

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

OCTOBER 24, 2012

A Regular Meeting of the Board of Trustees of The Socorro Electric Cooperative, Inc. was held on Wednesday, October 24, 2012 in Socorro, New Mexico.

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The Meeting was called to order at 5:32 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

Leroy Anaya, Trustee
Representative, District III

Prescilla Mauldin, Trustee
Representative, District III

Milton Ulibarri, Trustee
Representative, District III

Donald Wolberg, Trustee
Representative, District III

TRUSTEES ABSENT: None

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

SEC MEMBERS PRESENT: James Cherry, Anne & Jim Dorough, Elva Ostereide,
Charlene Wagner, Marie Watkins, David L. Wade,
Richard P. Tafoya, Cyndi Mae Wade, Paul Ulibarri Sr.,
Gayl Dorr, Charlene West

Secretary Aguilar declared a Quorum of Trustees present.

QUORUM

President Bustamante led everyone in the Pledge of Allegiance.

PLEDGE OF
ALLEGIANCE

There were no further revisions to the Revised Agenda.

APPROVAL OF
AGENDA

After review of the Draft of the Minutes of the Regular Meeting held on September 26, 2012, a motion was made by Trustee Ulibarri and seconded by Trustee Wolberg to Approve the Draft of the Minutes with a correction. Motion carried unanimously.

REVIEW OF
PREVIOUS
MINUTES

Paul Ulibarri, Sr., expressed his concern with his son's meter being disconnected for non-payment and the method the SEC utilizes to notify consumers of the impending disconnection.

PUBLIC
INPUT

Marie Watkins expressed her concern with awarding monetary door prizes at the district meetings held earlier in the month, when that money could be used to help consumers with their electric bills.

A motion was made by Trustee Wagner and seconded by Trustee Anaya to approve Nelda Rae McPhaul and Rufus Choate as District V Election Officials for the District V Meeting to be held on October 27, 2012. Motion carried unanimously.

APPROVAL
OF DISTRICT
V ELECTION
OFFICIALS

President Bustamante read the Election Summary prepared by Survey and Ballot Systems on the results of the Election of Trustees in both District IV and District I. (Copy of Election Summary attached.)

A motion was made by Trustee Wolberg and seconded by Trustee Cordova to certify the Election Summary for District IV and I, as prepared by Survey and Ballot System.

CERTIFY
RESULTS OF
DISTRICT IV
AND I MEETINGS

Trustee Ulibarri congratulated both Trustee Wade and Trustee Cordova on their reelection to the Board from District IV and I, respectively.

A discussion ensued on the differences in the number of members in District I and IV.

President Bustamante then called for the vote on Trustee Wolberg's motion to certify the Election Summary. Motion carried with Trustee Wagner opposed.

After discussion, a motion was made by Trustee Wade and seconded by Trustee Ulibarri to designate Attorney Wiggins to Call the Meeting to Order for the District V Meeting being held on October 27, 2012. The motion carried with Trustee Wagner opposed.

DESIGNATION OF
REPRESENTATIVE
TO CALL DISTRICT
V MEETING TO
ORDER

President Bustamante read a Resolution authorizing the First State Bank to set a \$5,000 Limit to the MasterCard Credit Card approved for Abran H. Romero, CFO.

APPROVAL OF
RESOLUTION -
CREDIT CARD
LIMIT FOR CFO

A motion was made by Trustee Ulibarri and seconded by Trustee Wolberg to approve the Resolution authorizing the First State Bank to issue a MasterCard Credit Card with a \$5,000 limit to Mr. Abran H. Romero, CFO. Motion carried unanimously.

Manager Herrera reported that Expenditures for the month of September, 2012 totaled \$639,751.78. Manager Herrera opened the floor for questions from the Board.

REVIEW OF
EXPENDITURES

Trustee Cordova questioned Check #46660 issued to Trustee Wagner for per diem to attend legal hearings.

Discussion ensued on the expenditures made to Trustee Wagner.

Trustee Mauldin questioned the following expenditures:

- Check #46587 to Hunt Technologies, Inc.
- Check #46596 to Industrial Weed Control, Co.
- Check #46652 to The Vernon Company

Manager Herrera explained each of the expenditures questioned by Trustee Mauldin.

Trustee Wagner asked for information on the Consumer Satisfaction Survey.

Manager Herrera responded that he should have the results by the end of November.

There being no further questions from the Board, a motion was made by Trustee Cordova and seconded by Trustee Anaya to approve the Expenditure Report for September, 2012 as information. Motion carried unanimously.

There being no questions on the Credit Card Expenditures, a motion was made by Trustee Wagner and seconded by Trustee Mauldin to approve the Credit Card Expenditures for September, 2012 as information. Motion carried unanimously.

CREDIT CARD
EXPENDITURES

Manager Herrera gave a summary of the RUS Form 7 for September, 2012 by Reporting that margins for the month totaled \$255,386 and \$1,149,181 Year-to-Date.

