

**MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES MEETING
Friday, August 24, 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 9:00 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:

Nick Naranjo, Chair
Leo Marquez, Vice Chair
Charlie Trujillo, Secretary
Johnny Jaramillo, Treasurer
Dolores McCoy, Trustee
David D. Salazar, Trustee
Victor Salazar, Trustee
John Tapia, Trustee at Large
Dennis Trujillo, Trustee

ABSENT:

Lucas J. Cordova, Trustee
Bruce Duran, Trustee

JMEC STAFF PRESENT:

Donna Montoya-Trujillo, General Manager/Chief Financial Officer
Karen Wisdom, Contract Administrator and Compliance Officer
Laura Rendon, Administrative Assistant
Eli Gallegos, Purchasing
Teresa Chavez, Account Manager
Eva De Agüero, Billing Manager
Dwight Herrera, HR Director
Lenny Ortiz, Vegetation Coordinator
Andrew Chavez, IT
Randy Vigil, Line Crew Superintendent

OTHERS PRESENT:

Chuck Wright, Dixon
Amanda Martinez, *Rio Grande Sun*
Lee Goodwin, Lower San Pedro
Raymond Ortiz, Rio Arriba County REDI Net representative

Eric Moores, REDI Net
Gabriel Montoya, REDI Net

4. APPROVAL OF AGENDA

ACTION: Mr. Tapia moved to approve the agenda. Mr. V. Salazar seconded and the motion passed by unanimous [9-0] voice vote.

5. RECOGNITION OF GUESTS & STAFF

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

6. BUSINESS WITH MEMBER GUESTS

Chuck Wright invited the Board to attend the 2018 Taos Electric Vehicle Expo on September 8th.

Ms. Montoya-Trujillo said this month was particularly busy for JMEC staff and recognition of employee service awards will occur in September. Ms. McCoy reminded staff that Mary Sandoval's 30th anniversary with JMEC occurred in June this year.

a. REDI Net Presentation

REDI Net Board Chairman Gabriel Montoya said the Board supports the plans. Mr. Tapia noted that REDI Net has been working with JMEC on data runs which was part of the settlement agreement.

Raymond Ortiz, REDI Net, said they are working on the charter school/Mountain View Elementary in Cordova. The material of the building is pretty good and there is discussion about starting programs at the site. Locations for radios and customer requirements are being explored with ISPs (internet service providers). With the anticipated reimbursement from the Santa Clara fiber project, REDI Net will start on this next project. He discussed frequency layering, licensing frequencies and the funneling of data.

Mr. Marquez said the wireless will generate revenue which will be used to do hardwiring in the Chimayo area.

Mr. Tapia asked about extending to La Puebla and Mr. Ortiz said their legal department is working with the area water associations on easements. There is federal money available for rural infrastructure. CR 76 is one of the priority projects. REDI Net is required to work with and not compete with ISPs. Additionally, the more people on line drives down the overall cost of broadband within the network.

Regarding the westside, Cuba and Jemez, Mr. Ortiz said they have identified a partner who can accelerate the build time. The funding is available and proper

engineering is the next step. Mr. Marquez said he'd like to see JMEC's entire service area serviced with broadband.

Mr. D. Trujillo mentioned that Windstream is putting in underground lines throughout Native American properties. Mr. Ortiz said REDI Net sees itself providing infrastructure for community institutions with stable delivery rates. In fact, REDI Net is working with JMEC to provide redundancy in the system to ensure service.

Andrew Chavez said he looked forward to working with REDI Net.

Mr. C. Trujillo thanked REDI Net for their responsiveness to the community.

Chair Naranjo said JMEC will continue to work 100+ percent with REDI Net.

7. ACTION ITEMS

A. Approval of July 2018 Board minutes

ACTION: Mr. Marquez moved approval as published. Mr. Tapia seconded and the motion passed by unanimous [9-0] voice vote.

B. July 2018 Membership List

Ms. Montoya-Trujillo said there were 119 new members.

ACTION: Mr. Jaramillo moved to approve the membership list. Mr. Marquez seconded and the motion passed by unanimous [9-0] voice vote.

C. Approval of Policy 111 revisions

Ms. Montoya-Trujillo said the Patronage Capital Allocation and Retirement Policy, was provided via email to the Board. The policy was reviewed by Bolinger, Segars, Gilbert & Moss and their edits have been incorporated. The edits include definitions, separation of the patronage capital allocations from the GNT and other operating items, and details the FIFO (first in/first out) method. She expected to review policy 113 next which includes the triggers for equity percentages and the FIFO method.

