

MINUTES
REGULAR MEETING
BOARD OF TRUSTEES
THE SOCORRO ELECTRIC COOPERATIVE, INC.

JUNE 26, 2013

A Regular Meeting of the Board of Trustees of The Socorro Electric Cooperative, Inc., was held on Wednesday, June 26, 2013 in Socorro, New Mexico.	INDEX
The meeting was called to order at 5:30 p.m. by Luis Aguilar, President.	CALL TO ORDER
Due to the absence of Secretary Wolberg, President Aguilar asked Vice-President Mauldin to take roll.	ROLL CALL
Vice-President Mauldin called roll and reported those present as follows:	
TRUSTEES PRESENT:	
Luis Aguilar, President Representative, District III	
Prescilla Mauldin, Vice-President Representative, District III	
Leo C. Cordova, Treasurer Representative, District I	
Charles Wagner, Trustee* Representative, District II	
Dave Wade, Trustee Representative, District IV	
Anne L. Dorough, Trustee Representative, District V	
TRUSTEES ABSENT:	
Donald Wolberg, Secretary Representative, District III	
OTHERS PRESENT:	
Joseph Herrera, General Manager Eileen Latasa, HR Manager/Exec. Asst. Lorna Wiggins, Attorney Bruce Wiggins, Attorney Aaron Viets, Attorney Agnes Padilla, Attorney	
SEC MEMBERS PRESENT:	
Jimmy Dorough, Elva Osterreich, David L. Wade, Richard Tafoya, Sr., James Cherry, Charlene Wagner, James Bockenstette, Steve Grossman Eugene Cole, Cyndi Mae Wade, Michael Hanauer	
Vice-President Mauldin declared a Quorum of Trustees present,	DETERMINATION OF A QUORUM
President Aguilar led everyone in the Pledge of Allegiance.	PLEDGE OF ALLEGIANCE
There being no changes or corrections to the Agenda, a motion was made by Trustee Mauldin and seconded by Trustee Wade to approve the Agenda as presented. Motion carried unanimously.	APPROVAL OF AGENDA
There being no corrections to the Draft of the Minutes of the Regular Meeting for May 22, 2013, a motion was made by Trustee Mauldin and seconded by Trustee Cordova to approve the Draft of the Minutes as written. Motion carried unanimously.	APPROVAL OF MINUTES
Steve Grossman asked President Aguilar if he would call for a Special Member's Meeting to act on the District V Resolutions.	PUBLIC INPUT
After review of the Draft of the Resolution on Reasonable Notice, a motion was made by Trustee Mauldin and seconded by Trustee Cordova to approve the Resolution on Reasonable Notice as written. Motion carried unanimously	APPROVAL OF RESOLUTION ON REASONABLE NOTICE

Manager Herrera reported that total expenditures for the month of May, 2013 totaled \$1,840,248.27,

EXPENDITURE
REPORT

Manager Herrera answered questions from Trustee Wagner on checks issued to Bryce Wilson; Wiggins, Williams & Wiggins and New Mexico Tech for the Macey Center.

There were no questions from the Board on the Credit Card Report.

CREDIT CARD
REPORT

Manager Herrera reported on the RUS Form 7 as follows:

- Cost of Purchased Power \$1,056,312
- Interest on Long Term Debt \$ 177,403
- Margins for May, 2013 \$ 21,216
- Margins Year to Date \$ 313,794
- KWH Purchased 82,374,614
- Line Loss 6.21%
- Equity as a % of Assets 29.53%

A motion was made by Trustee Mauldin and seconded by Trustee Wade to approve the RUS Form 7 for May, 2013 as information. Motion carried unanimously.

Manager Herrera reported that staff is working diligently on delinquent accounts and noted that Active Accounts decreased 27% but the Inactive Account increased 1.56 % during the month of May, 2013.

DELINQUENT
REPORT

Manager Herrera reviewed the Outage Report for May 14 to June 17, 2013. Manager Herrera informed the Board that a major outage occurred at the Burris Substation as a result of a lightning storm.

OUTAGE REPORT

Manager Herrera reported that the SEC garnered 1st place for no lost-time accidents in 2012 through the New Mexico Rural Electric Self-Insurer's Fund.

SAFETY REPORT

Manager Herrera informed the Board that Chapel Mapping had completed the data Collection. The quality control process will begin which will aide in outage control and restoration

Manager Herrera reported on the Member Application/Cancellation Report as follows:

- New Connects 37
- Re-connects 45
- Disconnects 231

MEMBER
APPLICATION/
CANCELLATION
REPORT

A motion was made by Trustee Mauldin and seconded by Trustee Cordova to approve the Member Application/Cancellation Report for May, 2013 as information. Motion carried unanimously.

