

## THE BOARD PROPOSALS TAKEN FROM THE ENCHANTMENT MAGAZINE

### OVERVIEW OF PROPOSED BYLAW AMENDMENTS OF THE SEC

Like all electric cooperatives, SEC is governed by a set of documents. These include the Articles of Incorporation, Bylaws and SEC's policies and procedures. Bylaws outline the general governance of SEC and provide guidance on many issues such as membership, elections and financial management of the cooperative. Since the last bylaw changes, SEC's Board has determined that further revisions to the bylaws to reflect changes in governance due to factors such as population changes and new ideas on how to function more efficiently or effectively are appropriate.

#### **Categories of Bylaw Amendments:**

There are two primary categories of bylaw amendments the SEC Board is proposing at this time:

**Editorial Amendments:** These are revisions that would correct terminology or clarify existing language.

**Substantive Amendments:** These are revisions that would change the content of items or add new items, such as the election of At-Large Trustees.

All of the proposed changes detailed below can be viewed on SEC's website where members and others can compare the current text to the new language or in a final document that shows what the new bylaws would be if all amendments were approved.

#### **Proposed Substantive Changes**

**Article III, Section r and Article V.** Would be changed to allow for two 'At-Large' Trustees in addition to the current five Trustees.

The service area of SEC covers approximately 11,500 square miles, an area larger than 8 states of the United States and larger than the commonwealth of Massachusetts. More than 41,000 power poles carry the lines to individual members. More than 3,500 miles of line hang from the power poles, a distance greater than that from New-York to Los Angeles. It is imperative that this vast area served by SEC be overseen by a representative and Board of Trustees large enough to accomplish the work of the cooperative. SEC's Board members are required to represent SEC at local, state, regional, and national meetings, conferences, committees, panels, hearings, etc., each year. It is imperative that the Board consist of sufficient numbers to meet required obligations. Other boards of electric cooperatives in New Mexico long ago realized this fact. Nearly every other New Mexico electric cooperative has a board with more members than SEC:

- . Central New Mexico Electric Cooperative: 8
- . Central Valley Electric Cooperative: 7
- . Columbus Electric Cooperative: 9
- . Continental Divide Electric Cooperative: 9
- . Farmers' Electric Cooperative: 7
- . Jemez Mountains Electric Cooperative: 11
- . Kit Carson Electric Cooperative: 11
- . Lea County Electric Cooperative: 9
- . Mora-San Miguel Electric Cooperative: 5
- . Northern Rio Arriba Electric Cooperative: 9
- . Otero County Electric Cooperative: 10

- . Roosevelt County Electric Cooperative: 7
- . Sierra Electric Cooperative: 9
- . Southwestern Electric Cooperative: 9
- . Springer Electric Cooperative: 8

Similarly, every electric cooperative that crosses state lines has a larger board than SEC:

- . Navopache Electric Cooperative: 8 (NM and AZ)
- . Duncan Valley Electric Cooperative: 8 (NM and AZ)
- . Rio Grande Electric Cooperative: 13 (NM and TX)

As can be seen, one board that crosses state lines has 13 members; two New Mexico boards have 11 members; six have 9 members; two have 8 members; four consist of 7 members; one has 10; two have 8 (four with 8 if cooperatives that cross state lines are included) and only one has 5. It is clear that there is a critical number of Board members needed to carry out the functions of the cooperative. In addition, there are other member interests that could be addressed with a larger board, including, for example, irrigation communities, Native American community and the ranching community. The Board feels the best way to address these needs is by the following bylaw changes.

**Article III, Section 1 (Annual Meeting).** Would be edited to reference the addition of two 'At-Large" Trustees.

**Article III, Section 6, Quorum at all Meetings.** Would increase the quorum requirements of the members so that more of the membership is engaged. As it stands now a few amount of members can make drastic changes to the bylaws that impact 100 percent (%) of the membership.

**Article V, Trustees.** Would be amended in several sections to allow for two Trustees-At-Large to be elected at the Annual Members Meeting. Once elected, the At-Large Trustees immediately would begin serving their four-year terms. SEC would be required to give notice of the At-Large vacancies at least ninety days before the Annual Meeting and candidates for the At-Large Trustee positions would be required to declare their candidacy by the last Friday in the month of January of the year such elections are held.