Manager Herrera reported that Active Delinquent Accounts increased 32% for September, 2012. Manager Herrera also noted that the Winter LIHEAP Moratorium would go into effect on November 15, 2012 continuing until March 15, 2013.

DELINQUENT
REPORT

Discussion ensued on the \$557,182 as reported on the 90 day past due delinquent accounts.

Manager Herrera reviewed the Section V & XII Delinquent Report. There were no questions from the Board.

There were no questions from the Board on the Outage Report for 9/13-10/15/12.

OUTAGE REPORT

Manager Herrera reported that there was a minor vehicle accident during the month of September, 2012.

SAFETY REPORT

Manager Herrera informed the Board that the Pole Change-Outs for the West area have been completed.

CONSTRUCTION REPORT

Manager Herrera stated that there were no Personnel items to report on.

PERSONNEL

Manager Herrera reported that in 2012, the SEC sponsored five (5) students on the Government-In-Action Youth Tour. Manager Herrera stated that he would like to send either 2-3 students regardless of the high school they attend.

OTHER

Discussion ensued on the administration of the Government-In-Action Youth Tour.

Secretary Aguilar reported on the following:

MEMBER APPLICATION/
CANCELLATION REPORT

- Twenty One (21) New Connects
- Fifty-Six (56) Reconnects
- Ninety-One (91) Disconnects

A motion was made by Trustee Wolberg and seconded by Trustee Mauldin to approve the Member Application and Cancellations Report for September, 2012. Motion carried unanimously.

Trustee Wolberg summed up the NMRECA Report by informing the Board on the NMSU and NM Tech Summer Internship Program; reducing the size of the Enchantment In order to save on postage; a proposal to increase donations to the NMRECA Executive Assistant Conference; and the Tri-State Rate Increase which could be challenged by Several New Mexico Cooperatives.

NMRECA REPORT

Trustee Wolberg briefly updated the Board on the Tri-State Rate Increase, effective January, 2013.

TRI-STATE REPORT

Trustee Anaya, Chairman of the Policy Committee, reported that the Policy Committee met on October 12, 2012. Trustee Anaya turned the floor over to Manager Herrera for an accounting of the meeting.

Manager Herrera explained that the Committee reviewed recommended revisions to the following for consideration by the Board:

POLICY COMMITTEE REPORT

- Policy 201-15, Tools
- Policy 224 – Whistle Blower Policy
- Policy 217 – Sexual Harassment and Other Forms of Harassment
- Discussion on a Nepotism/Employee Relationship Policy
- Discussion on an Alternative Energy Policy
- Increasing Fees from 25 ¢ to \$1.00 for Copies for Inspection of Public Records.

A motion was made by Trustee Wolberg and by Trustee Ulibarri to approve the Recommendations of the Policy Committee relating to the Above-Mentioned Policies. Motion carried with Trustee Wagner opposed.

Trustee Wade, Chairman of the Bid Committee, reported that the Committee met on October 15, 2012. Trustee Wade turned the meeting over to Manager Herrera.

BID COMMITTEE REPORT

Manager Herrera informed the Board that the Committee reviewed the SEC Medical Benefit Comparisons for 2013, prepared by Gibson and Frank, Inc. Manager Herrera stated that the Committee's recommendation was to remain with the current PHP FlexCare PPO Plan.

Manager Herrera also informed the Board that the Committee recommended Opting-Out of the NRECA VisionCare Plan in order to transfer to the Davis Vision Designer 2 Plan and to remain with the current Delta Dental Plan.

Manager Herrera also stated that the Bid Committee reviewed bids for a Forklift from DiscountForkliftBrokers.com and United Rentals, Inc. The Committee's recommendation was to accept the bid from DiscountForkliftBrokers.com for \$22,865.

After discussion, a motion was made by Trustee Anaya and seconded by Trustee Wolberg to accept the Bid Committee's recommendation for health, vision and dental insurance coverage, and to accept the bid for the forklift for DiscountForkliftBrokers.com. Motion carried with Trustee Wagner opposed.

Trustee Wade, Chairman of the Finance/Audit Committee, also reported that the Committee met on October 15, 2012. Trustee Wade turned the floor over to Manager Herrera. Manager Herrera read the Minutes of the Meetings whereby the Committee reviewed the 2013 Budget and Employee Wage Increase.

FINANCE/AUDIT
COMMITTEE
REPORT

After discussion, a motion was made by Trustee Wolberg and seconded by Trustee Ulibarri to accept the recommendation of the Finance/Audit Committee to provide the SEC employees with a 2% COLA increase and up to a 5% merit increase. Motion carried unanimously.

Trustee Wagner expressed his appreciation and thanked Mr. Herrera and Mr. Romero on the excellent job on the preparation of the 2013 Budget.

Trustee Wolberg, Chairman of the Marketing/Alternative Energy Committee, reported that the Committee met on October 8, 2012 to discuss formation of an Alternative Energy Policy, as requested by the Board.

