV.

Mr. Tapia joined the meeting at this time.

ACTION: Mr. Jaramillo moved to accept the Wells Fargo charges of \$21,298.51 for December 2017. Mr. Marquez seconded and the motion passed without opposition.

c. Attorney Expenses

Mr. Jaramillo provided the attorney expenses as follows: Wiggins, Williams & Williams, \$62.08; Cuddy and McCarthy, \$1,432.98; Long, Komer & Assoc., \$815.05 and Virtue & Najjar \$500.95. The total attorney fees were \$2,811.06.

ACTION: Mr. Jaramillo moved to accept the attorney expenses. His motion was seconded by Mr. C. Trujillo. The motion passed by unanimous voice vote. [Chair Naranjo was not present for this action.]

d. Consultant Expenses

Mr. Jaramillo said Wilson & Company, the engineering and architectural firm working on the Jemez Springs office, presented an invoice in the amount of \$3,467.82. Bolinger, Segars, Gilbert & Moss, accounts, \$15,377.19 and FBT Architects working on JMEC headquarters billed \$24,687.06.

ACTION: Mr. Jaramillo moved to accept the consultant expenses of \$43,532.07. His motion was seconded by Mr. Marquez and the motion passed by unanimous voice vote.

e. Trustee Vouchers

Mr. Jaramillo said the vouchers were vetted by management, and reviewed by the Finance Committee. He noted the material was provided within the Board packet.

ACTION: Mr. Jaramillo moved to approve the trustees' vouchers as presented to the Finance Committee for December 2017. His motion was seconded by Mr. Marquez.

Mr. D. Salazar questioned the necessity of the vouchers being approved numerous times: the Board Treasurer, management, the Finance Committee and the Board. He said it appeared to him to be redundant. Chair Naranjo said including the vouchers for Board action provides greater transparency.

Ms. McCoy noted there were four Executive meetings and no information provided on what was discussed in those meetings for non-executive board members. Chair Naranjo said there is an agenda and sign-in sheet for those meetings that staff can provide. Mr. Marquez suggested reviewing the agenda topics during executive session.

The motion to approve the vouchers passed by unanimous voice vote with Ms. McCoy abstaining.

f. December 2017 Bank Account Summary

This item was covered during Ms. Montoya-Trujillo's earlier report.

g. RFPs, Contracts and Purchasing

Mr. Eli Gallegos, Facilities Manager, presented staff's request for approval of four meter reading vehicles. Staff's preference is the Chevy Colorado. The units that are being replaced are 2008 Chevy Colorados all having over 100,000 miles.

Replacement of Unit #39: The MSRP was \$29,495 with the Tri-State discount the price was \$26,200. Including the two trade-ins, the total cost was \$23,700.

Ms. Montoya-Trujillo noted the 2018 budget anticipated \$25,000 per vehicle.

ACTION: Mr. Jaramillo moved to accept unit #39 at \$23,700. Mr. Marquez seconded and the motion passed by unanimous voice vote. [Mr. D. Salazar was not present for this vote.]

Replacement of Unit #21: The MSRP was \$29,495 with the Tri-State discount the price was \$26,200. Including the two trade-ins, the total cost was \$23,700.

ACTION: Mr. Jaramillo moved to accept unit #21 at \$23,700. Ms. McCoy and Mr. C. Trujillo seconded and the motion passed by unanimous voice vote. [Mr. D. Salazar was not present for this vote.]

Replacement of Unit #35: The MSRP was \$29,495 with the Tri-State discount the price was \$26,200. Including the two trade-ins, the total cost was \$23,200.

ACTION: Mr. Jaramillo moved to accept unit #35 at \$23,200. Ms. McCoy seconded and the motion passed by unanimous voice vote.

Replacement of Unit #52: The MSRP was \$29,495 with the Tri-State discount the price was \$26,200. There was one trade-in bringing the price down to \$24,200.

ACTION: Mr. Jaramillo moved to accept unit #52 at \$24,200. Mr. Marquez seconded and the motion passed by unanimous voice vote.

Mr. Gallegos noted that JMEC is replacing four vehicles and reducing the fleet by three vehicles.

Pressure Digger: Mr. Gallegos said the unit is in Jemez Springs and the assembly has been bent and damaged. The breakdown on the repair is as follows:

Assembly	\$27,685.00
Freight	1,350.00
Labor	4,122.50
Misc. supplies	476.98
Total	\$33,634.48 not including tax.

