

MORA-SAN MIGUEL ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES MEETING MINUTES
HELD ON
JULY 29, 2016

The meeting was called to order at 10:45 a.m. on Friday, July 29, 2016 by Board Chairman, Robert M. Quintana.

1. ROLL CALL AND DETERMINATION OF QUORUM

Present: Robert Baca
Joseph C de Baca
Virginia Mondragon
James Ortiz
Robert Quintana

Others Present: LaDonna LaRan, Interim CEO/CFO
Debbie H. Alexander, Administrator

2. INVOCATION – The invocation was led by Robert Baca, Vice Chairman.

3. PLEDGE OF ALLEGIANCE – The Pledge of Allegiance was recited.

4. APPROVAL OF AGENDA – The Agenda for today's meeting was presented for review and approval. The following was added to the Agenda: #14 – New Business f. RUS Limited English Proficiency Letter– Acknowledgement and Signature; and g. Billing Question; #17 – Executive Session – d. Tres Lagunas Fire Discussion. Also, tabled was #13 – On-Going Business a. Discussion on Meter Loops, Temporary Power and Inspections. **A motion to approve the Agenda as amended was made by Robert Baca and seconded by James Ortiz. Motion carried unanimously.**

5. SAFETY REPORT – The Safety Report for the month of June was reviewed by Ms. LaRan.

- There were no accidents to report in either Mora or Pecos
- There were no near misses in either Mora or Pecos
- There were no on-the-job injuries in either Mora or Pecos
- Safety Training was not held in June – It was a bye month

6. RECOGNITION OF GUESTS –

a. Invited Speakers – (15 minute time limit)

1. Bolinger, Segars, Gilbert & Moss L.L.P. – Presentation of 2015 Audit Report – Randy Robbins with Bolinger, Segars, Gilbert & Moss L.L.P presented the audit ending December 31, 2015 and 2014. Mr. Robbins went over the audit firm's opinion stating the results of MSMEC operations and its cash flows for the

year ended was in accordance with accounting principles accepted in the United States of America. Mr. Robbins also went over the balance sheet, exhibits and letters related to the audit. After further discussion and questions, **a motion to approve the audit ending December 31, 2015 and 2014 was made by Robert Baca and seconded by Virginia Mondragon. Motion carried unanimously.**

2. Aclara – TWACS – Representatives, Luis Castro, Brandon Irons and Tom Nickels from Anxiter gave a presentation on AMI Solutions/Smart Infrastructure Solutions and software. They also gave a short history of their group stating that they have over 130 years of operating experience and have installed over 2 million meters. After continued discussion and questions, they were thanked for attending our meeting and their presentation.

b. General Public Comment (5 minute time limit) - None

7. ACTION OF REGULAR MEETING MINUTES HELD ON JUNE 21, 2016 – The minutes of the meeting held on June 21, 2016 were presented for review and approval. **A motion was made by Virginia Mondragon, seconded by James Ortiz, to approve the minutes as presented. Motion carried unanimously.**

ACTION OF ORGANIZATIONAL MEETING HELD ON JUNE 25, 2016 – The minutes of the Organizational Meeting held on June 25, 2016 were presented for review and approval. **A motion to approve those minutes as presented was made by Virginia Mondragon and seconded by Joe C de Baca. Motion carried unanimously.**

8. APPROVAL OF NEW MEMBERSHIPS (MORA 25 – PECOS 26) – After review of the 51 new memberships, **a motion was made by James Ortiz to approve all new memberships as presented. Joe C de Baca seconded that motion. Motion carried unanimously.**

9. MANAGER’S REPORT

a. Delinquent Report – The Delinquent Report for the month of June was reviewed. There were 723 delinquent accounts totaling \$197,983.61. After collections, 119 accounts remained unpaid totaling \$42,468.45.

b. RUS Form 7 – Ms. LaRan reviewed the June 2016 RUS Form 7. Operating Revenue and Patronage Capital was \$980,498, Cost of Purchased Power was \$461,093 and Total Operation & Maintenance Expense was \$812,831. Patronage Capital or Margins was \$23,710 for the month and \$409,372 YTD. MSMEC has 10,932 consumers and 1,940 miles of line. TIER was 1.47% and 2.54% YTD. RUS debt is 10%, CFC is 3% and CoBank debt is 87%.

c. Outage Report – There were a larger number of outages during the month of June, many cause by lightning. Most of the outages affected a small number of consumers. The largest number of consumers affected were 60 for 1 ½ hours in the Ilfeld/Ribera area. Another outage in the Gallinas/Golondrinas/Valmora area affected 30 consumers for 7 hours.

10. FINANCE REPORT – A motion to approve the Manager's Report, together with the approval of the Finance Minutes of the meeting held earlier today and the dispensing of the reading of those minutes as distributed, was made by Robert Baca and seconded by James Ortiz. Motion carried unanimously.

