

**MINUTES OF THE  
JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.**

**BOARD OF TRUSTEES MEETING**

**FRIDAY, SEPTEMBER 25, 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.

This meeting was conducted in accordance with the Public Health Emergency Order issued by the State of New Mexico.

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

**PRESENT:**

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

**ABSENT:**

None

**JMEC STAFF PRESENT:**

Ernesto Gonzales, General Manager  
Teresa Chavez, Chief Financial Officer  
Karen Wisdom, Contract Administrator and Compliance Officer  
Laura Rendón, Executive Assistant  
Randy Vigil, Operations Manager

**GUEST(S):**

Molly Montgomery, *Rio Grande Sun*  
William Colburn, *Rio Grande Sun*

John Tapia was recognized for receiving the NRECA Board Leadership Program Certificate.

#### **4. APPROVAL OF THE AGENDA**

Manager Gonzales requested moving the Medio Fire update to the top of the agenda.

**ACTION:** Upon motion by Mr. Cordova and second by Mr. Tapia, the agenda was approved as amended. [Mr. Duran was not present for this vote but arrived shortly thereafter.]

#### **6. B. Medio Fire Update**

Randy Vigil, Operations Manager said he would be meeting with the Forest Service, Tesuque and Nambe pueblos along with Homeland Security to review access in order to assess damage to burnt poles. At this point, they would be looking at the affected lower part of the line through Nambe Pueblo. JMEC was prepared and ready to make necessary repairs.

Mr. Tapia mentioned that the line in question generates \$1,200 a day for JMEC. Chair Marquez said he understood the request for emergency funding was with the Governor's office. The reimbursement funding was based on six weeks/10-hour days with a built-in contingency and came to \$632,000.

Karen Wisdom, Contracts Administrator, stated that she has been working with Sandy Hurlocker from the Forest Service for over six years for JMEC to obtain right-of-way across Santa Fe National Forest land. Mr. Hurlocker has indicated that if the Pueblo of Nambe Governor Pérez okays JMEC crossing their land, then he is okay with JMEC's crews starting work on the lower three poles. Work on the upper poles should be approved next week depending on the State Historic Preservation Office's turnaround of the permit.

Mr. D. Trujillo said JMEC should be permitted to have access for fire suppression and rehab on anything related to this fire incident and he questioned whether an okay from the Forest Service or SHPO was necessary. He also mentioned that the Forest Service should provide compensation for damages.

The state's emergency fund is 75 percent up to the amount of \$750,000. Mr. Tapia noted that the helicopter support was roughly \$30,000. Manager Gonzales said the needed materials are at the Santa Fe Ski Basin staging area.

Ms. Wisdom lauded Santa Fe Ski Basin owner Benny Abruzzo for his generosity throughout this incident.

Lenny Ortiz, Vegetation Manager, said the in-house crews have removed 70 percent of the dead trees within the rights-of-way facilitating a clearing for the contractor to set the poles.

## 5. ACTION ITEMS

### A. Approval of August 2020 Board Minutes

**ACTION:** Mr. Vigil moved to approve and Mr. Naranjo seconded. The motion passed without opposition.

### B. Approval of August 2020 Membership List

Management recommended approval of the list as presented.

**ACTION:** Mr. Naranjo moved to approve. Mr. Tapia seconded and the motion passed without opposition.

### C. Approval Jacona Land Grant PPA

Manager Gonzales reviewed the Solar Power Purchase Agreement (PPA) that JMEC will enter into with the Jacona Land Grant and an investor/developer. He said the PPA was discussed with the Energy and Finance committees and they recommended approval. The agreement will add 2.5 megawatts of renewable energy to the JMEC system. JMEC's financial outlay for this project will be minimal. JMEC will buy the power from the private developer and obtain the Tri-State renewable energy credits. He estimated the private developer's investment at \$5+ million. The developer/investor is leasing the land from the Land Grant Association.

**ACTION:** Mr. Naranjo moved to approve. Mr. Crawford seconded and the motion passed by voice vote. Mr. D. Trujillo and Mr. Duran abstained.

Explaining his vote, Mr. Duran said his family is part of the Jacona Land Grant and he was disappointed that JMEC did not inform him of this project. Mr. D. Trujillo said although he supports the project his abstention was based on a lack of information.

### D. Approval of Charging Station Jemez/Cuba

Manager Gonzales recommended hearing this item under the Finance Committee business.

## 6. GENERAL MANAGER'S UPDATE

### A. Business Services & Finance

#### 1. August 2020 Financial Information

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

- TIER is at .23 and the OTIER .22 – the requirements were not met
- JMEC has experienced an average loss of \$408,394 attributed to COVID
- Revenue for August was \$4.2 million – last year it was \$4.6 million

- RUS is waiving borrower covenant requirements for loan agreement financial ratios for 2020; additionally, USDA is waiving financial reporting requirements associated with RUS

Mr. Duran advised staff that he received a phone call from Elaine Romero from El Rancho who has trees on her property infringing on power lines. Manager Gonzales said he would have staff review the issue.

