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

NOVEMBER 22, 2011

A Regular Meeting of the Board of Trustees of The Socorro Electric Cooperative, Inc., was held on Tuesday, November 22, 2011 at 5:30 p.m. in Socorro, New Mexico. — INDEX

The meeting was called to order by President Bustamante at 5:30 p.m. — CALL TO ORDER

Secretary Aguilar called roll and reported those Trustees present as follows: — ROLL CALL

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

Dave Wade, Vice-President
Representative, District IV

Luis Aguilar, Secretary
Representative, District III

Milton Ulibarri, Treasurer
Representative, District III

Leo Cordova, Trustee
Representative, District I

Leroy Anaya, Trustee
Representative, District III

Prescilla Mauldin, Trustee
Representative, District III

Don Wolberg, Trustee
Representative, District III

Jack Bruton, Trustee
Representative, District V

Charles Wagner, Trustee
Representative, District V

MEMBERS ABSENT: None

ALSO PRESENT:
Joseph Herrera, General Manager
Eileen Latasa, Administrative Assistant/HR
Darren Foster, Attorney, Kennedy Law Firm
Aaron Viets, Attorney, Rodey Law Firm
Jan Gibson, Thomas and Frank
Tom Frank, Thomas and Frank

SEC MEMBERS PRESENT: Cyndi Mae Wade, David L. Wade, TS Last, James Cherry
Charlene Wagner, Marie Watkins, Charlene West,
Audrie Clifford

Secretary Aguilar declared a Quorum of Trustees present. — QUORUM

President Bustamante led everyone in the Pledge of Allegiance. — PLEDGE OF ALLEGIANCE

There were no changes or additions to the Agenda. — AGENDA

After review of the Draft of the Minutes of the Regular Meeting held on October 26, 2011, a motion was made by Trustee Wagner and seconded by Trustee Cordova to approve the Draft of the Minutes with corrections. Motion carried unanimously. — ACTION ON PREVIOUS MINUTES

There were no items under Public Input by the SEC members present. — PUBLIC INPUT

Manager Herrera introduced Mr. Darren Foster, from the Kenney Law Firm and Mr. Aaron Viets from the Rodey Law Firm.

A motion was made by Trustee Anaya and seconded by Trustee Ulibarri requesting an Executive Session. Motion carried unanimously. — EXECUTIVE SESSION

President Bustamante called for an Executive Session as per NMSA Section 10-15-1 (H)(7) to discuss pending litigation in the countersuit filed by SEC members and Kathy Torres' EEOC complaint.

The Board returned to Regular Session at 6:32 p.m. REGULAR SESSION

President Bustamante stated that litigation would continue in the best interest of the Coop.

Mr. Frank presented the SEC Medical Benefit Comparison to the Board. Mr. Frank explained that after negotiations with Presbyterian that rates decreased -7.09% for the Flexcare PPO Plan, currently utilized by the SEC, and a -18.06% decrease for the Custom Care Plan, which is an In-Network plan only. Mr. Frank also explained the comparison in rates and benefits for the NRECA Plan. The Delta Dental Plan also decreased 3.6% for the similar plan, explained Mr. Frank. APPROVAL OF HEALTH INSURANCE

After questions by the Board, a motion was made by Trustee Ulibarri and seconded by Trustee Anaya to continue with the Presbyterian Flexcare PPO Plan for 2012.

After further discussion Vice-President Wade called for the question.

President Bustamante called for the vote on Trustee Ulibarri's motion. Motion carried with Trustee Wagner opposed.

There was no action taken by the Board on the 2010 IRS Form 990. 2010 IRS FORM 990

Manager Herrera explained the Integrated Supply Agreement between the SEC and HD Supply, Sole Source Provider. Manager Herrera recommended Board approval to proceed with the Agreement with HD Supply. APPROVAL OF INTEGRATED SUPPLY AGREEMENT

A motion was then made by Trustee Wolberg and seconded by Trustee Cordova to approve the Integrated Supply Agreement with HD Supply for a period of five (5) years. Motion carried unanimously.

