

MORA-SAN MIGUEL ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES MEETING
HELD ON
AUGUST 27, 2020

The meeting of August 27, 2020 was called to order by Board Chairman, Robert M. Quintana, at 10:52 a.m.

1. ROLL CALL AND DETERMINATION OF QUORUM

Present: Robert Baca, Vice-Chairman – Via Teleconference
Joseph C de Baca, Member – Via Teleconference
Virginia Mondragon, Secretary/Treasurer
James Ortiz, Member – Via Teleconference
Robert M. Quintana, Chairman

Others Present: Les Montoya, CEO/General Manager
Debbie Alexander, Admin. Assistant

2. INVOCATION – A moment of silence was held.

3. PLEDGE OF ALLEGIANCE – Due to separation of Board and Staff, the Pledge of Allegiance was not recited.

4. APPROVAL OF AGENDA – The Agenda for today's meeting was presented for review and approval. After review, **a motion to approve the Agenda as presented was made by Robert Baca and seconded by Virginia Mondragon. Motion carried unanimously.**

5. RECOGNITION OF GUESTS

- a. Invited Speakers – (15-minute time limit) – None.**
- b. General Public Comment (5-minute time limit) – None.**
- c. Introduction of Employees – None.**

6. SAFETY REPORT/MINUTES – The Safety Committee met on August 12, 2020. Those in attendance included Vidal Barela, Danny Flores, Pamela Gallegos, Les Montoya, Pauline Olivas, Lawrence Salas and Martin Teran. Some of the items covered included the following:

- There were no accidents, no near misses, no on-the-job injuries, and no on-the-job incidents to report in either Mora or Pecos for the month of July.
- Manager Montoya shared the updated Executive Order from the Governor on out-of-state travel and the 14-day quarantine requirement. He also shared an

email sent from the NM Department of Workforce Solutions requiring employers to report positive COVID-19 cases to NMED within four hours of being notified of the positive case.

- The Excavating Training scheduled for November will not take place due to business going to conduct the training is no longer operating. Mr. Montoya said MSMEC is considering purchasing a mini excavator.
- The new bucket truck was delivered to the Pecos Office.
- A Safety Training was held for the Linemen and Meter Technicians. The training was conducted via Zoom format to comply with the CDC guidelines of social distancing and the NM Health order restricting unnecessary travel. Training was provided by Roy O'Day, Oaec NM Safety and Loss Control Director.

7. ACTION OF REGULAR MEETING MINUTES HELD ON JULY 23, 2020 – The Minutes of the Board Meeting held on July 23, 2020 were presented for review and approval. After review, **a motion to approve the Minutes of July 23, 2020 as presented was made by Joe C de Baca and seconded by Robert Baca. Motion carried unanimously.**

8. APPROVAL OF NEW MEMBERSHIPS (MORA 35 – PECOS 18) – A total of 53 new memberships were presented for review and approval. After review, **a motion to approve all new memberships was made by James Ortiz and seconded by Joe C de Baca. Motion carried unanimously.**

9. MANAGER'S REPORT

- Delinquent Report** – The Delinquent Report for the month of July 2020 was presented for review. There were a total of 1127 delinquent accounts totaling \$272,805.09. After collections, 666 accounts remained unpaid for a total of \$102,753.54.
- RUS Form 7** – The RUS Form 7 was reviewed for the period ending July 31, 2020. Operating Revenue and Patronage Capital was \$1,001,647, Cost of Purchased Power was \$525,868 with Total Operation & Maintenance Expense at \$778,422. Total Cost of Electric Service was \$902,172, Patronage Capital & Operating Margins was \$99,475, with Patronage Capital or Margins at \$101,907. Line Loss for the month was at 11.2% and 4.5% YTD. TIER was 3.91% for the month and 1.79% YTD.
- Outage Report** – A total of 97 outages were reported during the month of July. Six hundred and two consumers were affected by these outages for a combined 191 total hours. A big majority of these outages were caused by blown fuses due to lightning.
- Member Sales Budget Report** – The Tri-State Member Sales Budget Report for July 2020 was as follows: Total Energy (kWh) monthly comparison was 6,144,897 Actual and 6,019,729 Budgeted. The Revenues were \$495,516 Actual and \$456,766 Budgeted.

- e. **Fused Cut-Out Report** – There was one new cut-out installed at the Singleton Ranch in La Liendre and one replaced cut-out at La Bonita Ranch located North of Las Vegas.

