

CRITIQUE OF PROPOSALS PRESENTED AT THE BOARD GOVERNANCE REPORT

Board Policies proposal... last update February 4, 2015

By-law proposal..... last update January 31, 2015

BOARD POLICIES – LAST UPDATE FEBRUARY 4, 2015

The section on Board Policies is 95 pages (the Bylaw section is 49 pages) and is not subject to member approval. It is voted on by the board and as such only a change in the board trustees will have any effect on their adoption, change, etc. Despite this actuality, members should be familiar with the board policies for its insight into the workings of the board and their outlook on the entire SEC.

ITEMS OF NOTE:

BOARD POLICY No. 102 Subject: Board Meetings II.

"The Board of Trustees shall hold its regular monthly Board Meeting on the fourth Wednesday of each month at 2:00 p.m....

This time shift was made during the last two years to accommodate Trustee Dorrough and Manager Herrera who did not want an evening or Saturday meeting time. It was protested by SEC members at that time as being detrimental to the ability of members to attend at a time when most are working or at school.

BOARD POLICY No. 104 Subject: Committees of the Board of Trustees

The committees are fine, the method of appointment of committee members by the President has in the past led to the president appointing friends and allies, an unfair usage of power. An instance of this was the appointment of Manager Herrera to serve as representative to the NMRECA (statewide) and Tri-State boards, positions always held by trustees because none of the three majority trustees wished to attend and the Chair would not appoint either of the minority trustees. The committees should be representative of all trustees.

BOARD POLICY No. 108 Subject: Standards of Conduct

This whole Policy has the potential for a great deal of harm.

II. Policy Content. B. Conduct with Respect to Fellow Board Members 2. "Except when in the best interest of the Cooperative, (who decides what is 'best interest') Board member shall not reveal differences of position among Board members on matters considered and acted upon by the Board of Trustees except to other Board members or the Chief Executive Officer. This standard applies to informal as well as formal communications."

This policy has the potential to do damage to the issue of Transparency and the Constitutional Right of Freedom of Speech. Shows why is necessary to tape the Board meetings and for members to attend them.

C. Board Member Access to Cooperative Information.

"The President shall approve a Board member's request to obtain access to information which is reasonably germane to his/her standing as a Board member and which is requested for a proper purpose. The President shall take such actions as are necessary to provide a timely response to the Board member's request. Notwithstanding the forgoing, Board members shall obtain guidance and access from the Cooperative's legal Counsel if the request would pertain to concerns of actual or potential criminal activity involving the President. The President is the first among equals and should not be given such power. It seems to be a "Nanny" state of operation.

C. 2. "Information received by a Board member pursuant to this policy shall not be revealed to any other individuals, unless the Board member sincerely convinced that to do so is compelled by law or the overriding best interests of the Cooperative."

C.3. "A Board member shall not disclose information received pursuant to this policy if the effect of such disclosure is to damage the Cooperative or the public's perception of the Cooperation. Again what about Transparency and Democratic Control by Members.

BOARD POLICY No. 116 Subject: Trustee's Fee and expenses.

This policy and ARTICLE V. TRUSTEES Section 511 - Trustee Compensation ignores the cap that the members' voted into the Bylaws in 2010. In both policy and bylaw, the Board of Trustees sets the fees and compensation. There is no clearly stated requirement for actual receipts stated in either bylaw or policy. The policy does state: Policy No. 116, IV. Responsibility. A. It is the responsibility of each Trustee to submit an itemized expense report to include fee, all necessarily incurred expenses, and other authorized reimbursement expenses, including travel. Expenses of spouses accompanying Trustees to meeting will not be reimbursed. D. "It is the responsibility of the Board of Trustees to develop, with the assistance of the Trustee Vice President (presently Trustee David Wade) and General Manager and the Controller, an annual budget for fees and expenses of the Board of Trustees to be included in the Cooperative's Annual Work Plan and Budget."

Several items in Board Policies are in direct opposition to bylaws recently passed by the members. The same is true of the Bylaws.

BY-LAW PROPOSAL – LAST UPDATE 1/31/15

There is good news and bad news from and about the Christensen Report.

The good news: Much of what he is recommending is very good and should be adopted. Mr. C. stated that the BIG ISSUES are: RATES, SERVICE, TRANSPARENCY, DEMOCRATIC CONTROL. (the entire phrase is DEMOCRATIC CONTROL BY MEMBERS). Keep this criteria in mind as you read the full report which is posted [available here](#) and the [co-op website](#).

