

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

AUGUST 25, 2010

A Regular Meeting of the Board of Trustees of The Socorro Electric Cooperative, Inc., was held on August 25, 2010 at 310 Abeyta Ave., in Socorro, New Mexico.

INDEX

The Meeting was called to order by President Bustamante at 5:33 p.m.

CALL TO ORDER

President Bustamante led everyone in the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

President Bustamante informed the Board that Trustee Cordova would not be in attendance due to a death in the family.

ROLL CALL

Secretary Aguilar called roll and reported those Trustees present and attending the Meeting as follows:

MEMBERS PRESENT: Paul J. Bustamante, President
Representative, District II

David Wade, Vice-President
Representative, District IV

Luis Aguilar, Secretary
Representative, District III

Milton Ulibarri, Treasurer
Representative, District III

Leroy Anaya, Trustee
Representative, District III

Prescilla Mauldin, Trustee*
Representative, District III

Donald Wolberg, Trustee
Representative, District III

Charles Wagner, Trustee
Representative, District V

MEMBERS ABSENT: Leo C. Cordova, Trustee
Representative, District I

Jack Bruton, Trustee
Representative, District V

ALSO PRESENT: Richard Lopez, Interim Manager
Eileen Latasa, Interim Office Manager
David Montoya, Interim Operations Manager
Sophie Chavez, Engineering Department Supervisor

Jack Moss, CPA, Bolinger, Segars, Gilbert & Moss
Randy Robbins, CPA, Bolinger, Segars, Gilbert & Moss

SEC MEMBERS PRESENT: Steve Grossman, Frank Quatrochi, James Cherry,
Alvin B. Hickox, Carmen Soleas, Audrie Clifford,
John Severance, Jay Smith, David L. Wade, Cyndi Mae
Wade, Marie Watkins, Susann Graham, Louise Dano,
Terry Maguire, Bruce Gilson, Larry Cary, Charlene F.
Wagner, Doug May, Doug Scott, T.S. Last

Secretary Aguilar declared a Quorum of Trustees present.

QUORUM

Trustee Wagner stated that he had a proposal for a forensic audit and would present it during Other Business of the Agenda.

APPROVAL OF AGENDA

After review of the Minutes, a motion was made by Trustee Ulibarri and seconded by Trustee Wolberg to approve the Draft of Minutes of the Regular Meeting held on July 28, 2010. Motion carried.

ACTION ON
PREVIOUS
MINUTES

Trustee Wagner had a question on a motion to go into Executive Session during the Special Meeting held on August 13, 2010. Secretary Aguilar was asked to review the recording of the Meeting for clarification.

One SEC member addressed the Board with his concern.

PUBLIC
COMMENTS

*Trustee Mauldin arrived at 5:40 p.m.

Manager Lopez reviewed Budget Line Items from the 2009 and 2010 Budget with the Board.

A motion was made by Trustee Wolberg and seconded by Trustee Ulibarri to approve the proposed 2010 Budget. Motion carried. Trustee Wagner abstained.

After further discussion from the Board, a motion was made by Trustee Wolberg and seconded by Trustee Wagner to approve the 2010 Budget for the interim period of 60 days. Motion carried.

Manager Lopez advised the Board that the RUS Form 7 was not complete and that SEDC had been contacted to assist with training SEC Personnel. Manager Lopez stated that the Rural Utilities Service had been advised about the delay in completion of the Form 7 Report.

MANAGER'S
REPORT

Manager Lopez advised the Board that both he and Mrs. Latasa would be answering questions on the Expenditure Report.

EXPENDITURE
REPORT

Trustee Mauldin inquired about Check #41686 to ATAP, LLC.

Manager Lopez responded that the expenditure was for deposits on the control buildings for both the Magdalena and Quemado substations.

Trustee Mauldin also inquired about Check #41737 to Zia Electrical Products.

Manager Lopez explained that a 3-phase meter cabinet for the New Mexico Tech Circuit was purchased.

Manager Lopez informed the Board that he would be meeting with the Line and Meter Departments regarding Delinquencies greater than 120 days.

DELINQUENT
REPORT

Manager Lopez also stated that the SEC would continue to follow procedures required by the New Mexico Public Regulation Commission regarding disconnection of electric service for delinquent members. Manager Lopez added of his intent to be aggressive on collections for delinquent accounts.

Manager Lopez reported that activity for Dish Network was slow but that the SEC Cable Technician was being utilized for One-Calls and the SEC Line Department.

SATELLITE
REPORT

On the Section V and Section XII delinquent accounts, Manager Lopez stated that liens would be placed on homes with delinquent accounts over 90 days.

SECTION V &
XII REPORTS

Mr. Montoya, Operations Manager/Line Superintendent, reviewed the Outage Report for July 28 to August 28, 2010.

OUTAGE
REPORT

Discussion ensued regarding the Raptor Protection Act and Right of Ways (/ROW) on government lands.