Mr. D. Salazar said he has heard of customers with other co-ops expressing concern about capital credits not being paid out. Mr. Tapia said it is a real concern and a Texas co-op was ordered to pay out credits. He noted that JMEC and Tri-State have separate capital credits. JMEC is bound by contract to Tri-State's capital credits and he did not expect to see them for many years.

ACTION: Mr. Tapia moved to approve Policy 111. Mr. Marquez seconded and the motion passed by unanimous [9-0] voice vote.

D. Approval of Communication Policy 150 [See Page 9]

Ms. Montoya-Trujillo said this policy is new and was sent out by email for the Board's review. The policy was reviewed by counsel.

A motion to approve the policy was made by Mr. Jaramillo and seconded by Mr. Tapia. [This motion was later replaced by a motion to table]

Under discussion, Mr. D. Salazar said two civil rights attorneys reviewed the policy and both opined that it violates the civil rights of individuals and employees. If this policy were approved, he cautioned the Board to expect legal proceedings by the ACLU as well as the employees' union.

Ms. Montoya-Trujillo said the policy was drafted to align with JMEC's code of conduct and bylaws, and has been reviewed by Charles Garcia.

Mr. D. Trujillo asked whether there was urgency to implement the policy; he recommended tabling action until further legal review has occurred.

ACTION: Mr. Jaramillo moved to table. Mr. Marquez seconded and the motion passed by unanimous [9-0] voice vote. [See Page 9]

8. GENERAL MANAGER'S UPDATE

A. RUS Audit

Ms. Montoya-Trujillo said an audit was conducted on the RUS loan that closed in 2016. The auditor was on site and reviewed the close-out documents and upon completion of the audit the '88 loan will be considered audited and closed. The exit conference revealed three items of concern; however, there were no significant findings.

B. OMS System Update Status

Ms. Montoya-Trujillo reminded the Board of JMEC's ongoing consumer campaign to update consumer information. She said the OMS system identifies phone numbers and where the calls are coming from. The update campaign is asking the consumer for their correct phone numbers, etc. To date, 3,000 member accounts have been updated.

Ms. Montoya-Trujillo announced that she would be attending a Tri-State manager meeting.

[The Board recessed for 10 minutes]

A. Business Services & Financials

1. July 2018 Financial Information

Ms. Montoya-Trujillo said the monthly ratios for the TIER (times interest earned ratio) and OTIER (operating) were included in the packets.

Mr. D. Salazar asked when the auditor's report was expected and Ms. Montoya-Trujillo said the exit conference was yesterday and a formal letter is expected by September 7th.

Mr. Tapia asked the manager to address the Kinder Morgan situation noting that their consumption has dropped by 50 percent. Ms. Montoya-Trujillo said Kinder Morgan has an issue with JMEC's load requirement in their contract. That requirement has a negative impact on Kinder Morgan and to avoid that negative, Kinder Morgan is not running one of their plants. If they run the station at RUS's non-peak times they are not subject to the loan requirement which protects JMEC from driving the demand up, which would impact other consumers who would have to pick up the load costs.

Ms. Montoya-Trujillo said JMEC's counsel is reviewing the contract to determine how best to address Kinder Morgan's issues. There are options; utilization of all three pumping stations as the maximum load.

Ms. Wisdom said the contract with Kinder Morgan was established for five years with the first three years at a 65 percent load factor, which was negotiated at the request of Kinder Morgan. At 2019 the load factor will be 75 percent.

Mr. D. Trujillo said the jump to 75 percent in 2019 further concerns him and he encouraged staff to open renegotiation discussions.

Mr. Tapia said JMEC does not control the demand rate. He mentioned an oil company that directly negotiated with Tri-State and received a preferred rate based on their loads. Ms. Montoya-Trujillo said staff was looking at that and recognizes it behooves the co-op to assist Kinder Morgan.

2. Finance Committee Meeting

Johnny Jaramillo, Chair of the Finance Committee, reported that the committee met with a quorum yesterday, Thursday, August 23rd at the Hernandez office and he reviewed the finance-related materials for July 2018.

a. General Fund Expenditures

ACTION: Mr. Jaramillo moved to accept the general fund expenditures for information. Mr. Marquez seconded. The motion passed without opposition.

b. Credit Cards

Mr. Jaramillo said the committee reviewed the Wells Fargo credit card charges made by three authorized users. The total charges for the month were \$4,090.71.

