

July 23, 2014

VIA HAND DELIVERY

Mr. Charles Wagner
c/o Socorro Electric Cooperative, Inc.
P.O. Box H
Socorro, New Mexico 87801

Socorro Electric Cooperative, Inc. ("SEC")

Dear Mr. Wagner:

As you know, in the course of our duties as Trustees, we are required to discuss and debate difficult and sensitive issues involving adverse and potentially adverse parties. We now have to discuss and debate issues relating to SEC's franchise agreement with the City of Socorro and SEC's ongoing relationship with the City. Yet again you have breached SEC board Policy 119 Code of Conduct item 3 "The complete confidentiality of business information". Your June 14, 2014 action of forwarding a confidential email that I sent to Trustees regarding the City constitutes willful misconduct and recklessness and demonstrates you are adverse to SEC and do not intend to keep such communications confidential. Your repeated use of the public forum at the City of Socorro Council meetings to criticize the SEC Board, General Manager and counsel is an act of disloyalty to the SEC and violates Board Policy 119 Code of Conduct item 1 duty of loyalty and item 3 individual trustee support for all Board decisions.

As a result, you will not be permitted to attend any executive session of the Board to discuss the City franchise agreement or its relationship with SEC, effective immediately. At the July 23, 2014 Board meeting, there will be a motion to publically censure you for willful misconduct.

Additionally you will be sanctioned as follows: you will not be authorized to attend the upcoming NRECA Region X Conference on behalf of SEC. SEC will notify NRECA that you are not to be provided with any credentials on behalf of SEC. These sanctions, when approved by the Board, will prevail until such time as the Board determines you have demonstrated compliance with your fiduciary obligations to the SEC and duties of conduct in accordance with Board Policies. This letter will be published on the Cooperative's website and the results of the vote to censure you will also be available publically.

Very truly yours,

Anne Dorough
President, Socorro Electric Cooperative, Inc.
Board of Trustees