

**MINUTES OF THE  
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.  
BOARD OF TRUSTEES SPECIAL MEETING  
THURSDAY, APRIL 30, 2020  
HERNANDEZ, NEW MEXICO**

1. This special 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 on a platform for an audio meeting. Physically present at JMEC Headquarters were the Board officers, Trustee John Ramon Vigil and staff.

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

**PRESENT:**

Leo Marquez, Chair  
Charlie Trujillo, Vice Chair  
Nick Naranjo, Secretary  
Johnny Jaramillo, Treasurer  
John Tapia, Asst. Secretary/Treasurer  
Bruce Duran [telephonically]  
Lucas J. Cordova [telephonically]  
Stanley Crawford [telephonically]  
Dolores McCoy [telephonically]  
Dennis Trujillo [telephonically]  
John Ramon Vigil

**ABSENT:**

None

**JMEC STAFF PRESENT:**

Ernesto Gonzales, General Manager  
Laura Rendón, Executive Assistant  
Teresa Chávez, Chief Financial Officer

**OTHERS PRESENT:**

Andy Spillum, Eide Bailly [telephonically]

Chair Marquez announced that Bruce Duran submitted his conflict of interest statement and his voting rights have been reinstated.

#### 4. APPROVAL OF AGENDA

Manager Gonzales said there were no changes to the agenda.

**ACTION:** Upon motion by Mr. Naranjo and second by Mr. Jaramillo, the agenda was approved by unanimous roll call vote. [Ms. McCoy was not present for this action and arrived telephonically immediately thereafter.]

#### 5. NEW BUSINESS

##### A. Review/Approval 2019 Audit

Manager Gonzales introduced Andy Spillum from Eide Bailly, present telephonically, to present the 2019 audit.

Mr. Spillum reviewed the required communications noting that Eide Bailly used the same team it used last year for this year's audit which provided for a more efficient audit. He reviewed the timeline starting in October 2019. From an auditor's standpoint, Mr. Spillum said the process went smoothly and efficiently and he thanked JMEC staff for their collaboration within the process.

The independent auditor's report establishes that, although the financials were audited, it is management's responsibility for the financial statement. The auditor inspects to ensure the financials are within the auditing standards and compliance with the accounting principles. He congratulated the Board stating that, Eide Bailly provided an "unqualified opinion or a clean opinion" the highest that can be achieved.

Mr. Spillum recognized accounting policy changes which included the recognition of revenue and depreciation expenses. There was one recommended reclassification and JMEC staff adjusted the journal entry which had to do with depreciation of closed out work orders. Another change was recommended that had no affect on equity rather it corrected the balance sheet presentation.

Mr. Spillum said there were no issues with management representations.

The internal control report over financial reporting resulting in no significant deficiencies noted or identified.

Regarding financial highlights, Mr. Spillum noted that JMEC has an equity ratio of approximately 52 percent demonstrating a very strong balance sheet. Long-term debt is approximately \$54 million. The operating revenues compared to last year are fairly consistent, as well as, the operating margins for electric services. He discussed the statement of cash flow and its three components:

net cash provided by operating activities which are very strong, and the other two components are how that cash is utilized. JMEC used the majority of its cash for property/plant/equipment in the amount of \$7.6 million. One of JMEC's biggest assets aside from its electric plant, is the Tri-State purchase allocation. He noted that the regulatory assets that are amortized year over year are down to \$3.9 million and the current year amortization is \$252,000. The debt service on the long-term debt (\$54 million principal) is \$3.3 million for the next year. Cash from operations should be sufficient to pay down the low-term debt. The cash flow is more than sufficient to pay the principal payments.

Eide Bailly conducted a sample test on disbursements with a selection of 120 accounts and determined appropriate sign-off and documentation. That sample testing found no discrepancies and 100 percent compliance.

In response to Mr. D. Trujillo's question regarding internal controls, Mr. Spillum said for an organization of JMEC's size it is more efficient to test actual source documents. The audit ensures that JMEC's internal controls are adequate to catch inconsistencies. The 120 test samples demonstrated greater efficiency in the internal controls and financial reporting.

Mr. Vigil asked whether internal controls were established for the cashiers' drawers and Chair Marquez responded they are in place.

Chair Marquez thanked Mr. Spillum for his presentation.

**ACTION:** Mr. Naranjo moved to approve the 2019 Audit. Mr. Cordova seconded and the motion passed by unanimous roll call vote:

Leo Marquez	Yes
Charlie Trujillo	Yes
Nick Naranjo	Yes
Johnny Jaramillo	Yes
John Tapia	Yes
Lucas J. Cordova	Yes
Stanley Crawford	Yes
Bruce Duran	Yes
Dolores McCoy	Yes
Dennis Trujillo	Yes
John Ramon Vigil	Yes


## 5. NEW BUSINESS

None was presented.

6. ADJOURN

The meeting was adjourned at 9:35 by unanimous roll call vote.



  
Secretary, Nick Naranjo

APPROVED:

  
Chairman, Leo Marquez