

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

AUGUST 29, 2012

A Regular Meeting of the Board of Trustees of The Socorro Electric Cooperative, Inc., was held on Wednesday, August 29, 2012 in Socorro, New Mexico.

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The Meeting was called to order at 5:30 p.m. by President Bustamante.

CALL TO ORDER

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

ROLL CALL

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

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

Prescilla Mauldin, Trustee
Representative, District III

Milton Ulibarri, Trustee*
Representative, District III

Donald Wolberg, Trustee
Representative, District III

TRUSTEES ABSENT: Leroy Anaya, Trustee
Representative, District III

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

SEC MEMBERS PRESENT: James Cherry, Gayle Dorr, Charlene West,
Steve Jones
(Others were present but did not sign the
Log-in sheet)

Secretary Aguilar declared a Quorum of Trustees present.

QUORUM

President Bustamante led everyone in the Pledge of Allegiance.

PLEDGE OF
ALLEGIANCE

Trustee Wagner stated that he requested, by e-mail, an addition to the Agenda to address an Employee Grievance Policy and therefore requested that it be added to the Agenda.

APPROVAL OF
AGENDA

President Bustamante responded that the Agenda is mailed out on the Friday before the Meeting and did not read Trustee Wagner's e-mail, sent on Monday, August 27, 2012 in it's entirely to generate a revised Agenda.

After discussion, President Bustamante stated that the matter could be discussed during Item XVII, Subjects by Trustees.

After review of the Minutes of the Regular Meeting held on July 25, 2012 and the Special Meeting held on July 31, 2012, a motion was made by Trustee Wolberg and seconded by Trustee Cordova to approve the Minutes of the Regular and Special Meeting as written. Motion carried unanimously.

REVIEW OF
PREVIOUS
MINUTES

Gayle Dorr expressed her concern regarding her request for a member list as a candidate for Trustee from District IV.

PUBLIC INPUT

Steve Jones stated that he received a call regarding a telephone survey and asked if it was officially approved by the SEC.

Charlene West stated that while campaigning, members she encountered were unsure of the new district they resided in and suggested that the information could be included on the electric bills.

A motion was made by Trustee Wolberg and seconded by Trustee Cordova to approve the Resolution to change the Regular Board Meeting from August 22 to August 29, 2012. Motion carried.

CONSIDERATION/
APPROVAL OF
RESOLUTION ON
MEETING DATE
CHANGE

After review of the Resolution on the New Mexico Open Meetings Act, a motion was made by Trustee Wagner and seconded by Trustee Wolberg to approve the Resolution with changes. Motion carried unanimously.

CONSIDERATION/
APPROVAL OF
RESOLUTION-
NM OPEN
MEETINGS ACT

Manager Herrera explained and recommended that due to \$56,000 in delinquent and uncollectible accounts that have accumulated with the Section XII Program, that the Board consider discontinuing the program and not to release any liens for the time being.

CONSIDERATION/
APPROVAL OF
SECTION XII LOAN
RELEASE

After discussion, a motion was made by Trustee Mauldin and seconded by Trustee Cordova to discontinue the Section XII Program and not release any liens until such time that the program has stabilized financially. The Board may reconsider Re-initiating the program in the future. Motion carried with Trustee Wagner opposed.

Manager Herrera explained that he received a request for the List of Member's names from District I, and added that the request was received before the requestor declared candidacy.

CONSIDERATION/
APPROVAL OF
DISTRICT I
MEMBERS
RELEASE

After discussion, a motion was made by Trustee Wagner that law allows for candidates running for office to obtain a list of members and to release the list of members from District I. Motion dies for lack of a second. No action was taken by the Board.

Manager Herrera explained the Pole Attachment Agreement to the Board.

CONSIDERATION/
APPROVAL OF
POLE
ATTACHMENT
AGREEMENT

After discussion, a motion was made by Trustee Wolberg and seconded by Trustee Ulibarri to accept the Pole Attachment Agreement. Motion carried unanimously.
I

Manager Herrera reported that expenditures for July, 2012 totaled \$625,389.36.

EXPENDITURE
REPORT

Trustee Mauldin inquired about Check #46329 to NUTSEA.

Trustee Wolberg had a question on Check #46314 to POD, Inc.

