

**MINUTES OF THE
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES MEETING
WEDNESDAY, APRIL 24, 2019
HERNANDEZ, NEW MEXICO**

1. This 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
Lucas J. Cordova, Trustee
Dolores McCoy, Trustee
David D. Salazar, Trustee
Victor Salazar, Trustee
Dennis Trujillo, Trustee

ABSENT:

Bruce Duran, Trustee
John Tapia, Trustee at Large

JMEC STAFF PRESENT:

Donna Montoya-Trujillo, General Manager/Chief Financial Officer
Karen Wisdom, Contract Administrator and Compliance Officer
Eli Gallegos, Purchasing
Teresa Chavez, Account Manager
Andrew Chávez, Director, IT
Nathan Duran, District Manager
Russ Groves, Engineer
Eva DeAgüero, Business Services, Director
Randy Vigil, Operations Department
Lenny Ortiz, Vegetation Coordinator/Manager
Dwight Herrera, HR Administrator
Ken Norris, Accounting

Other(s) Present:

Amanda Martinez, *Rio Grande Sun*
Andy Spillum, Eide Bailly

4. APPROVAL OF AGENDA

Mr. Marquez requested the deletion of 11, Executive Session.

ACTION: Mr. C. Trujillo moved to approve the agenda as amended. Mr. Marquez seconded and the motion passed.

Ms. Montoya-Trujillo said she would provide an update on the upcoming elections under New Business.

5. RECOGNITION OF GUESTS & STAFF

Those present introduced themselves.

6. ACTION ITEMS

A. Presentation and Approval of the 2018 Audited Financial Statement

Andy Spillum, Eide Bailly, said the planning for the audit began at the end of 2018 with the actual audit occurring in mid-March. This was Eide Bailly's second audit for JMEC. The audit went smoothly and no issues were found. The materials the Board reviewed throughout the year were accurate and reliable for making sound business decisions. The audit, pursuant to General Accepted Accounting Principles, had clean results. A letter was issued to the Board of Directors showing a behind-the-scenes look at how the audit was accomplished.

Mr. D. Salazar said it was difficult to examine an audit on the day of its presentation. Speaking from his experience as an accountant, he said was uncomfortable approving it without an opportunity to thoroughly review it. Ms. Montoya-Trujillo said the audit was available.

The only thing of significance Mr. Spillum brought to the Board's attention was the depreciation of plant equipment. The report highlights that there are things in the financial statement that are estimates, i.e., allowance for uncollectable accounts. There were also corrected reclassifications for prepaid taxes. There were no disagreements with management and the audit was considered clean.

In response to Mr. Marquez's question, Mr. Spillum confirmed that there was no malfeasance and the Board was meeting its fiduciary responsibility. The audit reflects very good accounting practices.

Chair Naranjo said the Board has confidence in Ms. Montoya-Trujillo. In response, Ms. Montoya-Trujillo commended her staff for their efforts.

Mr. D. Trujillo requested that in the future, management forward the audit to the Board prior to its presentation.

The audit is due to RUS April 31st.

Mr. Marquez said he never expected anything less than what was reported by the auditor.

Ms. Montoya-Trujillo said once approved, the audit will be available on the JMEC website and filed with RUS.

ACTION: Mr. Cordova moved to approve and Mr. Marquez seconded. The motion passed by majority [6-2] voice vote with Mr. D. Salazar and Ms. McCoy voting against. Mr. D. Trujillo abstained.

B. Approval of March 22, 2019 Regular Board Minutes

Mr. D. Trujillo noted an error on the bottom of page 10 regarding the La Conchita Circuit motion. The last sentence should read: “Mr. D. Trujillo seconded and the motion passed by unanimous voice vote.”

ACTION: Mr. Marquez moved to approve as corrected. Mr. C. Trujillo seconded. The motion passed without opposition.

Ms. McCoy had a question regarding donations and noted that the check register shows payments that appear to be educational donations that were not reflected in the minutes. Mr. Marquez identified that those checks were for school banners.

C. Approval of March 2019 Membership List

Ms. Montoya-Trujillo requested approval of the March 2019 new members list.

ACTION: Mr. D. Trujillo moved to approve. Mr. Marquez seconded and the motion passed without opposition.

D. Approval of Contract Extensions

Ms. Montoya-Trujillo said the Finance Committee recommended approval of 90-day contract extensions for CRV Land Surveying, Tierra Right-of-Way, Eloyda Romero, and Marron & Associates. The extensions will provide additional time to either renew the contracts or issue an RFP.

Ms. Montoya-Trujillo confirmed these were the contracts that the Audit and Finance Committees reviewed earlier.

ACTION: Mr. Marquez moved to approve the term extensions for CRV, Tierra ROW, Eloyda Romero and Marron & Associates. Mr. C. Trujillo seconded and the motion passed without opposition.

7. GENERAL MANAGER'S UPDATE

Ms. Montoya-Trujillo said March was Lineman Appreciation Month and the Co-op held celebrations at the Hernandez, Jemez Springs and Cuba offices.