**Article V, Section 5, Removal of Trustees.** To protect the interests of SEC members, allow for the deliberation of SEC business in an orderly manner, ensure the integrity of the Board and a work environment for the employees free from disruptive actions or harassment by any Trustee, or absence from three or more consecutive regular or special Board meetings without substantial cause, a mechanism is required for these objectives to be met without interfering with a Trustee's ability to share his or her opinions, SEC bylaws, or transparency of Board actions and accountability to the members. Therefore, if by a vote of 80 percent (80%) of the full Board, any Trustee is determined to be in violation of the above, upon advice of counsel, that Trustee may be suspended from Board participation until such time that a Special Meeting of the Trustee's district, or in the case of a Trustee At-Large, a Special Meeting of the Membership, can be convened, but not to exceed 60 days after the suspension action of the Board. This mechanism will allow for the orderly conduct of SEC business while ensuring that Board members are free to voice their opinions and concerns.

**Article V, Section 7, Compensation of Trustees.** To contain costs to members and the cooperative and carry out the business of SEC, expenditures of the Board will be limited to the following. In any year, Board expenditures must be less than or not to exceed one percent (1%) of revenues for that year, calculated and adjusted as necessary on a monthly basis. Expenditures will be prioritized and authorized in the following manner: 2) attendance at all regular, special and other meetings of local, regional and national organizations where SEC Trustees are appointed board members of those organizations, or appointed delegates, or in the normal course of activities expected to attend to

represent the interests of SEC; 3) attendance at seminars or courses required for Trustees to receive certification; 4) for expenses incurred by designated Trustees to be present for hearings, lawsuits, and depositions involving SEC; 5) attendance at times and places requested by organizations, local, state and federal governmental agencies or officials for panels, hearings, or events that serve SEC and its members; 6) or for expenses related to a Trustee's health insurance, and only if approved by the Board of SEC.

**Article VI, Section 3, Notice of Trustees' Special Meeting.** This bylaw proposal changes the notice of special meeting from five to three days, as provided for in New Mexico's Open Meetings Act.

**Article VI, Section 4, Notice of Trustees' Emergency Meeting.** This bylaw proposal incorporates the notice required for an emergency meeting that is contained in Mexico's Open Meetings Act and allows for such a meeting to be called with little or no notice if the issue to be addressed by the Board threatens the health, safety or property of a member or members or would likely result in substantial financial loss to the members.

**Article VIII, Section 8, Donations.** This bylaw proposal recognizes that an important aspect of the cooperative's commitment to our community is through donation and sponsorships to nonprofit corporations and will allow the Board to provide financial contributions and sponsorships and contributions of SEC personnel and equipment for use in the cooperative's service area where appropriate.

**Article XII, Section 6, Recovery of Costs.** A disturbing fact of electric cooperative existence in New Mexico and elsewhere is the growth of the number of lawsuits filed against cooperatives. Legal actions can stem from regulatory, environmental, or policy origins, and public hearings before commissions or courts of law are the appropriate venues for adjudication of these matters. Unfortunately, there are a growing number of frivolous actions filed solely for monetary gain or other less than substantive reasons. For example, one New Mexico electric cooperative faces claims of \$1,000-\$5,000 per day for alleged trespass because it has lines providing electricity to certain customers. The defense of any action brought against SEC involves legal and other fees which increase our cost of doing business even when there may be insurance protection for the cooperative. This bylaw proposal incorporates SEC's right to seek recovery of the costs incurred in defending the cooperative in those instances where the actions brought are determined to be frivolous.

**Proposed Editorial Amendments Article I, Section 1, Requirements for Membership.** Would be edited to clarify that membership is granted after the person or entity completes the entire application process.

**Article III, Section 11, Order of Business at District Meetings.** Would be edited to clarify that the second item of business at the District Meeting is to determine whether a quorum of the members is present and that the fourth order of business is to read and approve the minutes of the prior meeting.

**Article III, Section 10, Order of Business at Annual Meetings.** Would be edited to clarify that the second item of business at the Annual Meeting is to determine whether a quorum of the members is present and that the fourth order of business is to read and approve the minutes of the prior meeting.

**Article III, Section 11, Order of Business at District Meetings.** Would be edited to clarify that the second item of business at the District Meeting is to determine whether a quorum of the members is present and that the fourth order of business is to read and approve the minutes of the prior meeting. Removes reports by Trustees to be edited to make it singular as we move towards one Trustee per district elections.

**RESOLUTION #1**

**ARTICLE I: Membership**

**Section 1. Requirements for Membership.**

Any person, firm, limited liability company, partnerships, sole proprietorship, association, corporation, or body politic or subdivision thereof may become a member in The Socorro Electric Cooperative, Inc. (hereinafter called the "Cooperative") **by, after completion of the following:**

(a) filing a written application or statement for membership therein; ...