Manager Herrera stated that he had been working with Attorney Francish on the Tri-State BP109 Acquisition Agreement and recommended approval to move forward with the Agreement. APPROVAL OF TRI-STATE BP109 ACQUISITION AGREEMENT

After discussion, a motion was made by Trustee Mauldin and seconded by Trustee Wolberg to continue with the Tri-State BP109 Acquisition Agreement. Motion carried unanimously.

Manager Herrera informed the Board that expenditures for the month of October totaled $664,776 . EXPENDITURE REPORT

- Trustee Mauldin inquired about the Retired Capital Credit checks.

  Manager Herrera explained that the checks were issued to members whose checks were returned to the SEC.

- Trustee Aguilar inquired about Check #44614 to NRECA, #44627 to Dalagher Engineering and #44671 to Global Rental.

  Manager Herrera explained that Check #44614 was issued to NRECA for the correction to employee 401(k) contributions for 2010 and 2011.

  Manager Herrera explained that Check #44627 to Dalager Engineering is for Maintenance of the FCC frequencies after the dissolution of the Socorro Satellite Systems.

  Manger Herrera also explained that Check #44671 to Global Rental was for rental fees for a digger truck for the pole change-outs being done by SEC personnel.

- Trustee Ulibarri inquired about Check #44651 to Dennis Francish.

  Manager Herrera stated that the expenditure was for attorney fees for two months.

- Trustee Mauldin inquired about Check #44658 to Randy's Ace Hardware, Check # 44661 to Socorro Jr. Livestock and #44695 and #44697 to Trustee Cordova and Manager Herrera, respectively.

  Manager Herrera explained that the check to Randy's Ace Hardware included UPS Fees

Manager Herrera explained that an animal plus add-ons were purchased during the Socorro County Livestock Auction.

Manager Herrera explained that the difference in the checks issued for the Region X Meeting was for per diem and lodging to Trustee Cordova and per diem for himself.

There being no further inquiries, a motion was made by Trustee Wolberg and seconded by Trustee Cordova to approve the Expenditure Report for October, 2011 as information.

There were no questions from the Board on the Credit Card Expenditures. — CREDIT CARD EXPENDITURES

On the RUS Form 7, Manager Herrera explained that he had been working hard to reduce expenses especially on maintenance by utilizing outside sources. — RUS FORM 7

Manager Herrera stated that margins for the month totaled $629,868.

Trustee Ulibarri commended Manager Herrera for doing a good job in keeping down expenses.

Manager Herrera reported that the Winter Liheap Moratorium was now in effect and the Collections Department had been working diligently to obtain physician certifications. Delinquent Accounts decreased 19.807% during October, 2011. — DELINQUENT REPORTS

Manager Herrera stated that tree-trimming had a significant impact in reducing the number of outages as reflected in the Outage Report for October 24 to November 17, 2011.

Manager Herrera responded to a question that invoices are issued to appropriate parties for poles that are damaged during traffic accidents.

Manager Herrera stated that all lineman were certified in bucket rescue and that there were no loss time accidents during October, 2011. — SAFETY REPORT

Manager Herrera reported on the Construction Crew Progress Report from October 24 to November 21, 2011. — CONSTRUCTION REPORT

Manager Herrera informed the Board that he had been working on an agreement for the Operation Round-up Program. Manager Herrera stated that some logistics had to be worked out such as software and trademark issues. — OTHER

Manager Herrera reported that the SEC received $1,200 in capital credits from Western United and $13,000 from CFC.

Manager Herrera also reported that after the Cyber Security Assessment done in October, 2011, that the SEC is up to par and is not exposed to penetration by hackers.

Manager Herrera gave a report on the 2011 Region X Meeting in Scottsdale.

Manager Herrera stated that his goal is to be re-certified for the RESAP Program; and that Tree-Trimming in the North area was complete. Manager Herrera also stated his intention of advertising for an apprentice lineman, member services and secretarial position.