Manager Herrera reported on the NMRECA Annual Meeting held in Ruidoso, New Mexico. Manager Herrera informed the Board that Congressman Steve Pearce gave a very informational speech in that he is a friend of the cooperatives and would assist with legislation regarding expansion of the ROW's for access to trees in light of recent forest fires caused by downed trees falling into power lines.

NMRECA REPORT

Manager Herrera reminded the Board of information on the NRECA Region X Meeting and NRECA Director's Training Courses being offered in August.

Manager Herrera also reported that Tri-State G&T has spent a considerable amount of money on attorneys and it is their desire to resolve differences on the Rate Protest before it goes before the N.M.P.R.C.

TRI-STATE
REPORT

Attorney Wiggins recommended the Retirement of Patronage Capital to the following Estates:

- Joseph V. Thoele \$1,584.19
- Jack Myers \$1,658.53
- Mary S. Cordova \$ 53.02
- Chris Pino Jr. \$ 431.72
- Pam Pino \$ 215.03
- Annette Buchanan \$ 795.42
- Johnnie B. Trujillo \$ 809.98
- Dolores Saulsberry \$ 832.99
- Eloisa A. Gonzales \$ 269.82

OTHER
BUSINESS

A motion was made by Trustee Wade and seconded by Trustee Cordova to approve the Retirement of Patronage Capital to the above-mentioned Estates. Motion carried unanimously.

Trustee Mauldin expressed her concerns with the Resolutions passed by District V in October, 2012. Trustee Mauldin stated that while being a commendable attempt to bring positive change to the cooperative, the resolutions must conform to New Mexico State Law and some are overly restrictive. Trustee Mauldin proposed a Member By-Law Committee to reconstruct by-law changes and to address the inadequacies of the District V Resolutions.

SUBJECTS BY
TRUSTEES

Discussion ensued on the determination of the existence of a quorum at the June Special Members Meeting where members voted to place the District V Resolutions on the Ballot for the next Annual or Special Meeting and the question of obtaining an independent ruling on whether or not a quorum actually existed.

Attorney Bruce Wiggins responded to the question by stating the attorneys' concerns and position that a number of the District V proposals were never adopted properly because there was not a quorum present when they were adopted. We have record of when that quorum failed to be held and at some point in the meeting the quorum no longer existed and some resolutions were passed after the quorum failed. Attorney Wiggins stated that it was their opinion that the resolutions acted on after the quorum was lost are not valid. Secondly, there was not a quorum at the point in the May 15, 2013 Annual Meeting where the District V Resolutions were to be considered nor was there was a quorum present at the Continuation of the Annual Meeting on June 8, 2013 because the bylaw which provides that mail-in ballots count towards a quorum, they believe, is unlawful and void as being against state statute. There is no proposal on the table for District V Resolutions or any resolutions brought to the floor of the meeting in June because a quorum did not exist.

Attorney Wiggins stated that the question is if their advice and opinion is not taken, how can the issue be resolved. One way to resolve that issue is for the Board not to call any meeting for consideration of the District V Resolutions, if in fact the petition is successful and enough signatures are gathered. If the Board fails to do that having been presented with the petition, a member can bring a lawsuit which can be determined rather quickly by a court of competent jurisdiction because we are not dealing with contested facts, the facts being how many people were present and how many people were absent, and how many absentee ballots there were and what the bylaws say because we know all that. The real question to the court would be is the current bylaw that allows for mail-in ballots to be counted towards a quorum, valid or not valid, which can be determined rather quickly based on briefs. The question is how do you get this before the court which would be the solution, which is one way. The second way is for three of the trustees to ask the president to call for a meeting, which he has refused to do on the basis which he will describe later. The other way would be for a constituent to bring a claim before the court for that determination to be made as to whether or not that bylaw is valid.

Attorney Wiggins stated that it was their view that the board should not call for a meeting for the discussion of the resolutions for all the reasons that he said. Further, it is their opinion that the board has an obligation to the membership, as a whole, the membership being 9,000 and some members and not to vocal minority, however well intended, that brings things to the membership and to the board but fails to garner a legal quorum so those things can proceed. If indeed there were a special meeting to consider the District V resolutions and let's assume that there was a quorum apart from the issue of the mail-in ballots. It is their view that action would be invalid by virtue of everything that lead up to getting those resolutions before the meeting. Also, the board, as such, as trustees has an obligation not to promote activities that result unlawful actions being taken or unlawful bylaws being adopted whether they are unlawful because there was no quorum or unlawful as a matter of law because they don't comply with state law and would be voided in any case.