ACTION: Mr. Jaramillo moved to accept the Wells Fargo charges of \$4,090.71. Mr. Tapia seconded and the motion passed without opposition.

c. Attorney Expenses

Mr. Jaramillo provided the attorney expenses as follows: Long, Komer & Associates, \$1,705.71; Virtue & Najjar, \$902.74, and Cuddy & McCarthy, \$7,991.89. The total attorney fees were \$10,600.34. The attorney invoices were circulated for the Board's review.

Ms. McCoy said she reviewed the attorney expenses and had questions. Mr. Jaramillo recommended discussion of her questions during executive session.

ACTION: Mr. Jaramillo moved to accept the attorney expenses. His motion was seconded by Mr. Marquez and the motion passed by unanimous [9-0] voice vote.

d. Consultant Expenses

Mr. Jaramillo reviewed the charges as follows:

Transmission & Dist.	\$	137.60
Marron and Associates		5,389.58
Axiom CPAs		460.63

ACTION: Mr. Jaramillo moved to accept the consultant expenses of \$5,987.81. His motion was seconded by Mr. V. Salazar and passed by unanimous voice vote.

e. Trustee Vouchers

Mr. Jaramillo said the July vouchers were vetted by management and reviewed by the Finance Committee. He noted the information was provided to the Board members.

ACTION: Mr. Jaramillo moved to approve the trustees' vouchers as presented to the Finance Committee for July 2018. His motion was seconded by Mr. Marquez. The motion passed by majority [8-1] vote with Ms. McCoy opposed.

f. July 2018 Bank Account Summary

This item was covered during the Finance Committee's meeting.

g. RFPs, Contracts and Purchasing

Tree Trimming Services

Ms. Montoya-Trujillo said an RFP was issued for tree trimming services to be provided for the Nambe circuit. Mr. Ortiz said Nambe is one of JMEC's priority areas that requires extensive tree trimming. The RFP was listed on the website and nine contractors were mailed the information. Only one contractor attended the mandatory pre-bid meeting, Asplundh Tree Expert Company. He outlined the RFP process and said the bid was presented to the Finance Committee with a bid amount including tax of \$404,144.35. The work is anticipated to be completed in 47 weeks and start with two crews.

ACTION: Mr. Jaramillo moved to award the bid in the amount of \$404,144.35 to Asplundh Tree Expert. His motion was seconded by Mr. V. Salazar.

Ms. McCoy expressed concern that only one contractor responded. Mr. Ortiz said the other contractors JMEC uses are tied up with the Gilman tunnel area.

Mr. Tapia identify the Nambe area as very sensitive. He said the area has been problematic with residents prohibiting crews from tree trimming. Contract provisions should be carefully drafted to delineate responsibilities and liabilities for the contractor and the homeowner. Mr. Ortiz agreed and said that area has been pre-planned and assessed.

Regarding the policy for residents who do not permit tree trimming on their property, Mr. Ortiz said on a case-by-case basis a document/survey is developed that identifies the work the co-op wanted to do and what the resident's responsibility regarding pruning is. The document also specifies that if the resident does not do the appropriate pruning, the co-op will remove the tree and the customer will be responsible for the debris.

Ms. Wisdom said the contract specifies the protocol the contractor follows. She said there are PRC guidelines that permit the disconnection of service for safety reasons. Mr. Tapia said the issue is that JMEC must

enforce the contract specifications and agreements with property owners.

The motion passed by unanimous voice vote.

Vehicles

Eli Gallegos reviewed the recommendations for replacement of three line-trucks. He noted that JMEC utilizes a Tri-State discount.

Replacement for Jemez Springs Unit-99: Desert Sun, \$49,384.00

Replacement for Cuba Unit-83: Henry Valencia, \$48,796.00

Replacement for Española Unit-73: Desert Sun, \$49,196.00

Mr. Gallegos said the trade-in amounts were included in the total and the radios, utility boxes and racks will be removed from the old vehicles.

ACTION: Mr. Jaramillo moved to accept the vehicle recommendations as presented. His motion was seconded by Mr. Marquez. The motion passed by unanimous [8-0] vote. Mr. D. Salazar was not present for this action.