REVIEW OF
EXPENDITURES

Trustee Wagner inquired about the following:

- Voided Check #'s 46314 to Bryce Wilson
- Check # 46330 to M.R. Rosales
- Check # 46343 to John Mullen
- Check # 46346 to NMRECA
- Check # 46359 to NMRECA
- Check # 46364 to Wiggins, Williams, & Wiggins

Manager Herrera gave an explanation for each of the expenditures in question.

There were no questions on the Credit Card Expenditures.

A motion was then made by Trustee Mauldin and seconded by Trustee Wade to approve the Expenditure Report for July, 2012 as information. Motion carried unanimously.

Manager Herrera reported that the margins for July, 2012 totaled \$299,910. Manager Herrera explained that work orders from prior years were being closed out. Total Utility Plant also totaled \$76,411,920.

RUS FORM 7

After questions from the Board, a motion was made by Trustee Wolberg and seconded by Trustee Cordova to approve the RUS Form 7 Report for July, 2012 as information. Motion carried unanimously.

Manager Herrera informed the Board that Delinquent Accounts experienced an increase of 4.366 % possibly due to higher temperatures for the month, which resulted in higher electric bills. Manager Herrera added that work is ongoing on collecting on delinquent accounts.

DELINQUENT
REPORT

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| Manager Herrera reviewed the Outage Report for July 24 to August 21, 2012 by stating that phone service was lost during a major outage in Socorro and that the west area experienced a major outage that caused crews to get their vehicles stuck in the mud and resulted in them having to walk out of the affected areas. | OUTAGE REPORT |
| Manager Herrera reported that there were no loss-time accidents during the month. | SAFETY REPORT |
| Manager Herrera also reported that new committee members were appointed to the Employee Safety Committee which is on a one-year rotation. | |
| On the Construction Report, Manager Herrera reported that 18 poles had been changed out during the month. | CONSTRUCTION REPORT |
| Manager Herrera reported that Ronnita Montoya would be continuing to pursue her degree in Business Management. | PERSONNEL |
| Manager Herrera informed the Board that Touchstone Energy was conducting a member satisfaction survey by calling SEC members at random. | OTHER |
| Manager Herrera also informed the Board that Tri-State G&T would be conducting a member usage survey and that data from the survey would be compiled and given to each cooperative in order to assist with how to better serve the members. | |
| Manager Herrera informed the Board that 2010 and 2011 Patronage Capital Allocations would be applied to member accounts in October and November, 2012, respectively. | |
| Manager Herrera explained that work began in May, 2012 to address the complicated process of generating the mailing lists for the final Call to the District Meetings. | |
| Manager Herrera informed the Board that Tri-State G&T would be requesting approval of a 5.9% rate increase. Manager Herrera also stated the proposed rate redesign would be an additional 1.5% increase for total increase of 7.4% for 2013. Resulting in an average increase of \$5.00 per month in consumer electric bills. Manager Herrera reported that there may be some NM cooperatives that will protest the rate increases and we could possibly intervene as a interested party to have a seat at the table. | |
| Secretary Aguilar reported Twenty-Two (22) new connects, One Hundred Seventy-One (171) Reconnects and One Hundred Twenty Six (126) disconnects during the month of July, 2012. | MEMBER APPLICATION/ CANCELLATION REPORT |
| After discussion, a motion was made by Trustee Mauldin and seconded by Trustee Cordova to approve the Member Application/Cancellation Report for July, 2012. Motion carried unanimously. | |
| Trustee Wolberg thanked Trustee Aguilar for attending the NMRECA Meeting in August, 2012 as his alternate. | NMRECA REPORT |
| Trustee Aguilar reviewed the Minutes of the NMRECA Board of Directors Meeting by highlighting the Annual BBQ and the NRECA Region 8 & 10 Meeting. Trustee Aguilar announced that the October Board Meeting would be held in Las Cruces, New Mexico. | |
| Due to Trustee Anaya's absence, the Tri-State Report was not addressed. | TRI-STATE REPORT |
| Trustee Wade, Chairman of the Bid Committee, reported that the Bid Committee met on August 20, 2012 and asked Manager Herrera to report on the Meeting. | BID COMMITTEE REPORT |
| Manager Herrera informed the Board that he had contacted Automated Election Services and Survey and Ballot Systems to submit proposals to administer the trustee elections for the District Meetings being held in October. | |
| Manager Herrera stated that Automated Election Services declined to submit a proposal due to their involvement in the upcoming general elections in November. Survey and Ballot submitted a proposal of \$11,280 plus travel expenses of approximately \$1,300 per meeting. | |
| After discussion, a motion was made by Trustee Mauldin and seconded by Trustee Wolberg to accept the proposal from Survey and Ballot Systems to administer the trustee elections in October. Motion carried unanimously. | |