**RESOLUTION #2**

**ARTICLE III: Meeting of the Members**

**Section 1. Annual Meeting.** The Annual Meeting of the members shall be held some time between April 1 and May 30 inclusive each year at such place in Socorro, in the County of Socorro, State of New Mexico, as shall be specified in the notice of the meeting, for the purpose of passing on reports for the previous fiscal year, **electing Trustees At-large only in those years when there is an election of an At-Large Trustee** and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Trustees to make adequate plans and preparations for the Annual Meeting. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

**RESOLUTION #3**

**Section 3. District Meetings.** A District Meeting of the members shall be held annually in each district sometime during the month of October or November, ~~only in those years when there is an election of Trustee(s)~~

**RESOLUTION #4**

**Section 6. Quorum at all Meetings.** ~~Three~~ Five per centum of the total membership registered shall constitute a quorum.

**RESOLUTION #5**

**Section 6. Quorum at all Meetings.** Mail-in ballots will count as part of the quorum.

**RESOLUTION #6**

**Section 7. Voting at all Meetings.** Each Trustee from each of the five districts will appoint one election official to validate the mail-in process and ballots. Two alternates will be appointed by the Board.

**RESOLUTION #7**

**Section 10. Order of Business at Annual Meetings.** The order of business at the Annual Meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows;

1. Registration and Voting
2. ~~Report on the number of members registered in person in order to determine the existence of a quorum.~~  
Determination of a Quorum
3. Reading of the notice of the meeting. ~~And proof of the publication or mailing thereof, or the waiver of notice of the meeting as the case may be.~~
4. Reading and approval of the ~~unapproved~~ minutes of previous annual or special meetings of the

members ~~and the taking of necessary action thereon.~~

5. Presentation and consideration of the reports ~~of~~ by officers. ~~Trustees and committees~~
6. Reports of District Meetings.
7. Unfinished Business.
8. New Business.
9. Adjournment

#### RESOLUTION #8

**Section 11. Order of Business at District Meetings.** The order of business at each District Meeting of the members and, so far as possible, at all other district meetings of the members shall be as follows:

1. Registration.
2. Casting of votes for Trustees.
3. Call meeting to order. Refer to Article III Section 3.
4. ~~Report on the number of members registered in order to determine the existence of a quorum.~~  
Determination of a Quorum
5. Reading of the notice of the meeting. ~~And proof of publication or mailing thereof, or the waiver or waivers of notice of the meeting as the case may be.~~
6. Reading and approval of the ~~unapproved~~ minutes of previous district meetings of the members .
7. ~~Presentation and consideration of reports of officers, Trustees and committees.~~
8. 7. Reports by the Trustees of the district
9. 8 Announcement of election results for Trustee(s) by the Chairman.
10. 9. Unfinished Business.
11. 10 New Business
12. 11. Adjournment

#### RESOLUTION #9

##### ARTICLE IV

**Persons and Entities Who Are Ineligible To Vote.** Non-Members, account holders or persons receiving service without a membership ~~and satellite subscribers alone~~ shall have no vote.

#### RESOLUTION #10

##### ARTICLE V: Trustees

**Section 1. General Powers.** The business and affairs of the Cooperative shall be managed by a board of five Trustees, **one representative, from each of the five districts and two Trustees At-Large**, which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these bylaws conferred upon or reserved to the members. **In order to be as representative of the Membership as possible and to carry out all the functions required of the Board, two Trustees At-Large will be elected at the Annual Members Meeting. The Trustees At-Large must comply with Section 3. Qualifications.**

#### RESOLUTION #11

**Section 2. Election and Tenure of Office.**

**Trustees At-large shall be elected by secret ballot at the Annual Members Meeting**

1. The top two (2) candidates receiving the most votes shall be elected and shall begin serving immediately upon election with no other distinctions from Trustees elected at district meetings of the members.
2. If a quorum fails to be present at the Annual Members Meeting, the incumbent Trustees At-Large shall serve until the next Annual Members Meeting and shall not exceed four consecutive meetings.

#### RESOLUTION #12

##### Section 4. Board of Trustee Elections.

1. **Public Notice for Trustees At-Large:** Not more than One Hundred and twenty days nor less than Ninety days before the date of the Annual Members Meeting at which the election of Trustees will be conducted, the Board of Trustees shall give public notice of the pending Trustee At-large election by publishing said notice to each of the members of the cooperative. The notice will state the date when the election will be held; the offices to be filled, the period during which candidacy must declare and where candidacy must be filed.

2. **Declaration of Candidacy For Trustees At-Large:** A candidate for the office of Trustee At-large shall file a declaration of candidacy form in the office of The Socorro Electric Cooperative, Inc., in Socorro, New Mexico after the printed notification of the election and before 4:00 P.M. by the last Friday in the month of January of the year the election is to be held.

