

MORA-SAN MIGUEL ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES MEETING MINUTES
HELD ON
MAY 31, 2018

The Regular Board Meeting of Thursday, May 31, 2018 was called to order at 10:55 a.m. by Board Chairman, Robert M. Quintana.

1. ROLL CALL AND DETERMINATION OF QUORUM

Present: Robert Baca, Vice-Chairman
Virginia Mondragon, Secretary/Treasurer
James Ortiz, Member
Robert M. Quintana, Chairman

Also Present: Les Montoya, CEO/General Manager
Debbie Alexander, Administrative Assistant

Absent: Joe C de Baca, Member

2. INVOCATION – Robert Baca, Vice-Chairman, led us in prayer.

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

4. APPROVAL OF AGENDA – The Agenda for today's meeting was presented. CEO Montoya asked to add the following items to the Agenda: #13. On-Going Business – c. Review of MHS Scholarship Applications; d. Public Regulation Commission Advice Notice. 61 – Revised Rates for MSMEC effective May 9, 2018; e. Public Regulation Commission Advice Notice No. 62 – Revising, Adding and Creating and/or Modifying Procedures, Policies and Forms; and 15. Correspondence – e. Springer Electric Annual Meeting Invitation. Chairman Quintana asked that the following changes also be made to the Agenda: move #13 – a. Presentation of 2017 Audit to # 5 – Recognitions of Guests – a. Invited Speakers – 2. Randy Robbins, Partner – Bolinger, Segars, Gilbert & Moss, L.L.P.; and, #13 – c. Review of MHS Scholarship Applications to #17 – Executive Session – d. **A motion to approve today's Agenda with amendments was made by Virginia Mondragon and seconded by James Ortiz. Motion carried unanimously.**

5. RECOGNITION OF GUESTS

a. Invited Speakers – (15 minute time limit)

1. Abe Salazar – Computer Assets, Inc. – Evaluation & Recommendations on MSMEC's future operating systems – Mr. Abe Salazar and Mr. Ira Harge, with Computer Assets, Inc., were present at today's meeting. Mr. Salazar stated that

he has 24 years in the computer business with a lot of experience working with cooperatives and smart metering. Mr. Salazar presented the Board with a system analysis of our current infrastructure and operating systems and made recommendations on upgrading MSMEC's future operating systems.

- 2. Presentation of 2017 Audit – Randy Robbins, Partner – Bolinger, Segars, Gilbert & Moss, L.L.P.** – Auditor Randy Robbins of Bolinger, Segars, Gilbert & Moss, L.L.P. delivered the Financial Statements with accompanying information for the years ended December 31, 2017 and 2016, and a report of certified public accountants. The opinion offered on the Financial Statements present fairly, in all material respects, the financial position of Mora-San Miguel Electric Cooperative, Inc. as of December 21, 2017 and 2016, and the results of its operations and its cash flows for the years that ended in accordance with accounting principles generally accepted in the USA. The report dated May 29, 2018, regarding professional standards was delivered addressing Qualitative Aspects of Accounting Practices, Difficulties Encountered in Performing Audit, Corrected and Uncorrected Misstatements, Disagreement with Management Representations, Management Consultations with Other Independent Accountants, Other Audit Findings or Issues, Other Matters, and Restrictions on Use. No adverse reports in these sections were reported. A letter dated May 29, 2018, noted certain matters involving internal control and other operational matters that are presented for the Coop's consideration. These matters do not affect the report dated May 29, 2018 on the financial statements of the Cooperative. Twelve areas of financial practices and control were identified in this year's review to include prior year financial practices. All matters noted will be reviewed in next year's audit. It is believed implementation of recommendations presented will provide the Cooperative with a stronger system of internal control, while also making its operations more efficient. The Board accepted the Audit Report and thanked the Auditor for his assistance throughout the year and dealing with financial issued uncommon to existing Finance staff and Manager.
 - b. General Public Comment (5 minute time limit) – None.**
 - c. Introduction of Employees – None.**
- 6. SAFETY REPORT/MINUTES** – The Safety Committee Minutes of the meeting held on May 14, 2018 were reviewed. Some of the items covered included:
 - There was one accident to report in Mora in the month of April. An employee was in his office, when a strong gust of wind blew one of the sliding double-paned windows completely off the window frame. The glass landed about a foot and a half away from the employee. The employee was not injured.