MARKETING/
ALTERNATIVE
ENERGY
COMMITTEE
REPORT

Trustee Wolberg reviewed the policy generated for Board approval.

A motion was made by Trustee Ulibarri and seconded by Trustee Mauldin to approve the Alternative Energy Policy. The motion carried with Trustee Wagner opposed.

OTHER
BUSINESS

Manager Herrera informed the Board that the City of Socorro asked the SEC to assist with hanging banners for the Festival of the Cranes and the Alamo Navajo Schools to change out lights on their baseball field.

Trustee Wolberg stated that San Miguel Catholic Church also requested assistance to hang banners in celebration of their 400th Anniversary.

After discussion, a motion was made by Trustee Wagner and seconded by Trustee Mauldin to approve the donation of time and equipment to assist with the above-mentioned requests. Motion carried unanimously.

Attorney Wiggins recommended the approval of the Retirement of Patronage Capital to the following Estates:

- Tomas Delgadillo, Sr.
- Laurita C. Barela
- Ed N. Tanner
- David Goforth
- Frances Castillo

A motion was made by Trustee Mauldin and seconded by Trustee Wolberg to approve the Retirement of Patronage Capital to the above-mentioned Estates. Motion carried unanimously.

Trustee Wolberg gave a lengthy report on the NRECA 8 & 10 Meeting held in New Orleans earlier in the month.

SUBJECTS BY
TRUSTEES

A motion was made by Trustee Wagner to seat the successful candidate from the District V Meeting immediately in order to comply with the Bylaws because the seat is currently Vacant.

President Bustamante did not accept the motion because the item was not on the Agenda for action by the Board and immediately seating the successful candidate would be in violation of the Bylaws.

Trustee Aguilar inquired on the status of the Mainstay Funds and Manager Herrera responded that he was waiting for information .

Trustee Aguilar also inquired on cyber-security for the SEC and Manager Herrera stated that a test of our cyber-security was done last year.

President Bustamante read the Resolution approving the Filing of a Rate Protest of Tri-State's Rate Filing for 2013.

CONSIDERATION
OF INTERVENING
ON TRI-STATE
RATE PROTEST

After discussion, motion was made by Trustee Wagner not to join the protest of Tri-States Rate Filing, at this time, in order to obtain further information and to have a special meeting if necessary. Trustee Mauldin seconded the motion.

Further discussion ensued. President Bustamante then called for the voted on Trustee Wagner's motion. The motion carried with Trustee Anaya abstaining.

Manager Herrera informed the Board that Trustee Wagner requested a list of more than 650 members registered during the 2012 Annual Meeting. Manager Herrera stated that Members registered with their unique member number and also signed their name to the registration log and that another list would need to be generated to accommodate Trustee Wagner's request for the a list of members registered.

TRUSTEE
REQUEST TO
RECREATE
ANNUAL MEETING
REGISTRAION
LIST

A motion was made by Trustee Wagner to allow for the creation of the registration list in order to comply with the Bylaws.

Attorney Wiggins stated the Bylaws provide that the minutes shall contain a list of members registered at the Annual Meeting but does not state what format should be used and it was her opinion that the registration logs utilized during the Annual Meeting comply with the Bylaws.

Trustee Wagner's motion died for lack of a second.

President Bustamante reported that Trustee Wagner requested to attend the NMRECA Director's Class but that Trustee Wagner had been censored by the Board.

TRUSTEE
REQUEST TO
ATTEND NMRECA
DIRECTORS CLASS

Discussion ensued and President Bustamante stated that there was nothing wrong with Trustee Wagner attending the Class at his own expense.

A motion was made by Trustee Wolberg and seconded by Trustee Wade calling for an Executive Session. Motion carried unanimously.

President Bustamante called for an Executive Session to discuss Litigation on Case # D-725-CV-2012-00089 and West vs SEC as per Section 10-15-1 (H) of the NMOMA.

The Board adjourned to Executive Session at 7:15 p.m.

*President Bustamante left the meeting at 7:45 p.m. Vice-President Wade chaired the remainder of the meeting.

The Board returned to Regular Session at 8:00 p.m.

REGULAR
SESSION

Trustee Wolberg made a motion and it was seconded by Trustee Ulibarri to approve the contract for general counsel and to extend it for two (2) years. Motion carried unanimously.

CONSIDERATION
OF GENERAL
COUNSEL
CONTRACT
EXTENSION

A motion was made by Trustee Anaya and seconded by Trustee Mauldin to set the date of Wednesday, November 28, 2012 at 5:30 p.m. for the next Regular Meeting. 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 Wolberg and seconded by Trustee Mauldin to adjourn the meeting. Motion carried unanimously.

ADJOURNMENT

Vice-President Wade adjourned the meeting at 8:05 p.m.

Luis Aguilar, Secretary

APPROVED:

Paul J. 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 the above is a true and exact copy of the Minutes of the Regular Meeting held on October 24, 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