The bad news: Some of what he is recommending is very bad and would restrict the rights of the members while giving much more control to the Board of Trustees. Mr. C.'s idea of democratic control by members is limited to the election of trustees to act for them. He also stated that the bylaws are a take it or leave proposition which the members can not amend or change. This is very odd and I don't think enforceable. SEC money has paid for this report and it should meet the needs of the SEC members. Dictating terms is not the job of Mr. Christensen.

Some of the bylaws are confusing. Insight into them may be gained by reading PART II. BYLAW ANALYSIS for Mr. C.'s reasoning. PART III. BOARD POLICIES contains some very bad sections designed to punish particular trustees and stop any dissent. First amendment rights are discarded and all power resides in the Chair. A new board is the only solution to this problem as the members have no say in policies and the current board majority will probably put them into effect very quickly.

Quick actions that would benefit the members are cleansing of member (voting) lists and redistricting if the members accept the 7 trustee proposal.

GOOD IDEAS:

1. Art. I. Table of Contents and Index to the bylaws.
2. ART. II. One member, one vote. Yard lights do not count nor do secondary services away from primary residences.
3. ART III. Clean up the membership list to give integrity to voting. The cleaning of the list should begin immediately as it not dependent on acceptance of Report.
4. Art. IV. Members entitled to receive membership list with names and addresses.

PROBABLY GOOD IDEAS:

1. Art. V. Board to increase to 7 trustees. The present majority of 3 of 5 seems to make 7 a better number. This would require redistricting. Trustees from each district to be voted upon on an "at large" basis with all members voting on all trustees.

BAD IDEAS:

1. Art. IV. Section 4.03 "When notifying Members of any Member Meeting, the Cooperative shall include notice of any matter which a Member may raise or discuss, and intends to raise or discuss, at the Member Meeting if: 1. Requested in writing, by a percentage of the Total Membership entitled to call a Special Meeting (that would be 10%) and the Coop. receives the written request satisfying the member-identification standards set forth in Section 4.02 at least thirty day prior to delivering notice of the Member Meeting.

The Cooperative shall also notice any matter that the Board of Directors intends to raise or discuss at the Member Meeting.

Art. X. Section 10.01 - Bylaw Amendments. This section refers to among other issues the amendments that ...any group of members may by petition containing the names, authenticated signatures, addresses and account numbers of 500 members, have a proposed Bylaw amendment included in the agenda and put to vote at the next Annual Meeting, so long as the petition is received by the Coop not less than 180 prior to the Annual Meeting. (This is six months before a date

that moves around and is set by the board.)

These sections impose really, really big hoops that members must jump through to propose an amendment. Trustees can just raise what they wish. Democratic control??????

These hoops also go against " NM law 62-15-7. Bylaws...bylaws shall be adopted, amended or repealed by the majority of the members present at any regular annual meeting or special meeting called for that purpose, a quorum being present....."

VERY BAD IDEA!

Art. III & Art. VIII. Both of these articles deal with Capital Credits and need to be closely studied by the members. Mr. Christensen's Bylaw Analysis should also be studied to ascertain fairness or unfairness to members.

Art. IV. Section 4.12- Credentials and Election Committee. The Board appoints and that is a problem while we have the current board. Mr. C. does not seem to understand the total lack of trust that exists between the board and the members. Certain things that would be okay with a respected board should not be attempted with "the majority of three." Again too much power being shifted to board.

ART. V. Trustees. This entire section raises many questions. Change to 7 trustees from 5, terms change from 4 to 3 years, no term limits, removal of trustees by board with vacancy fill by board. TRUSTEE COMPENSATION "determined in the Board's reasonable discretion. Section 5.16 Indemnification of Trustees..... Too easily used along with "Removal by Board" to punish disagreement and push private agendas.

ART. VI. Meeting of trustees. As with Art. V, this section raises many questions that might not exist with a more responsible board than the present.

ART VII. Section 7.11 Committees. Appointed by Chair which could "stack" the committee with partisan opinion.

ART X. Miscellaneous. Section 10.01 Bylaw Amendments. This is the 500 members to propose an amendment section. Section 10.04 -Notice. Makes delivery of "Enchanted Magazine" official notice.

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