

January 26, 2011 board meeting report –

Yesterday's ABQ Journal had an in depth article on sole source bidding and that subject took center stage at last night's board meeting. The Board of Trustees has a duty to oversee the business dealings of the cooperative for the benefit of the members. In the past sole source bidding has been the norm with the board rubber stamping contracts without question or even seeing the contracts. This action is improper but when bids or lack of bids are questioned, the question is treated as an insult and an appeal to the board majority cuts off discussion. Three bids and or contracts fell into this category last night and although they may well be perfectly legitimate, the refusal to act in accordance with good business practices and lack of transparency lend themselves to trust.

1. M Mountain Sublease: the leasing of part of the building, tower, and band width for five years. Sole bid without research into the contract features of other coops that have leased similar properties. Permission to proceed to contract by board majority.
2. Audit Contract. This is a proposal by the audit firm that has handled the audits of the coop for the past eleven years. No other bids requested, proposal not given to board for study. Permission to proceed to contract by board majority.
3. Computer services and support. The RUS had some questions to ask in regard to the improper loan to the previous manager of the coop by ITG, our long time computer/tech. firm.

As a result, the coop is faced with hiring a new firm to provide computer services and support. No request for proposal (RFP) used in this endeavor. Two ABQ companies personally contacted by manager who decided on the best of two and requested clearance to proceed to contract without giving further information to Board. When Trustee Wagner requested copies of proposals from the two companies, he was met with resistance; when he persisted, he was accused of "badgering" the manager. The board majority okayed the action without seeing proposal or contract.

In this action and the preceding two actions, the board abdicated its responsibility and fiduciary duty to the members.

RECALL - District 2. Board President Paul Bustamante announced the the District Meeting to consider recall of the District 2 Trustee (Bustamante) was scheduled for Wednesday, March 16, 2011 from 5:30 p.m. to 7:00 p.m. This is four months after the petition to recall was presented at the Nov. 22, 2010 board meeting. The petitioner had requested that the meeting be held no more than 30 days after verification of signatures. No format for the meeting was presented except for the fact that Mr. Bustamante would open the meeting. Objection was raised to the presiding of the person under charge and the implication that the format was under the control of any persons other than members of District 2. The attorney did clarify that this was a district meeting and as such district meeting rules would apply.

The jewel in the crown of this meeting was the RUS Form 7 in which it was revealed that the coop did not meet its margins for two of the three preceding years. This is a very big no no. The coop is in

financial trouble and it could face being taken over by the RUS. The auditor in attendance suggested that this was unlikely due to movement to correct problems within the coop. He cited the vote by the members to reduce the board from 11 to 5 and to curtail expenditure by the board as positive moves to save money. Now that is irony for you!

The video and audio of this meeting are worth viewing especially for the vignettes such as Prescilla Mauldin asking whether the large number of SEC staff attending the Rate Increase Meeting were volunteering their time or receiving overtime pay. Guess the answer.