

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

NOVEMBER 28, 2012

A Regular Meeting of the Board of Trustees of The Socorro Electric Cooperative, Inc., was held on Wednesday, November 28, 2012 in Socorro, New Mexico.

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The Meeting was called to order at 5:30 p.m. by Vice-President Wade.

CALL TO ORDER

Secretary Aguilar reported those present and attending the meeting as follows:

ROLL CALL

TRUSTEES PRESENT: Dave Wade, Vice-President
 Representative, District IV

 Luis Aguilar, Secretary
 Representative, District III

 Leo C. Cordova, Treasurer
 Representative, District I

 Charles Wagner, Trustee*
 Representative, District II

 Leroy Anaya, Trustee
 Representative, District III

 Prescilla Mauldin, Trustee
 Representative, District III

 Milton Ulibarri, Trustee
 Representative, District III

 Donald Wolberg, Trustee
 Representative, District III

TRUSTEES ABSENT: Paul J. Bustamante, President
 Representative, District I

ALSO PRESENT: Joseph Herrera, General Manager
 Eileen Latasa, Sr. Admn. Asst./HR Manager
 Lorna Wiggins, Attorney
 Darin Foster, Attorney

SEC MEMBERS PRESENT: Jim Dorough, Anne Dorough, Marie Watkins,
 James Cherry, David L. Wade, Richard P. Tafoya,
 Cyndi Mae Wade, Michelle Paz, Adam Paz, Jr.,
 Shanise Sandoval, Audrie Clifford, Charlene West

Secretary Aguilar declared a Quorum of Trustees present.

QUORUM

Vice-President Wade led everyone in the Pledge of Allegiance.

PLEDEGE OF
ALLEGIANCE

Trustee Wagner requested an addition to the Agenda to consider seating Mrs. Dorough, Trustee-elect from District V on the Board immediately, due to the vacancy in District V.

After discussion, a motion was made by Trustee Anaya and seconded by Trustee Cordova to approve the Agenda without additions or changes. Motion carried with Trustee Wagner opposed.

APPROVAL OF
AGENDA

After review of the Draft of the Minutes of the Regular Meeting of October 24, 2012, a motion was made by Trustee Cordova and seconded by Trustee Anaya to approve the Draft of the Meeting with a correction. Motion carried with Trustee Wagner opposed.

APPROVAL OF
PREVIOUS
MINUTES

Herb Myers addressed the Board on the commentary authored by Keven Groenewold, Executive V.P./General Manager of the NMRECA regarding cooperative principles, relationships with members of the cooperative.

PUBLIC COMMENT

Vice-President Wade posed the following questions regarding the election to Wagner for his response:

CERTIFICATION
OF DISTRICT V
TRUSTEE
ELECTION

1. Did you, in your capacity as a trustee, contact the coop's vendor for election services without disclosing it to the manager or the president of the board.

2. Did you, in your capacity as a trustee, ask the vendor to keep your contact secret?
Did you tell the vendor to keep the contact confidential?
3. Are you a member of the SEC Reform Committee?
4. Did you contact the election services vendor on behalf of the SEC Reform Committee?
Did anyone on the SEC Reform Committee ask you to do that? and Who?
5. Did you tell the vendor that if the vendor helped you draft language for the bylaw revisions, members of the SEC Reform Committee would "make sure" the vendor got the contract for district elections in 2013?
6. Are you aware that the policies of this Board state that the official spokesperson for the Board is the President?
7. Are you aware that as a trustee, any request for information or data can be made only through the manager?
8. Are you aware that coop policies provide that "in no case shall a trustee ask for information through employees, agents, or independent contractors?
9. Did the president of the board give you authority to contact the vendor and ask for help for the SEC Reform Committee?
10. Did the coop manager give you that authority?
11. Are you aware that trustees are not to receive any personal benefit from any coop vendor?

Trustee Wagner repeatedly called for a Point of Order because, in his opinion, the questioning was not included as an agenda item.

V.P. Wade responded that the item was related to Certification of the District V Election.

Trustee Wagner refused to respond to the questions, after repeated attempts by V.P. Wade to obtain an answer from Trustee Wagner.

After a lengthy discussion on Trustee Wagner's breach of fiduciary duty, the Board asked Attorney Wiggins for her opinion on the next course of action.

Attorney Wiggins posed two (2) options for Board consideration:

1. Appoint someone to investigate the allegations.
2. Hire independent counsel to investigate the allegations.

Attorney Wiggins then recommended that the Board hire an attorney to investigate the allegations.

A motion was made by Trustee Wolberg and seconded by Trustee Ulibarri to seek appropriate independent counsel to investigate this and other matters regarding any and all matters that have been noted for the December meeting of the Board.

After discussion, V.P. Wade called for the vote on Trustee Wolberg's motion.