Attorney Wiggins stated that Trustee Mauldin has proposed a committee of members and Board to engage in a cooperative effort to look not only at the District V Resolutions but the Bylaws as a whole, which we all know are inconsistent in many respects, are unclear because they were adopted at a time when the coop was much different than it is today and many do not meet best practices. The idea Trustee Mauldin expresses is to come up with a set of bylaws which the board can support and the members of each district can support that are legal, make sense and are rational and grant many of things that District V proposed which are for the most part are very good and involve member and shareholder participation, much more so than now exists, which the attorneys support.

Attorney Wiggins stated that as lawyers they do not care to and do not want to spend the time they are spending dealing with these management kinds of issues which you should not go through this time after time again and again. The only way to deal with this is to have a collaborative effort that produces a product everyone cannot be perfectly happy with but at least happy enough that everybody can agree to go forward. The result of the collaboration like that can be easily brought to the members two ways. Not just through the district meetings which is the way Mr. Wagner describes, that is not the only way under our existing bylaws, that the changes in the bylaws can be adopted. The board can adopt them and propose them to the membership and they can be voted on without going through the district process. Maybe it would be better to go through the district process and through the board process so that when they are presented to the membership they can actually get a quorum; adopt them and be done with the process. That does not mean that they are set in stone forever, there will be a process for continually amending bylaws as time goes on. That effort would be much more productive than going about this business of having meetings where the question of a quorum and where everybody is divisive about what is going on. We suggest that if such a committee is formed that some independent counsel that can help facilitate, mediate or guide that process, they don't mean their law firm, but a lawyer familiar with electric coop statutes and would become familiar with the bylaws and can help guide the decisions and recommendations of such a committee. Part of the problem with the current process is that motions from the floor, while well intended, or motions/resolutions brought to the district, however well intended, do not necessarily and often don't, aren't presented in a way that is consistent with current bylaws or consistent with law or they may be rational but they're not proposed in a rational fashion that can be incorporated into a set of bylaws that produce the result desired. The number of the bylaws looked at as part of the bylaw committee were prepared in such a way that in fact if you read them in the context in what already exists the opposite result of what was intended will occur, if adopted. The board has never been given the opportunity to present those concerns and those concerns of the various membership, could be addressed by a group independent enough so the changes can be properly evaluated.

A lengthy discussion ensued on how to deal with the mail-in ballot/quorum issue with no action being taken by the Board.

A motion was made by Trustee Cordova and seconded by Trustee Mauldin calling for an Executive Session. After a roll call vote, the motion carried unanimously.

EXECUTIVE
SESSION

President Aguilar called for an Executive Session to discuss Litigation as per the NMOMA.

President Aguilar asked Trustee Wagner to excuse himself. Trustee Wagner left the meeting under protest.

The Board adjourned to Executive Session at 6:30 p.m.

A motion was made by Trustee Mauldin and seconded by Trustee Cordova to return to Regular Session. Motion carried unanimously.

REGULAR
SESSION

*Trustee Wagner did not return for Regular Session.

The Board returned to Regular Session at 7:10 p.m.

A motion was made by Trustee Mauldin and seconded by Trustee Cordova to set the date and time for the Regular Meeting for Wednesday, July 24, 2013 at 5:30 p.m. Motion carried unanimously.

SET DATE AND
TIME FOR THE
REGULAR
MEETING

There being no further items open for discussion, Trustee Cordova made a motion to adjourn. Trustee Mauldin seconded the motion. Motion carried unanimously.

ADJOURNMENT

President Aguilar adjourned the meeting at 7:12 p.m.

Prescilla Mauldin, Acting Secretary

APPROVED:

Luis Aguilar, President

I, Prescilla Mauldin, do hereby certify that I am the Acting Secretary of the Board of Trustees of The Socorro Electric Cooperative, Inc., hereinafter called the "Cooperative" and the above is a true and exact copy of the Minutes of the Regular Meeting held on June 26, 2013. A Quorum of Trustees was present and acted upon throughout the meeting and none of the Minutes of the above have been rescinded or modified.

Prescilla Mauldin, Acting Secretary