- There were no accidents in Pecos
- There were no near misses to report in Mora
- There was one near miss to report in Pecos. A contractor, along with a Pecos Meter Reader, were exchanging meters in the San Isidro area- the meter loop lid/cover was outdated and not compatible with the diameter of the meter that was being installed. The contractor attempted to remove the lid, as the meter was coming off, and the metal lid slid from the top making direct contact with both energized prongs of the meter socket. This caused a 240 volt arc, which welded the lid shut. The contractor was wearing all required personal protective equipment and no injuries were reported.
- No on-the-job injuries in either Mora or Pecos
- A meeting was held to discuss issues and concerns that the linemen have had with Central Dispatch. It was agreed that an up-dated "On Call" list will be provided to Central Dispatch with work and personal cell phone numbers.
- New copiers will be purchased for both Mora and Pecos offices.
- San Miguel County is under Stage 2 Fire Restrictions. The use of chainsaws is now prohibited on US Forest Service land.
- On May 23, 2018, during the NMRECA Annual Meeting in Ruidoso, NM, the NM Rural Self Insurers Board recognized MSMEC as the recipient of the 2017 "Carl M. Turner Safety Award". The award serves as recognition of safety achievement for the period of January 1, 2017 to December 31, 2017. Self-Insurers Board Members mentioned in presenting the award to Les Montoya, CEO/General Manager, "this was the first time the award was achieved by Mora-San Miguel Electric Cooperative". Mr. Montoya was also presented with a check in the amount of \$1,202.
- The Linemen were trained on Utility Solutions, transformer trouble shooting, and preventing strains and sprains.
- Inside staff and Meter Readers were also trained on preventing strains and sprains.

7. ACTION OF REGULAR MEETING MINUTES HELD ON APRIL 25, 2018 – The Minutes of the Board Meeting held on April 25, 2018 were presented for review and approval. After review, a **motion was made by Virginia Mondragon, seconded by Robert Baca, to approve those minutes as presented. Motion carried unanimously.**

8. APPROVAL OF NEW MEMBERSHIPS (MORA 22 – PECOS 12) – Thirty-two new memberships were presented for review and approval. **With a motion from Robert Baca and second from James Ortiz, all new memberships were approved. Motion carried unanimously.**

9. MANAGER'S REPORT

- a. **Delinquent Report** – CEO Montoya reported on the Delinquent Report for April 2018. There were 1387 delinquent accounts totaling \$790,951.35. After collections, 657 accounts remained unpaid for a total of \$152,842.51.
- b. **RUS Form 7** – The RUS Form 7 was reviewed for month end April 2018. Operating Revenue and Patronage Capital was \$916,008, Cost of Purchase Power was \$476,906, and Total Operation & Maintenance Expense equaled \$688,194. Patronage Capital & Operating Margins for the month was \$22,355 and \$495,258 YTD. TIER was at 1.69% for the month and 3.56% YTD.
- c. **Outage Report** – There were a total of 35 outages in the Mora and Pecos areas during the month of April due to weather conditions, blown fuses or fallen trees on powerlines. The number of consumers affected during these outages totaled 748 with a total of 90 hours combined.
- d. **Member Sales Budget Report** - The Tri-State Member Sales Budget Report was presented for review. The monthly comparison of total energy is right on line with Tri-State and continues to be consistent.

10. FINANCE REPORT – The Minutes of the Finance Meeting held earlier today were presented for review and approval. After review, **a motion was made by Robert Baca, seconded by James Ortiz, to approve and dispense with the reading of those minutes and to approve the Manager’s Report. Motion carried unanimously.**

11. TRI-STATE TRUSTEE REPORT – Robert Baca, Tri-State Trustee, reported on the April meeting held in Denver. Some items covered included:

- Cyber activities and attacks – everyone is in danger
- Schafer Plant problems – It shorted out just like Craig Station and will need to be repaired and will be costly
- Policy 115 referring to batteries will be reviewed and voted on
- Directors were given a handout on member value(s)
- Irrigation accounts total 8% of the Tri-State load

12. NMRECA TRUSTEE REPORT – Robert M. Quintana, NMRECA Trustee, reported on the June meeting held during the Annual Meeting in Ruidoso, NM on May 24th, 2018. A motion was made seconded and carried to seat the NMRECA Board of Directors to represent their respective New Mexico cooperative. Mr. Dan Najjar stated that he would take nominations for the positions of President, Vice President and Secretary-Treasurer for purposes of NMRECA Board re-organization. A motion was made nominating that the current officers remain the same. A substitute motion was then made to separate the Secretary-Treasurer position into two separate positions – that motion failed with 5 votes in the affirmative and 12 in the negative. The nomination to keep the current officers was passed by a 12 to 5 vote.

13. ON-GOING BUSINESS

- a. **Tri-State Bill/MSM Solar Bill** – The monthly Tri-State power bill was \$445,899.68. The MSM Solar bill was \$31,006.29 with a credit from Tri-State of \$18,691.14.
- b. **Public Regulation Commission Advice Notice No. 61 – Revised Rates for MSMEC effective May 9, 2018** – Manager Montoya presented to the Board, for the record, a copy of Advice Notice No. 61 from the Public Regulation Commission identifying the revised rates for MSMEC consumers and new consumer classifications effective May 9, 2018.
- c. **Public Regulation Commission Advice Notice No. 62 – Revising, Adding and Creating and/or Modifying Procedures, Policies and Forms** – The Board was advised, that on April 30, 2018, Mora-San Miguel Electric Cooperative, Inc. submitted Advice Notice No 62 to NMPRC Utility Division to (1) revise one existing rule, (2) introduce two new rules, (3) revise one existing form, and (4) introduce two new forms. MSMEC’s Advice Notice No. 62 was filed in compliance with NMPRC’s Rule 210 and goes into effect May 30, 2018. The rules included: Settlement Agreements, Policy for Budget Billing Customers, Electric Service Security Deposits, Deposit Receipt, Notice of Non-Compliance and Discontinuance of Electric Service – Settlement Agreement, Budget Billing Agreement Form and Request for Electric Service and Membership.
- d. **Farm Credit Leasing Services Corporation** – Organization documents from CoBank on the leasing of a 2017 Ford F550 were presented to the Board for review and approval. These documents included Schedules, Exhibits, Delivery and Acceptance, and Insurance Certificate instructions. After review and discussion, **a motion was made by Robert Baca, seconded by James Ortiz, to approve the leasing of one (1) 2017 Ford F550 4x4 Regular Chassis Cab together with all attachments. Motion carried unanimously.**