Other highlights from the report included:

- A year-to-date spreadsheet showing the different consumer classes kilowatt sales and revenues evidenced losses
- Actual revenue lost year-to-date (eight months) is \$3 million
- Total connects for the month were 190, a decrease of 34 from last year
- Solar meters: 259 residential, 7 large commercial, public authority 16
- Margin as a percentage of revenue shows a loss of 7 percent
- Revenues are down; expenses remain the same or higher
- Plant stats indicate 4,144 miles of line – an increase of 14 miles from last year
- RUS loans went up by 5 percent while the CFC and CoBank loans decreased by 5 percent
- There are 107 employees
- Net worth is 49 percent – down 3 percent from last year
- Other revenue – wheeling, joint pole use and service charges – show a loss of \$400,000
- Accounts receivable aging depicted 29 percent of the customers are not current

Regarding the PPA funds, Manager Gonzales said the Co-op can justify all dollars received and the funds should be considered a grant. The Co-op may be eligible to receive \$170,000+ in CARES Act funding from Española.

## **B. Finance Committee Meeting – August 2020 information**

Johnny Jaramillo, Finance Committee Chair, said they met yesterday and reviewed the August information.

### **1. General Fund Expenditures**

Mr. Jaramillo said the Board reviewed the expenditures for the month and staff responded to questions.

Mr. Vigil asked how JMEC determines a “preferred” vendor. Staff responded it is based on price and availability. Quotes are received for purchases over \$500.

**ACTION:** Mr. Jaramillo moved to accept the general fund expenditures for informational purposes. Mr. Tapia seconded. The motion passed without opposition.

## **2. Credit Cards**

Chair Jaramillo said the committee reviewed the Wells Fargo credit card charges and found no anomalies.

**ACTION:** For informational purposes, Mr. Jaramillo moved to accept the credit card charges and Mr. Cordova seconded. The motion passed by majority roll call vote with Ms. McCoy voting against.

## **3. Attorney Expenses**

Mr. Jaramillo said the attorney expenses are being reconciled by staff for submittal to the insurance company. Manager Gonzales said the reconciled statement could be available for Board review by the end of October.

Mr. Vigil said he was greatly concerned about JMEC's legal expenses and number of lawyers. He advocated developing a plan to consolidate counsel.

In response to Mr. Vigil's concern, Mr. Tapia recommended that staff itemize the expertise and utilization of the different lawyers, expenses and what is being paid by insurance.

## **4. Consultant Expenses**

Mr. Jaramillo stated the invoices were reviewed at yesterday's meeting.

**ACTION:** For information, Mr. Tapia moved to accept the consultant fees and Mr. Naranjo seconded. The motion passed by unanimous voice vote.

## **5. Trustee Vouchers**

Chair Jaramillo advised the Board that the vouchers are available for review.

**ACTION:** Mr. Jaramillo moved to accept the trustee vouchers. Mr. Cordova seconded. The motion passed by majority roll call vote with Ms. McCoy voting against.

## **6. August 2020 Cash Flow Analysis**

Ms. Chavez reviewed the August 2020 cash flow analysis highlighting the following:

- Beginning cash balance, \$9,237,212
- Total deposits, \$3,541,397
- Receipt of \$11,254 from Tri-State reimbursement
- Total beginning balance plus deposits, \$12,784,609
- Cash disbursements, \$4,600,032
- Ending book balance, \$8,184,577
- Total cash account balance, \$9,406,306
- Total investments balance, \$10,128,202

## 7. RFPs, Contracts, Purchases

**Tree Trimming** - Manager Gonzales said an RFP was issued for three circuits and three bids were received for each. Management is recommending the Board approve the low bidders as follows:

- a) Santuario Circuit: low bidder: Family Tree, 32 weeks completion time
- b) Phase 2 Gilman Tunnel: low bidder: Innovation Tree Specialist, 36 weeks completion
- c) Rio Chiquito: low bidder, Asplundh Tree Expert: 16 weeks completion time

**ACTION:** Mr. Jaramillo moved to approve the low bidders as outlined above. Mr. C. Trujillo seconded and the motion passed by unanimous voice vote.

**Rental of Bucket Truck** – Mr. Gallegos indicated that a bucket truck was required for the Cuba-Jemez area since JMEC currently has three trucks down. The rental agreement is for a two-month period for a total of \$7,700.

**ACTION:** Mr. Jaramillo moved to approve the bucket truck rental as described above. Mr. Tapia seconded.

Regarding the JMEC's three bucket trucks that are currently not operational, Mr. Gallegos said the problems are being addressed but would not be operational soon enough. The rental bucket truck came available and he wanted to pick it up as soon as possible.

The motion passed by unanimous voice vote.

**Credit Card Charges for JMEC Consumers** – Manager Gonzales said that in March, JMEC suspended the consumer charge for using a credit card for payment. JMEC has been paying that fee and has already paid \$31,000 for this service. Management is recommending reinstating the fee to the consumer.