11. TRI-STATE TRUSTEE REPORT – Robert Baca, Tri-State Trustee, reported on the July Meeting. Some items cover included:

- Saving money in every department
- Kit Carson Electric buy-out
- Mandates and regulations on the use of coal
- Basin will have a 12% increase to Tri-State
- Budget – Rate increase from Tri-State in 2017

12. NMRECA TRUSTEE REPORT – NMRECA Trustee, Robert Baca, reported on the June meeting in Santa Fe. The main discussion was the topic of absentee/mail-in ballots. Because this may have an effect on all cooperatives, a special committee will be assigned to look further into this matter.

13. ON-GOING BUSINESS

- a. **Discussion on Meter Loops, Temporary Power and Inspections** – Tabled.
- b. **PURPA Waiver Filing Information** – For information only.
- c. **Tri-State's Power Bill & MSM Solar Bill** – The Tri-State power bill for the month of June was \$432,836.14. The solar bill equaled \$28,256.87.

14. NEW BUSINESS

- a. **NRECA – 2016 Voting Delegate & Alternate Delegate Certification –Region 10 Meeting – St. Louis, Missouri, October 11 – 13, 2016** – After some discussion regarding the Region 10 Meeting, **Robert Baca, seconded by Virginia Mondragon, made a motion to have Robert Quintana serve as voting delegate and Robert Baca as Alternate. They will be the only two in attendance. Motion carried unanimously.** Chairman Quintana was asked to serve on the Resolutions Committee at the Region 10 Meeting.
- b. **NMRECA – Nominee for Member of Board of Directors – 2016 – 2017** – Nominee for NMRECA Board of Directors & Alternate were previously voted on during Annual Meeting/Organizational Meeting. Form indicating this was signed and will be sent to the Statewide Office.
- c. **NMRECA – Notice of Committee Meetings, Strategic Planning Session & Agenda** – For information only.
- c. **NMRECA Annual Barbecue – September 1st** – For information only.
- d. **Guernsey – Course – Knowledge is Power – Understanding Rates and Cost of Service – September 28th & 29th – Oklahoma City, OK** – For information only.
- e. **New Transformer in Villanueva, NM** – There was some discussion related to a couple of transformers that malfunctioned during the fiestas in Villanueva. The Operations Manager was made aware of this and a larger sized transformer was installed to avoid from this happening again.

f. RUS Limited English Proficient Letter – Ms. LaRan reported that Larry McGraw, RUS Field Representative, had emailed a letter which needs to be signed and returned by August 3rd, 2016. The letter is from RUS which is required by Executive Order 13166, “Improving Access to Services for Persons with Limited English Proficiency”. **A motion was made by Robert Baca, seconded by Virginia Mondragon, to give Ms. LaRan the authority to sign the above mentioned letter and submit it to Mr. McGraw.**
Motion carried unanimously.

g. Billing Question – A question was asked by one of our Board Members as to why there were some work orders that had not been billed for a period of several years. The Board was advised by an employee that the CEO at the time had given instruction not to send these bills out. MSMEC is currently working to up-date this and get these bills/refunds sent out.

15. CORRESPONDENCE

- a. Tri-State and Kit Carson Electric Cooperative enter into membership withdrawal agreement** – For information only.
- b. Kit Carson Signs Long-Term Power Purchase Agreement with Guzman Renewable Energy Partners** – For information only.
- c. Co-op, PRC Staff reach Settlement Terms in Rate Case – Final Decision must come from Regulators** - For information only.
- d. NRECA Board Names Jim Matheson as CEO** – For information only.
- e. What Jo Ann Emerson means to NRECA** – For information only.
- f. Western United Electric Supply – Annual Fish Fry – August 25th – Brighton, CO** – For information only.
- g. Thank You – Martin Allemand – Coloring Contest Winner** – For information only.

16. INFORMATION

- a. Calendar of Events** – Tri-State will meet on August 2nd and 3rd. Statewide meeting will start with the NMRECA Standing Committees @ 3 p.m. on August 3rd, Strategic Planning on August 4th and regular meeting on the 5th. Our next Finance and Regular Board Meeting are scheduled for Thursday, August 25th starting at 10:00 a.m.

A motion to move into Executive Session was made by Robert Baca and seconded by Virginia Mondragon. Motion carried unanimously.

17. EXECUTIVE SESSION

- a. Personnel Matters**
- b. Update on Union Matters**
- c. Cost of Service Study Discussion**
- d. Tres Lagunas Fire Discussion**

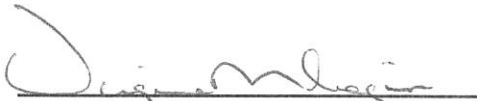
A motion to move out of Executive Session and back into Regular Session was made by Robert Baca and seconded by James Ortiz. Motion carried unanimously.

18. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION – No action taken.

19. OTHER BUSINESS TO COME BEFORE THE BOARD – None.

20. ADJOURNMENT – A motion to adjourn today's meeting was made by Robert Baca and seconded by James Ortiz. Motion carried unanimously. Meeting adjourned at 3:39 p.m.

ATTEST:


Virginia Mondragon
Secretary/Treasurer


Robert M. Quintana
Board Chairman