Mrs. Chavez reported that a lineman was hurt while trimming trees and required physical therapy. Mrs. Chavez also reported that the other lineman that was burned earlier in the year remains on worker's compensation.

SAFETY
REPORT

Manager Lopez informed the Board that training for the AED's would be done during the Safety Training Meeting on Friday, August 27, 2010.

Manager Lopez informed the Board that the line for the BNSF Railway took 2-1/2 years to build and the Magdalena Control Building was completed.

Manager Lopez added that the TEP 69,000 volt line from Springerville, Arizona would be complete next week.

Mr. Montoya informed the Board that two new service trucks were needed as soon as possible to replace two trucks for the West area.

VEHICLE
REPORT

Mr. Montoya also recommended the purchase of a new bucket truck that would be used to work on poles that service the Walmart line.

After discussion, a motion was made by Trustee Wagner and seconded by Trustee Mauldin authorizing Manager Lopez to seek bids for the two service trucks and the bucket truck for inclusion in the 2010 Revised Budget. Motion passed.

A motion was made by Trustee Anaya and seconded by Trustee Wade to present the bids for the trucks to the Bid Committee for consideration. Motion carried.

Manager Lopez informed the Board that an advertisement was placed in newspapers for a lineman for the West area and the deadline to submit applications was September 2, 2010.

PERSONNEL

Manager Lopez added that one of the linemen for the West area had been on light duty approximately four (4) years and that another lineman was needed.

Manager Lopez and Mrs. Chavez presented proposals for computer and server upgrades.

After discussion, President Bustamante directed Manager Lopez to get bids for the Computer upgrades.

Manager Lopez also discussed utilizing a maintenance contract with Integrated Technologies rather than being charged on an hourly basis, which is currently the case.

Manager Lopez also informed the Board that a new representative to the New Mexico Self-Insurer's Fund needed to be appointed. Manager Lopez recommended that the Board Appoint him as the Representative and Eileen Latasa as the alternate.

NMRECA
REPORT

A motion was then made by Trustee Anaya and seconded by Trustee Wade to appoint Manager Lopez as Representative and Eileen Latasa as the Alternate to the New Mexico Self-Insurer's Fund. Motion carried.

Discussion was held on the Draft House Bill proposed by N.M. Representative Don Tripp regarding state law prohibiting cooperative members from voting by mail or proxy.

Trustee Ulibarri strongly urged that NRECA consider providing health insurance to consumer/owners.

Trustee Ulibarri also reminded everyone about the New Mexico Solar Workshop scheduled for September 1, 2010.

Trustee Anaya reported that Tri-State G&T indicated that there would be no rate increase for 2011.

TRI-STATE
REPORT

President Bustamante opened nominations for Voting Delegate to the NRECA Region X Meeting.

ELECTION OF
VOTING
DELEGATES
AND
ALTERNATES
FOR THE
NRECA REGION
X MEETING

Trustee Anaya nominated Trustee Ulibarri.

There being no further nominations, a motion was made by Trustee Wagner and seconded by Trustee Wolberg that nominations cease and that Trustee Ulibarri be elected by acclamation as the Voting Delegate to the NRECA Regions X Meeting. Motion carried.

Trustee Wagner nominated Trustee Cordova as the Voting Alternate to the NRECA Region X Meeting. The Board unanimously approved the nomination.

President Bustamante opened the floor for nominations for CFC Voting Delegate for the NRECA Region X Meeting.

Trustee Ulibarri nominated Trustee Cordova.

A motion was made by Trustee Wade and seconded by Trustee Ulibarri that Trustee Cordova be elected as CFC Voting Delegate to the NRECA Region X Meeting. Motion carried.

President Bustamante opened the floor for nominations for CFC Voting Alternate.

Trustee Wolberg nominated Trustee Anaya.

A motion was made by Trustee Wade and seconded by Trustee Wolberg that Trustee Anaya be elected by acclamation as the CFC Voting Alternate to the NRECA Region X Meeting. Motion carried.

President Bustamante opened the floor for nominations for NRTC Voting Delegate to the NRECA Region X Meeting.

A motion was made by Trustee Anaya and seconded by Trustee Wolberg that Trustee Cordova be elected as NRTC Voting Delegate and Trustee Ulibarri be elected as Voting Alternate to the NRECA Region X Meeting. Motion carried.

A motion was made by Trustee Wagner and seconded by Trustee Wolberg that Manager Lopez be elected as Federated Voting Delegate and Trustee Anaya as Voting Alternate to the NRECA Region X Meeting. Motion carried.

Manager Lopez read the Resolution (Resolution attached) for approval of the RUS ERC Loan Program.

APPROVAL OF
RUS ERC LOAN
RESOLUTIN

A motion was then made by Trustee Wagner and seconded by Trustee Wolberg to adopt the RUS ERC Loan Program. Motion carried.

President Bustamante read a Resolution (Resolution attached) authorizing First State Bank to issue MasterCard credit cards to Eileen Latasa and Sophie Chavez.