On behalf of staff, she thanked the Board for their support by permitting the Co-op to close for a few hours while the employees attended Harold Romero's funeral services. The Romero family was particularly appreciative of JMEC's presence.

She reported that the 1-phase to 3-phase WAPA project has been completed. The remaining amount will be invoiced later this month. The Llano circuit remediation and tree trimming support continues. Wash-off issues at Jemez Springs are being addressed in advance of the anticipated arroyo runoff.

A. Business Services & Finance 1. March 2019 Financial Information

Account Manager Teresa Chavez presented the March ratios and statistics as follows:

- The TIER was 2.22 and budgeted at 2.44
- The OTIER was 1.84 and budgeted at 1.57
- Year-to-date revenues have been very strong
- There were 31,181 consumers, up 144 from last year at this time
- Residential average KWH usage was 575
- Small commercial average KWH usage was 3,094
- Large commercial average KWH usage was 985,800 up from last year which was attributed to Kinder Morgan
- Total connects in March were 231
- Total disconnects in March were 172
- There were 291 consumers per employee; a reduction of 5 from last year
- Revenue per KWH sold was \$0.13
- Revenue generated per mile was \$1,032.11
- Purchased power as a percent of revenue was 63 percent - 1 percent more than last year same time
- Operating expense as a percent of revenue was 24 percent
- Margins as a percent of revenue was 5 percent; up 2 percent from last year
- 36,115,835 KWH were purchased from Tri-State; up from last year 1.8+ million
- 33,076,998 KWH were sold; up 2.7+ million from last year
- JMEC's own KWH use was 107,436 up from last year
- Line loss calculation was 2,931,401 or 8 percent
- Average cost for KWH was 0.074 cents - same as last year
- Average cost for residential KWH was 0.14 cents
- Total miles of line was 4,128

- Number of consumers per mile of line was 7.55
- Plant investment per mile is \$29,224.16
- Inventory as a percentage of plant is 1.76 percent - in 2018 it was 1.59 percent
- Idle meters were at 1.02 percent
- RUS loans as a percent of total loans was 80 percent; Co-Bank and CFC loans make up 20 percent of the total outstanding long-term debt
- There are 107 employees
- Consumer expense per consumer is \$6.01 - last year it was \$7.01
- Admin and general expense per consumer is \$13.81

Ms. Chavez reviewed the charts, noting that the Co-op sold more KWH than budgeted. She reviewed the electric revenue, other revenue (wheeling, joint pole use and service charges), Kinder Morgan, cost of power, accounts receivable, and bad debt write-offs.

Referring to the Form 7, Mr. D. Salazar asked about line 11, administrative and general expenses. Ms. Montoya-Trujillo said the rate-rider reduction shows up through administrative expenses. Additionally, JMEC's costs are being managed better and position vacancies provide a savings. She reminded the Board that due to differences in timing, the cost of power does not correlate to revenue.

[The Board recessed for 10 minutes]

B. Finance Committee Meeting - March 2019 information

Johnny Jaramillo, Chair of the Finance Committee, reported that the committee met with a quorum, Tuesday, April 23rd at the Hernandez office, and reviewed the finance-related materials for March 2019.

1. General Fund Expenditures

ACTION: Mr. Jaramillo moved to accept the general fund expenditures for information. Mr. Cordova seconded.

Mr. Marquez asked about JMEC's checks and balance regarding check writing and Ms. Montoya-Trujillo said the invoices are entered, reviewed in the accounting department, and reviewed again as the check is signed. She confirmed that advance per-diem has been approved in the past.

Ms. McCoy had a series of questions regarding expenditures which Ms. Montoya-Trujillo addressed. A large payment to Elite Power and Recovery was reimbursed through Tri-State as part of the WAPA program.

Ms. McCoy noted that JMEC has over \$25,000 in monthly phone/internet expenses. Andrew Chavez, IT, stated that JMEC's telecommunications services

include substations, the lines throughout all three districts, and cell phone usage.

The motion passed without opposition.

2. Credit Cards

Mr. Jaramillo said the committee reviewed the Wells Fargo credit card charges made by four authorized users: Laura Rendon, plant, Nathan Duran, and accounting. The total for the month was \$9,117.73. Mr. Jaramillo noted the breakdown by user was provided and reviewed by the committee.

ACTION: Mr. Jaramillo moved to accept the Wells Fargo charges of \$9,117.73. Mr. Marquez seconded. The motion passed by unanimous voice vote.

3. Attorney Expenses

Mr. Jaramillo provided the attorney expenses as follows: Long Komer, \$2,762.50 and Cuddy & McCarthy LLP for \$5,705.92. The total attorney fees were \$8,468.52.

ACTION: Mr. Jaramillo moved to accept the attorney expenses. His motion was seconded by Mr. C. Trujillo.

In regard to a personnel issue, Ms. Montoya-Trujillo said JMEC filed for summary judgment and she anticipated the case would close this month.

The motion passed by unanimous voice vote.

4. Consultant Expenses

Mr. Jaramillo said The Prime Group, who has worked on the rate-rider, invoiced the Co-op \$800.