Approval to issue an RFP: WAPA Project

Ms. Montoya-Trujillo said she is requesting the approval of the RFP to complete the project from its current single-phase to three-phase, five miles. Staff determined it makes more sense to contract the entire job. JMEC will provide the materials and contract the work out on the west side.

ACTION: Mr. Jaramillo moved to approve the issuance of the RFP. Mr. V. Salazar seconded.

This project is not part of the four-year plan. The entire project will be reimbursed by WAPA, Western Area Power Authority.

The motion passed by unanimous [8-0] voice vote. Mr. Marquez was not present for this vote.

Update on US Electrical Contract

Ms. Montoya-Trujillo said the Highway 4 project will deplete the funding in that contract. Rock was encountered in the boring work to take the line underground. US Electrical is developing an estimate regarding the rock and she expected an amendment to the contract.

Mr. Tapia expressed concern that the contractor had evaluated and assessed the work and now requires a contract amendment. Ms. Montoya-Trujillo said staff is in close contact with the contractor and striving to be as efficient as possible with the funds. Highway 4 is part of the four-year work plan. She noted that JMEC is in contact with RUS

regarding Highway 4. Mr. Duran and Ms. Wisdom are closely watching this project.

Update on Union Negotiations

Ms. Montoya-Trujillo said she was developing a contract for legal services with Wiggins, Williams & Williams not to exceed \$20,000. This firm has history with JMEC and is familiar with the union.

Mr. Tapia advised staff to consider the union request's overall impact on JMEC's general funds.

h. Requests for Donation

ACTION: Mr. Jaramillo moved to approve \$250 donation to the Española Valley Arts Festival. Mr. V. Salazar seconded and the motion passed by unanimous voice vote.

That concluded the Finance Committee business.

10. COMMITTEE REPORTS

a. Tri-State

Ms. Montoya-Trujillo said that information was provided within the Board packet. She highlighted where specific New Mexico legislation was mentioned.

b. Energy Committee

Mr. Marquez said the committee met on August 13th. The committee heard presentations from Tomas Campos regarding a solar array and two solar companies regarding PPAs.

Ms. McCoy asked whether interviews for an engineer have begun. Ms. Montoya-Trujillo said they are in the recruitment stage and the Board will be apprised of progress. Currently, JMEC is utilizing a consultant engineer and she hoped to hire an engineer by November. At this time engineering support is not needed on many of the projects that have already been scoped out.

Mr. Tapia reminded the Board that there is an existing task order for engineering that has been serving JMEC well.

11. NEW BUSINESS

No new business was brought forward

12. EXECUTIVE SESSION

The Board took a break and then recessed to executive session at 11:10 a.m. Upon motion by Mr. C. Trujillo and second by Mr. Tapia, the Board returned to open session at 11:30 a.m.

D. Approval of Communication Policy #150

ACTION: Mr. Marquez moved to approve Policy #150. Mr. C. Trujillo seconded.

Mr. D. Trujillo asked that staff make sure the policy is disseminated to staff with a presentation. Ms. Montoya-Trujillo said she would have staff sign confirming that they have received and understand the policy. Mr. Marquez asked that Board members also sign off on the policy

The motion passed by majority [8-1] voice vote with Mr. D. Salazar voting against.

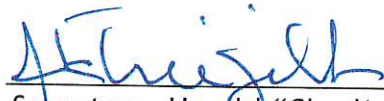
PPA - Rio Arriba

Per the manager's request, the following motion was introduced:

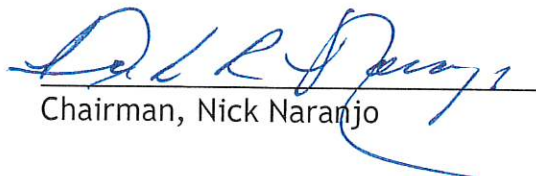
ACTION: Mr. Jaramillo moved to grant the manager permission to enter into a PPA based on the terms outlined in the site analysis for Rio Arriba and to develop a draft PPA for the Cuba site. Mr. V. Salazar seconded and the motion passed by unanimous voice vote.

13. ADJOURNMENT

Chair Naranjo declared this meeting adjourned at 11:40 a.m.


Secretary, Harold "Charlie" Trujillo

APPROVED:


Chairman, Nick Naranjo