14. NEW BUSINESS

- a. **MSMEC - Policy for Overhead and Underground Line Inspection and Maintenance** – A copy of the Policy for Overhead and Underground Line Inspection and Maintenance was provided to the Board for review and approval. The policy provides to establish an annual visual inspection program for overhead and underground distribution line facilities for preventive maintenance purposes in the MSMEC service area. Inspection program is intended to constantly monitor the condition and performance of its system to insure the reliable delivery of service to all of its consumers and thereby creating a procedure to strengthen effective and efficient line maintenance program. After review, **a motion to approve was made by Robert Baca and seconded by Virginia Mondragon. Motion carried unanimously.**
- b. **CFC – Cooperative System Integrity Fund – FY2019 Participation Authorization** – For information only. MSMEC did not authorize participation in the CFC Cooperative System Integrity Fund for 2019.
- c. **MSMEC Board Policy No. 114 – Providing for Standing Trustee’s Compensation and Reimbursement** – Board Policy No. 114 – Providing for Standing Trustee’s Compensation and Reimbursement was revised as per Resolution, outlining the same, reviewed and approved during the Board Meeting of September 28, 2017.

Revisions were made as per MSMEC Bylaws approved by the Membership during the Annual Meeting of June 24th, 2017. **A motion to approve Board Policy No. 114 as revised was made by Virginia Mondragon and seconded by James Ortiz. Motion carried unanimously.**

- d. **Request from Mora County Economic Development Corporation (MCEDC) to place question requesting community feedback on interest to purchase solar panels in a Community Solar Farm, in MSMEC Bill Mailings** – After some discussion, the Board agreed they were not in favor of allowing Mora County Economic Development Corporation (MCEDC) place question requesting community feedback on MSMEC power bill mailings.
- e. **Annual Meeting Information – June 23rd, 2018** – There was a short discussion concerning the Annual Meeting which will be held on Saturday, June 23rd, 2018. The Board was advised that letters for sealed bids had been mailed out to potential caterers for the membership meal. Also discussed was what would be given as the grand prize. The Board agreed that they would give as the grand prize - one certificate of up to \$75 off their MSMEC power bill for 6 months. Tickets will also be drawn for two certificates of up to \$75 off their MSMEC power bill for 3 months each. Other prizes will also be drawn.

15. CORRESPONDENCE

- a. **NMREC Commentary News** – For information only.
- b. **Tri-State May 2018 Board Report**- For information only.
- c. **Mora Rangers – 2018 Baseball State Champions – Banner** – For information only.
- d. **2018 Energy and Water Executive Forum – August 8 - 10, 2018** – For information only. Staff will search for more information on this forum.
- e. **Springer Electric Annual Meeting** – For information only.

16. INFORMATION

- a. **Calendar of Events** – The Tri-State monthly meeting will be held on June 5th and 6th. MSMEC regular monthly Finance and Board meetings will be held on Thursday, June 21st starting at 10:00 a.m. The MSMEC Annual Meeting of the Membership will be held on Saturday, June 23rd at the Mora High School Gym starting with registration at 9:00 a.m. NMRECA meeting will be held in Santa Fe on June 28th and 29th.

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

17. EXECUTIVE SESSION

- a. **Personnel Matters**
- b. **Update on Union Matters**
- c. **Litigation Matters**
- d. **Scholarships**

Motion to move back into Regular Session was made by Robert Baca and seconded by James Ortiz. Motion carried unanimously.

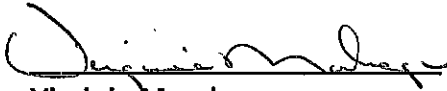
18. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION – The following action was taken during Executive Session:

d. Scholarships – A motion was made by James Ortiz, seconded by Robert Baca, to award an additional \$500 “Frank R. Rodriguez, Jr. Memorial Scholarship” to a deserving Mora High School senior. Motion Carried. Virginia Mondragon abstained.

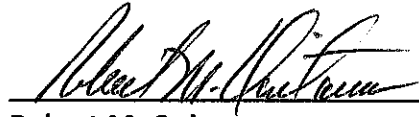
19. OTHER BUSINESS TO COME BEFORE THE BOARD – None.

20. ADJOURNMENT - Motion to adjourn was made by Robert Baca. Motion carried unanimously. Meeting adjourned at approximately 2:53 p.m.

ATTEST:



Virginia Mondragon
Secretary/Treasurer



Robert M. Quintana
Board Chairman