Mr. Gallegos said the unit is a 2002, has low mileage and in very good shape. The cost of a new vehicle is \$275,000 and staff recommends repairing it.

ACTION: Mr. Jaramillo moved to approve the expenditure as requested by staff. Ms. McCoy seconded and the motion passed by unanimous voice vote.

h. Request for Donation

Ms. Montoya-Trujillo said the request is from Supercomputing Challenge, an organization that works with kids in STEM (science, technology, engineering and mathematics). There are two students within the JMEC service area and staff is recommending \$250.

ACTION: Mr. Jaramillo moved to approve \$250 for the Supercomputing Challenge, STEM program. Ms. McCoy and Mr. Marquez seconded and the motion passed by unanimous voice vote.

That concluded the Finance Committee business.

[The Board recessed from 10:30 until 10:45]

9. COMMITTEE REPORTS

a. Update on General Manager Search

This item will be discussed in Executive Session.

b. Update on Energy Committee

Mr. Tapia said that at the December meeting, the Board approved a soft schedule related to the Energy Committee. In the past month, the following action has been taken regarding that schedule:

- The Board approved the establishment of an advisory group to support the committee in decision making. A notice for interest was posted on the website and approximately 10 individuals have responded
- The Energy Committee met with the Policy Committee to identify policies that will need to be updated or aligned with Tri-State in terms of the contract. A policy regarding net metering and another policy that declares support of alternative energy for the membership will be drafted
- The Committee has reached out to the community - schools, county government, city/municipalities, and tribal governments - to solicit for potential sites for commercial arrays; PPAs . Rio Arriba County and the Pojoaque School Board have responded and JMEC's engineer will begin the analysis
- There will be a rigorous review of all sites to include size, location, cost feasibility to include maintenance, construction, funding and potential revenue

Mr. Tapia said he hoped there would be interest in the advisory group from all parts of the service area. He noted that there was a site in Cuba which that will be evaluated.

Mr. Marquez said the site which was previously on JMEC's radar, now determined infeasible, was for a commercial array owned by a firm outside of New Mexico. In an effort to benefit the community, the Committee is focused on community-based solar arrays rather than a commercial array.

Mr. Tapia said JMEC was moving aggressively on solar and the first step is compiling information. The deadline for interest in serving on the advisory committee is next week, and details are posted on JMEC's website.

c. Update on School Committee

Mr. D. Salazar said over the years JMEC has involved the service area schools in a Junior Board program. An essay topic is chosen by the committee and four winners are selected who are awarded a trip to Washington, DC. He mentioned the spelling bee contests that are in both English and Spanish. The winners of those contests are awarded with cash. JMEC also provides a scholarship program for graduating high school students.

Ms. McCoy clarified that the essay winners are selected by a committee from Northern New Mexico College. Ms. Rendon confirmed that a committee has been selected at Northern. She said JMEC was contacting the schools to ensure full participation. Chair Naranjo outlined how the scholarship funds are distributed and pointed out the scholarships can be used for trade school as well as college.

Ms. Rendon announced the essay topic as “solar power’s impacts in rural communities.” -

d. Update on Audit Committee

Mr. Marquez said the committee met Monday, January 22nd and discussed a request from a District 6 member, reviewed and discussed the current tampering list, current litigation, discussed the expanded audit and scope for the trustee vouchers and an update on REDI Net.

Mr. Marquez advised the attending public that meter tampering is a \$500 fine and is a management matter, not that of the Board.

Mr. Tapia said REDI Net is trying to reorganize and JMEC has offered support and pole attachments. He understood they were seeking licensing to piggyback on existing fiber.

10. EXECUTIVE SESSION

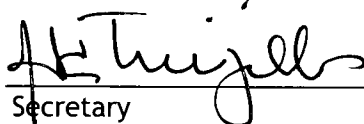
Mr. Marquez moved to meet in Executive Session. Mr. Cordova seconded and the motion passed by unanimous voice vote.

[The Board met in executive session from 11:10 - 11:30]

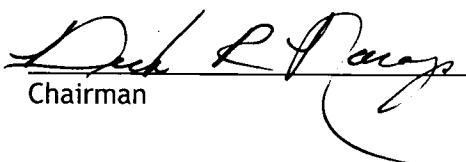
Ms. McCoy moved to return to open session and Mr. Marquez seconded. That motion passed without opposition.

11. ADJOURNMENT

Chair Naranjo declared the meeting adjourned at 11:30 a.m.


Secretary

APPROVED:


Chairman