Trustee Aguilar reported Twenty Seven (27) new connects, Sixty Four (64) re-connects and One Hundred and Fifteen disconnects during October, 2011. — MEMBERSHIP APPLICATION/ CANCELLATION REPORT

Trustee Wolberg reported that the Resolution regarding the Tribal Access Issue and the Endangered Species Act had been approved at the 2011 Region X Meeting and would be introduced at the 2012 NRECA Annual Meeting for consideration. — NMRECA REPORT

Trustee Anaya stated that the Tri-State Report was included in the Board Information Packet. There were no questions from the Board. — TRI-STATE REPORT

Manager Herrera requested authorization to attend the 2012 NRECA Annual Meeting.

A motion was made by Trustee Wolberg and seconded by Trustee Cordova to approve Manager Herrera's request to attend the 2012 NRECA Annual Meeting. Motion carried unanimously.

*President Bustamante left the meeting at 7:30 p.m. Vice-President Wade presided over the remainder of the meeting.

Trustee Anaya, Chairman of the By-Law Committee, read the Minutes of the Committee Meeting held on November 10, 2011. — BY-LAW COMMITTEE REPORT

After discussion, a motion was made by Trustee Wolberg and seconded by Trustee Cordova to present recommended By-Law amendments to the Members during the 2012 Annual Members Meeting. Motion carried with Trustees Mauldin and Wagner opposed.

Trustee Anaya, Chairman of the Policy Committee, read the Minutes of the Committee Meeting held on November 17, 2011. — POLICY COMMITTEE REPORT

Trustee Anaya recommended Board approval of a change to Policy 201, Introductory Period from three (3) to six (6) months, new Employee Defined Benefit and 401(k) Contributions from one (1) to three (3) and three (3) to six (6) months, respectively, and Adoption of Policy 124, Cooperative Attorney Policy, as suggested by the Policy Committee.

A motion was made by Trustee Wolberg and seconded by Trustee Ulibarri to proceed with the recommended policy changes. Motion passed unanimously.

Trustee Wade, Chairman of the Wage Committee, also read the Minutes of the Committee Meeting held on November 18, 2011. — WAGE COMMITTEE REPORT

After discussion, a motion was made by Trustee Wolberg and seconded by Trustee Ulibarri to accept the report, as presented and to approve a 2.0 COLA and 3% Merit Increase based on the employee performance evaluation and Manager Herrera's recommendation to execute a salary correction in three year increments to bring employee wages up to the state average. Motion passed unanimously.

Trustee Cordova, Chairman of the Awards/Recognition Committee, read the Minutes of the Meeting held on November 18, 2011. — AWARDS/ RECOGNITION COMMITTEE REPORT

A motion was made by Trustee Wolberg and seconded by Trustee Ulibarri to accept the Recommendations of the Committee to have an Employee Luncheon on December 23, 2011 with a budget of $25 per person. Motion carried unanimously.

Trustee Wade, Chairman of the Bid Committee, read the Minutes of the Committee Meeting held on November 21, 2011. — BID COMMITEE REPORT

A motion was made by Trustee Wolberg and seconded by Trustee Cordova to approve the Committee Minutes as read. Motion carried unanimously.

After discussion, a motion was made by Trustee Wolberg and seconded by Trustee Cordova to accept the Committee's recommendation to hold an Executive Session during a Special Meeting on Tuesday, November 29, 2011 at 5:30 p.m. for the Purpose of Interviewing the top four choices for Legal Counsel and to hold another Special Meeting, if necessary. Motion carried unanimously.

There were no items open for discussion. — OTHER BUSINESS

There were no items open for discussion. — SUBJECTS BY TRUSTEES

After discussion, a motion was made by Trustee Wolberg and seconded by Trustee Cordova to schedule the next Regular Meeting on Wednesday, December 28, 2011 at 5:30 p.m. Motion carried unanimously. — SET DATE AND TIME FOR NEXT REGULAR MEETING

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

Vice-President Wade adjourned the meeting at 8:15 p.m.

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Luis Aguilar, Secretary

APPROVED:

_____
Paul Bustamante, President

_____
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 that the above is a true and exact copy of the Minutes of the Regular Meeting held on November 22, 2011. 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.

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Luis Aguilar, Secretary