10. FINANCE REPORT – A motion to approve the Finance Report from the meeting held earlier today, together with the Manager's Report was made by Robert Baca and seconded by Virginia Mondragon. Motion carried unanimously. Manager Montoya advised the Board that the CoBank refinancing of our RUS Loan was delayed from the August 13th, 2020 date. RUS did not pick up on our request prior to August 13th, 2020, therefore, the process has been delayed.

11. TRI-STATE TRUSTEE REPORT – Robert Baca, Tri-State Trustee, reported on Tri-State's August 2020 virtual meeting. Some items covered included the following:

- The virtual Board Meeting was held on August 4th – Strategic Planning Session was held and topics focused on included: 1) Education session on the FERC Rate Settlement Process; 2) Carbon Reduction Regulation update; 3) Discussion and proposal to reduce rates submitted by several members; 4) Review of staff's benchmarking of rates and discussion of actions being considered to potentially reduce cost and rates.
- 68th Annual Meeting was held virtually on August 5, 2020.
- Reorganization of Officers was held – The Executive Committee remained the same except for the Vice Chairman position where Mr. Tim Rabon was elected to that position. Mr. Rick Gordon was re-elected Chairman and Ms. Julie Kilty was re-elected to the position of secretary.
- Discussion on the Partial Requirements Contract – the Contract Committee will be called on for further discussion
- Tri-State's financial performance
- Colorado wanting to eliminate the use of coal entirely – no renewable backup
- Update on Tri-State's response to Covid-19
- Recognition of employees with years of service

12. NMRECA TRUSTEE REPORT – Robert M. Quintana, NMRECA Director, reported on the NMRECA Meeting held virtually on August 7, 2020. Some of the items covered included:

- NMRECA officers were re-elected by acclamation and are as follows: Mr. Charles Pinson, President; Mr. Tim Morrow, Vice President; and Mr. Duane Frost, Secretary-Treasurer.
- Dean Church with CoBank reported to the Board the interest rates are low and now is a good time to borrow.

- Mr. Groenewold announced to the Board Ms. Susan Espinoza has tendered her resignation from NMRECA. Susan has been the Editor of the Enchantment Magazine and will be leaving effective December 31, 2020.
- The commitment form for the 2021 Government-in-Action Youth Tour to Washington, DC will be distributed to NM Cooperatives.
- The Publications Report was presented. Ms. Espinoza reported the new Enchantment magazine gloss format has attracted new advertisers.
- Course No. 2610 – “Understanding Electric Business” previously scheduled for August 13th has been pushed to December 2020. Mr. Robert Baca and Mr. Joe C de Baca will be registered to take this course.
- Mr. Groenewold asked the Board for their thoughts on starting to do in-person Board meetings. Instead of having everyone go in at the same time, members would rotate to adhere to the health restrictions and social distancing. Those who are interested in attending future board meeting in person are to contact NMRECA staff.

13. ON-GOING BUSINESS

- a. Board Policy No. 310 - Lineman Development Scholarship Program and Scholarship Application** – MSMEC Board of Trustees are interested in developing a training and education program to develop apprentices and journeymen linemen for the purpose of maintaining and expanding the Cooperative’s distribution system. This policy will provide an opportunity for local students to consider taking on this line of work as a profession and offer the Cooperative local talent for extended years. **After final review of Board Policy No. 310 and the Scholarship Application, Robert Baca, seconded by James Ortiz, motioned to approved Board Policy No. 310 – Lineman Development Scholarship Program and Scholarship Application. Motion carried unanimously.**
- b. Award of Sealed Bids for Surplus Property – 2011 & 2009 Toyota Pickup Trucks** – Two Toyota pickups were declared as surplus property by Board Resolution authorizing the sale of these two units through sealed bids. These pickups were retired from the meter reading operations. The trucks were advertised for sale and sealed bids were received until August 13, 2020. Bids were opened and a copy of the comparison sheet was presented to the Board for authorization of the two high bidders and the sale of the 2009 and 2011 Toyota surplus pickups. **A motion to accept the two high bidders and authorizing the sale of the two pickups was made by Robert Baca and seconded by Joe C de Baca. Motion carried unanimously.**
- c. Tri-State Bill/MSM Solar Bill** – Tri-State’s power bill for the month of July 2020 was \$495,515.66; MSM Solar Bill was \$30,352.12 with a credit from Tri-State of \$24,891.99.