Manager Herrera also informed the Board that he requested proposals for the 2012 Audit from three large auditing firms.

BID COMMITTEE
REPORT, CONT.

Manager Herrera reported that two of the three firms declined to submit a proposal because the timeframe to perform the audit would be during their busiest time.

Manager Herrera stated that BSGM submitted their proposal \$28,000 for audit services.

After discussion, a motion was made by Trustee Wolberg and seconded by Trustee Wade to accept the proposal from BSGM for Audit Services. Motion carried unanimously.

*Trustee Ulibarri left the meeting at 6:47 p.m.

Trustee Wolberg, Chairman of the Marketing/Alternative Energy Committee, also reported that the Committee met on August 20, 2012.

MARKETING/
ALTERNATIVE
ENERGY
COMMITTEE
REPORT

Manager Herrera explained that he had been working with representatives of approximately Twenty-five (25) residential consumers and Three (3) commercial consumers to review the draft of the Renewable Energy Contract. After their recommendations for contract modifications, a revised draft was presented to the REC Committee for review.

After discussion, a motion was made by Trustee Wolberg and seconded by Trustee Cordova to move forward with the REC Contract Motion carried unanimously.

Manager Herrera added that the REC Contract would go the N.M.P.R.C. for approval.

Manager Herrera also informed the Board that Mr. Robert Bilbrey had contacted him to discuss the possibility of building a wind farm on 500 acres in the ABO Valley.

Manager Herrera stated that a feasibility study would be done for a cost of approximately \$5,000, which the SEC would provide.

Trustee Wolberg went on to explain that an agreement would have to be generated whereby The SEC would be reimbursed for expenses after the study is complete.

After discussion, President Bustamante directed Manager Herrera to pursue working with Mr. Bilbrey on the wind farm project.

Trustee Wolberg announced that he had been elected Chairman of the Resolutions Committee which would meet during the NRECA Region 8 & 10 Meeting in October, 2012.

Attorney Wiggins recommended the Retirement of Patronage Capital to the Estates of David Gomez and Angelica Tafoya.

OTHER
BUSINESS

A motion was made by Trustee Cordova and seconded by Trustee Mauldin to approve the Retirement of Patronage Capital to the Estates of Mr. Gomez and Mrs. Tafoya. Motion carried unanimously.

Trustee Wagner made a motion to amend the Employee Grievance Policy to include a democratic election process by which non-management employees can elect a committee of three peers for the purpose of hearing and negotiating or adjudicating with management, complaints left unresolved by management. Those peers elected will serve two year terms. The employees can also elect one trustee as a liaison officer for the term to observe and report details of the negotiation to the Board as a whole when necessary. An option would be to allow legal counsel selected by the committee at coop expense to represent the committee. (There was no second to the motion.)

President Bustamante stated that a Grievance Policy was in place and because the motion was not on the agenda as an action item that no action could be taken.

Discussion ensued with President Bustamante stating that the subject could be placed on the Agenda for the next meeting.

After discussion, a motion was made by Trustee Mauldin and seconded by Trustee Wolberg to set the date for the next Regular Meeting for September 26, 2012 at 5:30 p.m. Motion carried unanimously.

SET DATE &
TIME FOR
NEXT REGULAR
MEETING

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

ADJOURNMENT

President Bustamante adjourned the meeting at 7:15 p.m.

Luis Aguilar, Secretary

APPROVED:

Paul J. Bustamante, 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 August 29, 2012. A Quorum of Trustees was present and acted upon throughout the Meeting and none of the Minutes of the above have been rescinded or modified.

Luis Aguilar, Secretary