Trustees Cordova, Anaya, Ulibarri, Wolberg, Mauldin and Aguilar voted in favor of the motion. Trustee Wagner opposed the motion. The motion carried.

V.P. Wade stated that the Certification of the District V Election would be postponed until the December Board Meeting.

Adam Paz, Jr. addressed the Board by stating that he had been selected to participate in a Track competition in Australia in June, 2013 and was seeking sponsorships.

DONATION
REQUESTS

After discussion, the Board agreed to place the item on the Agenda for the December Board Meeting.

Manager Herrera informed the Board that the City of Socorro requested assistance from the SEC, in the form of bucket truck and two SEC personnel, to assist with hanging the Christmas lights.

After discussion, a motion was made by Trustee Wolberg and seconded by Trustee Mauldin to cooperate with the City of Socorro to assist with hanging up and taking down the Christmas lights. The motion carried unanimously.

Manager Herrera informed the Board, that due to a lapse in representation on the Tri-State Board of Directors in January, 2013, that the Board should give notice to Tri-State to appoint an alternate to the Board of Directors.

CONSIDERATION
TRI-STATE
ALTERNATE
REPRESENTATIVE

A motion was made by Trustee Mauldin and seconded by Trustee Cordova to appoint Trustee Wolberg as an Alternate to the Tri-State Board of Directors. The motion carried unanimously.

Manager Herrera reported that expenditures for the month of October, 2012 totaled \$842,595 and opened the floor for questions on the Expenditure Report.

EXPENDITURE
REPORT

Trustee Wagner requested an explanation for Check #46852 to Survey and Ballot Systems.

A lengthy discussion ensued, after which a motion was made by Trustee Anaya and seconded by Trustee Ulibarri to approve the Expenditure Report for October, 2012 as information. Motion carried with Trustee Wagner opposed.

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

CREDIT CARD
EXPENDITURES

Manager Herrera reviewed the RUS Form 7 for October, 2012 with the Board.

RUS FORM 7

There were no questions from the Board on the RUS Form 7 Report.

Manager Herrera reported that there was a major outage originating from the TEP Line which resulted in a ten (10) hour outage.

OUTAGE
REPORT

Manager Herrera reported that Active Delinquencies decreased 10% during October, 2012. Manager Herrera also noted that the LIHEAP Winter Moratorium commenced on November 15, 2012 and will end on March 15, 2013.

DELINQUENT
REPORT

Manager Herrera reported that there were no loss time accidents during October, 2012 and none thus far during 2012.

SAFETY
REPORT

Manager Herrera stated that maintenance and tree-trimming projects continues to be worked on.

CONSTRUCTIN
REPORT

Manager Herrera informed the Board that a journeyman lineman had resigned and would begin employment with Tri-State G&T.

PERSONNEL

Manager Herrera updated the Board on the BP109 asset transfer of the Burris Substation transmission line to Tri-State G&T, in that language on the easement required clarification.

OTHER

Manager Herrera informed the Board of a Meet and Greet with New Mexico Legislators on December 13, 2012 at the Socorro City Hall.

Manager Herrera requested to reward employees by giving them off on December 24, 2012 Christmas Eve and New Year's Eve, December 31, 2012.

It was the consensus of the Board to grant Manager Herrera's request for the additional holidays in December for SEC employees.

Manager Herrera requested authorization to attend the NRECA CEO Conference in January, 2013. Manager Herrera informed the Board of his appointment to an NRECA Standing Committee.

A motion was then made by Trustee Wolberg and seconded by Trustee Anaya to approve Manager Herrera's request to attend the NRECA CEO Conference. Motion carried with Trustee Wagner opposed.

Secretary Aguilar reported fifteen (15) new connects, thirty four (34) reconnects, and one hundred and twelve (112) disconnects during October, 2012.

APPLICATION/
CANCELLATION
REPORT

A motion was made by Trustee Mauldin and seconded by Trustee Anaya to approve the Member Application/Cancellation Report for October, 2012 as information. Motion carried unanimously.

Trustee Wolberg reviewed the NMRECA Report with the Board by reporting on the NMPRC attempting to approve rules before the end of the year due to the seating of new commissioners in 2013, and rate protests being filed by three (3) N.M. Cooperatives regarding the Tri-State rate increase scheduled to go into effect in 2013.

NMRECA REPORT

Trustee Anaya continued the discussion on Tri-State's rate increase.

TRI-STATE REPORT

Trustee Cordova, Chairman of the Awards/Recognition Committee reviewed the Minutes of the Awards/Recognition Committee Meeting held on October 26, 2012. Trustee Cordova recommended approval of a \$100 Gift Card and a Holiday Luncheon for the employees.

AWARDS/
RECOGNITION
COMMITTEE
MEETING

A motion was made by Trustee Mauldin and seconded by Trustee Wolberg to approve Trustee Cordova's recommendation to award the employees with a \$100 Gift Card and a Holiday Luncheon. Motion carried unanimously,

Trustee Wolberg, Chairman of the Annual Meeting Committee, reviewed the Minutes of the Meetings held on November 8 and November 25, 2012.