14. NEW BUSINESS

- a. **MSMEC Years of Service Recognition Program – Draft Policy** – Manager Montoya presented the Board with a draft of MSMEC Years of Service Recognition Program Policy. This Policy will acknowledge and offer to all permanent full-time employees' recognition and monetary appreciation for years of service performed on behalf of MSMEC and its owners. Years of service acknowledgement and award levels would be in increments of 5 years. It is reasonable and deserving to offer recognition to those employees who remain with the Cooperative for extended periods of time. The Board was asked to review the proposed draft policy and consider approving as a MSMEC Board Policy at a future Board Meeting.
- b. **Rural Electric Safety Achievement Program (RESAP) – 2020 On-site Observation Report** – An on-site inspection was held on August 3rd and 4th, 2020 of the Mora and Pecos operation facilities and equipment as part of the Rural Electric Safety Achievement Program (RESAP). The inspection was scaled down due to COVID-19. The focus of the inspection concentrated on the yards, warehouses, vehicles and equipment. Results in the different areas varied from "satisfactory to generally satisfactory". There were significant improvements from 2017. Mr. Roy O'Day and David Berryman recognized MSMEC staff and management for the positive results and attitudes encountered while completing the on-site inspections. Mr. O'Day called in and gave the Board and Manager Montoya a summary of the inspection stating it was a positive inspection. He also stated that MSMEC employees represent our Coop very well. Mr. O'Day was impressed with the improvements made and is looking forward to another 3 years of RESAP.
- c. **Notification of Project Eligibility Health Food Financing – Mora Electric/Grocery Cooperative Design Project** – On behalf of MSMEC, Manager Montoya submitted a Letter of Interest to the Health Food Financing Initiative. The letter of interest requested grant funds to be used for final design of the MSMEC administrative building and grocery store building. Notification was received stating the project was determined eligible for receipt of such grant funds. A total of 446 letters of interest were submitted requesting a total of \$69 million dollars. There are \$3 million dollars available – the Mora-Electric/Grocery Cooperative Design Project was considered eligible making MSMEC's project eligible to submit the next step being that of a full application. **A motion was made by Virginia Mondragon, seconded by Joe C de Baca, to authorize the General Manager to submit the full application to the Health Food Financing Initiative for the Mora Electric/Grocery Cooperative Design Project on behalf of MSMEC. Motion carried unanimously.**
- d. **NMRECA – 2021 Youth Tour Correspondence and Delegate Commitment Form** – NMRECA sent out information regarding the 2021 Youth Tour, including a commitment form. The 2021 Youth Tour is still scheduled for June of next year but instead of having all the students attend at the same time, the program will be held for two weeks straight with 3 different groups attending on different dates. It was suggested at this time to keep participants to 1 or 2 per Coop. After further discussion and due to the uncertainty of COVID-19, the full Board made the decision that MSMEC would not participate in the 2021 Youth Tour to Washington, DC.

- e. **Audit Agreement for Year Ended December 31, 2020 – Bolinger, Segars, Gilbert & Moss, LLP** – Bolinger, Segars, Gilbert & Moss, LLP submitted a written audit agreement with a description of services they will provide to MSMEC for the year ending December 31, 2020. After review, **a motion was made by Virginia Mondragon, seconded by Robert Baca, to approve the Audit Agreement submitted by Bolinger, Segars, Gilbert & Moss, LLP for the year ending December 31, 2020. Motion carried unanimously.**
- f. **Proposed Terrero Vegetation Management Pilot Project** – Manager Montoya presented the Board with a NM State Forestry proposal of a Pilot Vegetation Management Project in the MSMEC service Territory. The proposal will partner NM State Forestry with MSMEC to identify a project area, develop the scope of work, set contract with contractor to perform work and contribute a dollar for dollar match to fund the project. The Board was informed of the preliminary specifics of the partnership and the funding commitment to partner with NM State Forestry. The funding amount is not to exceed \$25,000.00. After further discussion, **a motion was made by Robert Baca, seconded by James Ortiz, to move forward and approve MSMEC to commit to partner up with NM State Forestry on the Pilot Vegetation Management Project not to exceed \$25,000.00. Motion carried unanimously.**
- g. **Federated Rural Electric Insurance Exchange – Notice of Election** – For information only.

15. CORRESPONDENCE

- a. **NRECA Moves 2021 Annual Meeting to Virtual Events** – For information only.
- b. **Thank you for Scholarship – Marisol Encinias** – For information only.

16. INFORMATION

- a. **Calendar of Events** – The September MSMEC Finance and Regular Board Meetings are scheduled for Thursday, September 24th, 2020 starting at 10:00 a.m. The full Board will gather at the MSMEC Boardroom in Mora for their September Meeting following the social distancing and mask wearing guidelines which are still in place.

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

17. EXECUTIVE SESSION

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

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

18. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION – None.

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 Virginia Mondragon. Motion carried unanimously. The meeting adjourned at approximately 1:20 p.m.

ATTEST:


Virginia Mondragon, Secretary/Treasurer


Robert M. Quintana, Chairman