If approved, the reinstated charge will be noticed in the JMEC October newsletter, website and messaged on the monthly bill. Charges will be effective in November. Manager Gonzales said the charges JMEC picked up may be PPP eligible. Ms. Chavez pointed out the consumer can pay by check for which there is no fee.

**ACTION:** Mr. Jaramillo moved to approve ending the suspension of credit card charges for the consumer. Mr. Tapia seconded. The motion passed without opposition. [Mr. Duran was no longer on the line and did not vote.]

**Cost of Service Study** – Manager Gonzales stated that Jack Moss's firm was going to conduct the study but has now declined. At yesterday's Finance Committee, there was consensus to use the 2017 CFC study. JMEC Counsel Chuck Garcia advised Manager Gonzales that that was not acceptable alternative. At this point, JMEC could get on CFC's wait list for 2021 for a study or update an older study.

Mr. Tapia's recommendation to discuss this issue in Executive Session in order to further flesh out timing and vendors was met with consensus.

That concluded the Finance Committee report.

## 7. COMMITTEE REPORTS

Chair Marquez announced the committee chairs and requested the former chair remain on the committee for continuity. The following committee appointments were noted:

Energy: Mr. Tapia Chair, Ms. McCoy, Mr. Cordova, Mr. Crawford and Mr. Naranjo

Communications: Mr. Crawford Chair, Mr. Vigil, Mr. D. Trujillo, Mr. Naranjo and Mr. Tapia

Policy: Mr. Vigil Chair, Mr. D. Trujillo, Mr. Cordova, Mr. Naranjo and Mr. Tapia

### A. Communications Committee

Mr. Crawford said the committee is working on a critical path and scheduling of newsletters, etc.

### B. Energy Committee

Mr. Tapia said the committee recently met and discussed the PPA for Jacona. He understood the Jacona Land Grant Association would notify its members. There was also discussion on the target stations. Staff is in the process of ordering the solar array for Cuba. Tri-State is included in discussions.

The issues with the bank for the residential loan project have been resolved and Century Bank will not put a lien on JMEC's money for the RUS requirement. The bank has requested that JMEC maintain a balance in their bank

**ACTION:** Mr. Tapia moved to proceed with the Residential Solar Loan Project with Century Bank. Mr. Naranjo seconded.

Under discussion, it was noted there are 26 consumers signed up for the program. The loan program procedures and policies are on the website although there are a few items regarding permitting that require further clarification. Currently, the Co-op does not have a ceiling for residential solar which requires additional discussion.

Staff is developing a flow chart on the solar process with input from the approved vendors.

The motion passed without opposition. [Mr. Duran was no longer on the line and did not vote.]

**Charging Stations** – Manager Gonzales said the cost of a level 2 station is \$11,460 and a level 3 station would cost \$58,983. Tri-State will provide a grant of up to \$48,000. Following discussion at the Energy and Finance committees, there was agreement to proceed with two level 2 chargers and one level 3.

Manager Gonzales said sites were being analyzed to ascertain the best locations. Possible sites include Española, Abiquiu and Cuba.

Chair Marquez reminded the Board that the concept of charging stations had been approved by the Board in the past and the action requested is to approve the three chargers.

**ACTION:** Mr. Tapia moved to approve staff's recommendation of three chargers – two level 2 chargers and one level 3. Mr. Crawford seconded. A friendly amendment to contact Tesla was accepted.

Ms. McCoy recommended investigating San Ysidro as a charger location.

Mr. Tapia recommended staff provide maps of charging stations throughout the area to facilitate discussion.

Chair Marquez said RTD received a large grant and is planning on installing charging stations along their routes.

There was consensus that contacting Tesla would be advantageous and Ms. Wisdom was asked to develop an introductory letter to Tesla for the next Energy meeting.

The motion passed without opposition. [Mr. Duran was not present for this vote.]

## **8. NEW BUSINESS**

Mr. Vigil said a JMEC consumer approached him at church and commended JMEC's staff for their helpful and courteous customer service.

Ms. McCoy recommended that JMEC employees be reminded to identify themselves upon answering a phone call.

### **A. Tri-State**

Mr. Cordova said Tri-State will be discussing the buy-down at its October 6<sup>th</sup> meeting. If the buy-down is approved, open season will begin in December or January. He understood Tri-State would make 300 megawatts available and each co-op is eligible for a percentage of that energy based on an application process.

## **9. EXECUTIVE SESSION**


**ACTION:** Mr. Tapia moved to adjourn the meeting and meet in Executive Session. Mr. Cordova seconded and the motion passed by unanimous roll call vote. [Mr. Duran was no longer on the line and did not vote.]



10. ADJOURN

Chair Marquez adjourned the meeting at 11:05 a.m.



  
Secretary, Nick Naranjo

APPROVED:

  
Chairman, Leo Marquez