APPROVAL OF
RESOLUTION
FOR
SIGNATURE
APPROVAL
FOR BANK
ACCOUNTS

A motion was made by Trustee Wagner and seconded by Trustee Wolberg authorizing First State Bank to issue MasterCard credit cards to Eileen Latasa and Sophie Chavez. Motion carried.

President Bustamante read a Resolution (Resolution attached) authorizing First State Bank to add Sophie Chavez to the General Fund Account signature card in order to sign checks on the account.

Motion was made by Trustee Wolberg and seconded by Trustee Wagner to approve the Resolution authorizing First State Bank to add Sophie Chavez to the General Fund Account signature card. Motion carried.

Attorney Francish recommended the Retirement of Capital Credits to the Estates of the following SEC deceased members:

OTHER
BUSINESS

- Louis Gallegos \$ 457.89
- Edith Bowling \$ 760.86
- Mark Luna \$ 720.31
- Louis ramos \$ 669.32
- Josie Romero \$ 342.60
- Rusty Link \$ 899.17
- Edward Lynn Lewis \$1,923.45

A motion was made by Trustee Wade and seconded by Trustee Anaya to approve Attorney Francish's recommendation to Retire Capital Credits to the above-mentioned Estates. Motion carried.

Trustee Wagner presented information for Board consideration on Forensic Accounting Procedures with a bid proposal for a forensic audit.

SUBJECTS BY
TRUSTEES

After discussion a motion was made by Trustee Wagner and seconded by Trustee Mauldin to postpone action on the forensic audit proposal until the Special Meeting on August 26, 2010. Motion carried.

President Bustamante recommended that the Board review the bid proposal for a forensic audit before making any decisions.

Attorney Francish preferred to discuss his Legal Report in a non-public manner.

LEGAL
REPORT

After discussion, a motion was made by Trustee Wolberg and seconded by Trustee Ulibarri to dismiss whatever can be dismissed from the lawsuit filed by the SEC regarding the three (3) Resolutions passed at the 2010 Annual Members Meeting. Trustees Ulibarri, Wade, Aguilar, Anaya and Wolberg voted in favor of the motion. Trustees Wagner and Mauldin were opposed. Motion carried.

DISMISSAL
OF LAWSUIT

Attorney Francish recommended retaining the legal services of Mr. Paul Kennedy to assist Attorney Francish with the counter claims and other legal issues concerning the lawsuit mentioned above.

DISMISSAL
OF LAWSUIT
CONT.

A motion was then made by Trustee Wade and seconded by Trustee Wolberg to engage the services of Attorney Paul Kennedy to assist Attorney Francish with the legal issues and counterclaims on the lawsuit filed by the SEC regarding the three (3) Resolutions passed by the Members at the 2010 Annual Members Meeting. Motion carried with Trustee Wagner and Mauldin opposed.

Attorney Francish informed the Board that Trustee Wagner served current and past SEC Trustees with a lawsuit to remove them from the Board and accusing them of Fraud, Negligence and Breach of Fiduciary Duty.

Attorney Francish stated that he would contact Federated Insurance to find out what the trustee liability insurance policy would cover.

Discussion ensued on a possible conflict of interest regarding Trustee Wagner and counterclaims against Trustee Wagner's lawsuit.

President Bustamante entertained a motion to call for an Executive Session.

EXECUTIVE
SESSION

A motion was made by Trustee Wolberg and seconded by Trustee Anaya calling for an Executive Session to discuss legal matters. Motion carried.

President Bustamante called for an Executive Session. The Board adjourned to Executive Session at 7:20 p.m.

The Board returned to Regular Session at 8:36 p.m.

REGULAR
SESSION

A motion was made by Trustee Wolberg and seconded by Trustee Aguilar that Leopoldo Pineda Jr., General Manager, and Kathy Torres, Accountant/Office Manager, be terminated from their positions with the SEC.

After discussion, President Bustamante called for the vote on Trustee Wolberg's motion. Motion carried with Trustee Wagner abstaining.

A motion was made by Trustee Ulibarri and seconded by Trustee Anaya to approve the date of September 22, 2010 and time of 5:30 p.m. for the Regular Meeting. Motion carried.

APPROVAL
OF AGENDA

There being no further business, Trustee Wolberg and Trustee Anaya seconded the Motion to adjourn the meeting. Motion carried.

President Bustamante adjourned the meeting at 8:40 p.m.

ADJOURNMENT

Luis Aguilar, Secretary

APPROVED:

Paul J. Bustamante, President

I, Luis Aguilar, do hereby certify that I am the Secretary of the Board of Trustees of The Socorro Electric Cooperative, Inc., hereinafter called the "Cooperative" and that the above is a true and exact copy of the Minutes of the Regular Meeting of the Board of Trustees held on August 25, 2010. A Quorum of Trustees was present and acted upon throughout the Meeting and none of the Minutes contained on the above copy have been rescinded or modified.

Luis Aguilar, Secretary