ANNUAL MEETING
COMMITTEE
MEETING

V.P. Wade, Chairman of the Bid Committee, reported that the committee met on November 26, 2012 and turned the floor over to Manager Herrera.

BID COMMITTEE
MEETING

Manager Herrera reported that the Committee reviewed lease purchase bids for two (2) Dodge 3500 4x4 1-ton service trucks and three (3) ½ ton 4x4 pick-up service trucks, and Straight purchase for four (4) Dodge 1-ton Bucket trucks, which were budgeted for in the 2013 Budget.

A motion was made by Trustee Mauldin and seconded by Trustee Cordova to accept the recommendation to go with the low bids from Altec and Co-Bank for the above bucket and service trucks. Discussion ensued. V.P. Wade called for a vote on Trustee Mauldin's motion. Motion carried with Trustees Wolberg, Mauldin, Cordova and Aguilar voting in favor of the motion and Trustee Anaya, Ulibarri and Wagner opposed.

V.P. Wade, Chairman of the Finance/Audit Committee, reported that the Committee met on November 26, 2012 and turned the floor over to Manager Herrera.

FINANCE/AUDIT
COMMITTEE
MEETING

Manager Herrera reviewed the Minutes of the Finance/Audit Committee Meeting.

After discussion, a motion was made by Trustee Wolberg and seconded by Trustee Cordova to accept the 2011 Form 990. The motion carried with Trustee Wagner opposed.

A motion was made by Trustee Mauldin and seconded by Trustee Cordova to commence with issuance of trustee per diem by calendar year beginning January, 2013. The motion carried with Trustee Wagner opposed.

A motion was made by Trustee Mauldin and seconded by Trustee Wolberg to cash out the MainStay Fund Investment to use as a down payment on the four (4) bucket trucks. Motion carried unanimously.

Attorney Wiggins recommended the approval of the Retirement of Patronage Capital to the Estate of Felix Valles.

OTHER
BUSINESS

Motion was made by Trustee Ulibarri and seconded by Trustee Anaya to approve the Retirement of Patronage Capital to the Estate of Felix Valles. Motion carried unanimously.

Trustee Mauldin expressed her concern with SEC members wanting to spend money on hiring a parliamentarian at \$50 per hour plus mileage and having annual district meetings at additional costs of approximately \$14,000 per meeting. Trustee Mauldin also informed the Board of an Open Government Seminar presented by the State Attorney General's Office in Las Cruces on December 6, 2012. Trustee Mauldin also stated that the SEC has a very good manager and that the members should let him to his job and that he is aware of what the coop needs to run in an efficient manner.

SUBJECTS BY
TRUSTEES

Discussion ensued on the costs that will be passed onto SEC members if they approve annual district meetings and the difficulty in reducing the board to five (5) trustees in light of the huge cooperative service area.

Trustee Ulibarri expressed his concern with the lights on the north end of the City of Socorro that have been out for several years.

Manager Herrera responded that discussions are ongoing with the City of Socorro on who's responsible for repairing the damage to the underground conduit caused by the landscaping project done on the medians.

V.P. Wade expressed his appreciation to Mrs. Anne Dorough, Trustee-elect from District V, for driving to the meeting. The Board gave her a round of applause.

A motion was made by Trustee Mauldin and seconded by Trustee Wolberg calling for an Executive Session. Motion carried with Trustee Wagner opposed.

EXECUTIVE
SESSION

V.P. Wade called for an Executive Session as per Section 10-15-1(H) (7) NMOMA to Discuss Litigation, Case #D-725-CV-2012-000089 and Case #D-1314-CV-2010-00849.

Trustee Wagner objected to not being allowed to attend the Executive Session.

The Board adjourned to Executive Session at 7:40 p.m.

The Board returned to Regular Session at 8:25 p.m.

REGULAR
SESSION

*Trustee Wagner did not return for the Regular Session.

There was no action taken by the Board during Executive Session.

After discussion, a motion was made by Trustee Mauldin and seconded by Trustee Ulibarri to set the date for the Regular Meeting for Thursday, December 27, 2012. Motion carried unanimously.

There being no further items open for discussion, a motion was made by Trustee Aguilar and seconded by Trustee Cordova to adjourn the meeting. Motion carried unanimously.

V.P. Wade adjourned the meeting at 8:26 p.m.

Luis Aguilar, Secretary

APPROVED:

Dave Wade, Vice-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 the above is a true and exact copy of the Minutes of the Regular Meeting held on November 28, 2012. A Quorum of Trustees was present acted upon throughout the Meeting and none of the Minutes of the above have been rescinded or modified.

Luis Aguilar, Secretary