ACTION: Mr. Jaramillo moved to accept The Prime Group bill. His motion was seconded by Mr. Marquez.

Ms. Montoya-Trujillo said Prime Group established a template of procedures for JMEC to file a rate-rider with the PRC. JMEC completes the template, conducts the reconciliation and the consultant reviews the document.

The motion passed without opposition.

5. Trustee Vouchers

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

ACTION: Mr. Jaramillo moved to accept the trustees' vouchers. His motion was seconded by Mr. Marquez. The motion passed by majority vote with Ms. McCoy voting against.

6. March 2019 - Bank Account Summary

Mr. Jaramillo said this was provided as an informational item.

7. RFPs, Contracts and Purchasing

- i. **Tierra Right of Way [See page 3]**
- ii. **Eloyda Romero [See page 3]**
- iii. **Affordable Tree Trimming [See page 3]**
- iv. **Marron & Associates [See page 3]**
- v. **Contract for Jemez Springs office renovation**

Ms. Montoya-Trujillo requested the Board's approval to enter into a contract with the one responder to the RFP, Big Rock Builders. She said there are critical security issues that will be addressed in the renovation. The contract amount is under \$80,000 and should take 16 weeks to complete.

ACTION: Mr. Jaramillo moved to approve entering into a contract with Big Rock Builders. Mr. V. Salazar seconded and the motion passed by unanimous voice vote.

8. Request for Donations

- i **Big Brothers Big Sisters**

Big Brothers Big Sisters forwarded a request for donation for their fundraising events. There was committee agreement to donate \$500.

ACTION: Mr. Jaramillo moved to approve a donation of \$500 to Big Brothers Big Sisters. Mr. Cordova seconded and the motion passed by unanimous voice vote. [Mr. Marquez recused himself.]

8. COMMITTEE REPORTS

A. Audit Committee

Mr. Marquez said the committee met on April 9th and reviewed:

- The signed RediNET agreement
- The work order matrix
- Contracts

Ms. Montoya-Trujillo said JMEC met with the solar vendor representation, Jerry Mosher, to determine who would pay for what and at what cost. A transformer and a third-party metering as required by Tri-State were added and negotiated.

B. Personnel Committee - No Report

C. School Committee

Ms. Montoya-Trujillo said the Spelling Bees were very successful. The attendance was better than in the past and the feedback was very positive. She offered to have Executive Assistant Rendon report on the event at next month's meeting.

Ms. McCoy said the turnout for the Spelling Bees were very good and she noted the *Rio Grande Sun* published a positive article about the event.

The scholarship information which goes through the foundation will be presented to the Executive Committee.

9. BOARD REPORTS

A. Tri-State Report

Mr. Cordova distributed a summary of the annual meeting. He said the officers remain the same and there was a change to the bylaws that passed. The Delta Monroe and Tri-State case will be heard by the Colorado PUC.

10. ELECTION INFORMATION

Ms. Montoya-Trujillo distributed a draft timeline that requires legal review. She highlighted the timeline as follows:

- July 21st the Annual Meeting
- Elections: District 4, June 21st; District 5, June 24th; and District 6, June 26th
- Appointment of election officials by the Chairman prior to the election
- Notice of pending election will coincide with the Release of Declaration packet on or after April 27th
- Declaration of Candidacy at least 30 days but not more than 40 days before the district election
- Notice to membership of elections

Ms. Montoya-Trujillo said district consumer information is provided only to the candidates and they are required to sign a release that said information will only be used for campaigning. The candidates are required to return the list to JMEC following the election. The consumer list is not available to others.

The members list will be through May 31, 2019. Ms. Montoya-Trujillo said the Board will need to hold a special meeting to approve the list and any changes to the timeline will be forwarded to the Board.

Mr. D. Trujillo emphasized the importance of transparency during the election procedure. Ms. Montoya-Trujillo said the county provides verification to JMEC.

11. BUSINESS WITH MEMBERS/GUESTS - None was presented

12. NEW BUSINESS

Ms. McCoy said there were personnel issues that she and Mr. D. Trujillo wanted to discuss. Ms. Montoya-Trujillo cautioned the Board that no names can be mentioned in open session.

Mr. Marquez said he removed executive session from the agenda because he was tired of reading a "half-baked story" about what supposedly occurred in executive session in the *Rio Grande Sun*. There needs to be confidentiality of what occurs in executive session.

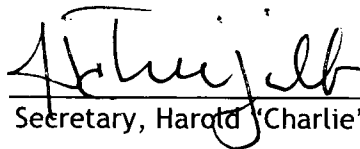
Mr. Naranjo requested that management provide Amanda Martinez from the *Sun* information from the June 2012 election where the bylaw changes failed.

Mr. D. Trujillo said it is important that a communication process is developed to ensure all Board members, not just the executive committee, are informed of personnel and contract-type issues.

Mr. Marquez said he welcomes an investigation to determine how information from executive session is being leaked to the press.

13. ADJOURNMENT

Chair Naranjo declared the meeting adjourned at approximately 10:55 A.M.


Secretary, Harold "Charlie" Trujillo

APPROVED:


Chairman, Nick Naranjo