**D. Election Officials:** The Board of Trustees shall appoint three (3) or more election officials and designate one individual so appointed to serve as chairman of the election officials for the district meeting. **One election official from each district shall be appointed for Trustee At-Large elections.**

#### RESOLUTION #13

##### Section 5. Removal of Trustees.

A. In order to protect the interest of the members of the Cooperative and allow for orderly deliberation of Cooperative business, insure the integrity of the Board of Trustees, protect the Cooperative and its employees in the normal conduct of the business for the Cooperative, protect the employee's work environment from disruptive actions or harassment in any form by any Trustee, a mechanism is required for these objectives to be met without interfering with the Trustee's freedom to speak out on matters involving the Cooperative, the bylaws of the Cooperative or transparency of Board action and accountability to Cooperative members.

B. Therefore, if by a vote of at least eighty percent of the full Board, a Trustee is determined to be in violation of the above, or the Cooperative's Code of Conduct or Code of Ethics, or has been absent from three or more consecutive regular or special meetings of the Board without substantial cause, the trustee may be suspended from Board participation until such time that a Special District Meeting, or in the case of a Trustee At-Large, a Special Members Meeting, can be convened.

#### RESOLUTION #14

Section 7. **Compensation.** Trustees shall not receive any salary for their services as such, except that members of the cooperative may, by resolution, or by amendment to these authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board. If authorized by the Board, Trustees may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No Trustee shall receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically

authorized by a vote of the members or the service by the Trustee or his/her close relative shall have been certified by the Board as an emergency measure. (Reference to resolution dated 6/10/67 attached at the end of these By-Laws).

All expenses incurred by the Trustees of the Socorro Electric Cooperative, Inc., on behalf of a Trustee shall not exceed \$10,000 per year, with the exception of the President of the Board of Trustees for which the limit shall be \$15,000 per year. This sum includes but is not limited to: per diem payment, insurance, travel, conference fees, meals regardless of whether those payments are made based on schedule of payments or as reimbursement of actual expenses, and regardless of whether those payments are made directly to a Trustee or on behalf of the Trustee to accomplish business for the SEC.

Trustees shall not receive any salary for their services except that, to efficiently limit costs, protect the interests of the members and the Cooperative and carry out the business of the Cooperative, expenditures of the Board of Trustees will be limited to the following: In any year, Board expenditures will be less than or not to exceed one percent (1%) of revenues for that year, calculated and adjusted as necessary on a monthly basis. Expenditures will be prioritized and authorized in the following manner: 1) attendance at all regular, special and annual board and other Cooperative meetings; 2) to attend regular, special and other meetings of local, regional and national organizations where the Trustees are elected or appointed delegates of those organizations or in the normal course of activities expected to attend to represent the interest of the Cooperative; 3) to attend seminars or courses required for Trustees to receive certification; 4) for expenses incurred by designated Trustees to be present for hearings, lawsuits, and depositions involving the Cooperative; 5) where the presence of Trustees at times and places requested by organizations, local, state and federal governmental agencies or officials for panels, hearings, or events serving the Cooperative and its members; 6) or for expenses related to a Trustee's health insurance; and only if approved by the Board of Trustees.

#### RESOLUTION #15

##### ARTICLE VI: Meetings of Trustees

**Section 3. Notice of Trustees' Special Meeting.** Written notice of the time, place and purpose of any special meeting of the Board of Trustees shall be delivered to each Trustee not less than **five three** days previous thereto,...

**Section 4. Notice of Trustees' Emergency Meeting.** The president of the Board may call an "emergency meeting" with little or no notice but the meeting must involve issues that could not have been anticipated and which, if not addressed immediately by the board, will threaten the health, safety or property of its members or likely result in substantial financial loss to the members.

**Section 4 5. Quorum.** A majority of the Board of Trustees shall constitute a quorum, provided...

**Section 5 6 Open Meetings to Members.** The SEC voluntarily agrees to abide by the Open Meetings Act and Inspection of Public Records Act.

#### RESOLUTION #16

##### ARTICLE VIII: Non-Profit Corporation

**Section 8. Donations.** ~~That no co-op donations be awarded to adult or civic organizations.~~ One important aspect of the Cooperative's commitment to our community is through donations and sponsorships to nonprofit organizations. From time to time, the Board of Trustees may approve financial contributions and sponsorships and contributions of Cooperative personnel and equipment for use in the Cooperative's service area as appropriate.

**RESOLUTION #17**

**ARTICLE XII: Miscellaneous**

**Section 6. Recovery of Costs.** In order to protect the interests of the members of the Cooperative, contain legal costs to members and the Cooperative and recover costs incurred by the Cooperative, upon advice of counsel, the Cooperative will seek to recover legal and other costs in those legal actions where the Cooperative has prevailed or where the action is deemed frivolous.