

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

March 27, 2013

A Regular Meeting of the Board of Trustees of The Socorro Electric Cooperative, Inc. was held on Wednesday, March 27, 2013 in Socorro, New Mexico.

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The Meeting was called to order at 5:37 p.m. by Luis Aguilar, President.

CALL TO ORDER

Secretary Wolberg called roll and reported those Trustees present and attending the meeting as follows:

ROLL CALL

TRUSTEES PRESENT:           Luis Aguilar, President  
  Representative, District III

  Prescilla Mauldin, Vice-President  
  Representative, District III

  Donald Wolberg, Secretary  
  Representative, District III

  Leo C. Cordova, Treasurer  
  Representative, District I

  Charles Wagner, Trustee  
  Representative, District II

  Dave Wade, Trustee  
  Representative, District IV

  Anne L. Dorough, Trustee  
  Representative, District V

TRUSTEES ABSENT:           None

ALSO PRESENT:               Joseph Herrera, General Manager  
  Eileen Latasa, HR Manager/Executive Asst.  
  Donna Wilkins, Payroll/UPN Administrator  
  Lorna Wiggins, Attorney  
  Ira Bolnick, Investigative Counsel

SEC MEMBERS PRESENT:   Jimmy Dorough, David L. Wade, Richard P. Tafoya, Sr.,  
  Cyndi Mae Wade, Elva Osterreich, James Cherry,  
  Charlene Wagner, Herb Myers, Doug May, Ruth White,  
  Gery Klinglesmith, Tamara J. Ireland, Audrie Clifford,  
  Milton Ulibarri, Leroy Anaya, Marie Watkins

Secretary Wolberg declared a Quorum of Trustees present.

QUORUM

President Aguilar led everyone in the Pledge of Allegiance.

PLEDGE OF  
ALLEGIANCE

President Aguilar asked if there were any additions or deletions to the Agenda.

APPROVAL OF  
AGENDA

Secretary Wolberg asked for consideration of a donation for a family whose home was completely destroyed by a fire.

Trustee Wagner made a motion for order of the day.

Attorney Wiggins suggested that the item be discussed under Subjects by Trustees.

President Aguilar stated that if there were no objections that he would proceed. No objections were noted.

After review of the Draft of the Minutes of the Regular Meeting scheduled for February 27, 2013, a motion was made by Trustee Wagner and seconded by Trustee Dorough to approve the Draft of the Minutes with a correction. Motion carried unanimously.

APPROVAL OF  
MINUTES

After review of the Draft of the Minutes of the Special Meeting held on March 18, 2013, a motion was made by Trustee Mauldin and seconded by Trustee Wolberg to approve the Draft of the Minutes as presented. Motion carried unanimously

Mr. Herbert Myers quoted from St. Augustine regarding honesty, integrity, and that members have tried to change how the Co-op is run and the trustees continue to act against the wishes of the members.

PUBLIC INPUT

Ms. Marie Watkins expressed her concern regarding action by the Board in November, 2012 by approving a donation for a student going to Australia and that she was the only person that made a donation and that trustees should make a personal donation to the family that lost their home.

Mr. Ira Bolnick, Investigative Counsel, hired by the Attorney Wiggins to look into allegations on Trustee Wagner, gave a synopsis of his background and experience.

REPORT BY  
INVESTIGATIVE  
COUNSEL

Mr. Bolnick gave a detailed and lengthy report of his findings and conclusion referencing New Mexico State Law and the Rural Electric Act; SEC Bylaws and Policies; and the SEC Code of Ethics. Mr. Bolnick explained his findings of the allegations regarding:

- Alleged recording of executive sessions of the Board.
- Inappropriate contact with a vendor
- Alleged Improper Claims of Per Diem Reimbursement
- Conflict of Interest/Self-Dealing.

Attorney Wiggins suggested that the Board take a five minute break.

President Aguilar called for a short recess at 7:10 p.m.

The Board returned to Regular Session at 7.21 p.m.

Mr. Bolnick answered questions from the Board. Attorney Wiggins thanked Mr. Bolnick for his report, and added that the report is confidential in nature and that the remainder of the report would be discussed during Executive Session at the next meeting of the Board.

President Aguilar asked if there was anyone who had a problem with keeping the report confidential and there being none, President Aguilar stated that the report would remain confidential.

Trustee Wagner inquired whether he would be allowed to participate in the Executive Session, and after some thought, President Aguilar stated that he would state his decision at the next regular meeting of the Board.

Trustee Dorough made a motion to rescind the previously adopted motion to reconsider the 2012 Board approved Bylaw resolutions at the 2013 Annual Members Meeting. Trustee Wagner seconded the motion.

CONSIDERATION  
TO RESCIND  
PREVIOUSLY  
ADOPTED  
MOTION

A lengthy discussion ensued regarding the 2012 Board approved resolutions and the Resolutions approved during the 2012 District V Meeting.

President Aguilar asked the Trustees if there were any other comments and there being none, President Aguilar called for a roll call vote on Trustee Dorough's motion. Trustees Cordova, Wade, Mauldin and Wolberg were opposed to the motion; Trustees Wagner and Dorough were in favor of the motion. The motion failed.

A motion was made by Trustee Wolberg to propose amending the date and time for the 2013 Annual Members Meeting. A lengthy discussion ensued on the validity of the action taken by the Board during the Regular Meeting held on January 23, 2013.

Trustee Wagner called for a Point of Order in that the actions of the Board at that meeting were valid under Roberts Rules of Order.

Trustee Wolberg restated his motion to amend action by the Board and to change the date for the 2013 Annual Members Meeting from May 18, 2013 to May 15, 2013. Trustee Dorough seconded the motion. Further discussion continued with Trustee Wolberg's justification for the setting the meeting during the week.

SET DATE AND  
TIME FOR 2013  
ANNUAL  
MEMBERS  
MEETING

Trustee Wagner called for a Point of Order by stating that Trustee Wolberg spoke twice on the matter and added that the meetings have always been held on the weekend; that members are working during the week and that the motion should not be allowed.

Trustee Wagner then made a motion to amend the motion to change the date from May 18 to May 15, 2013 with Registration to begin at 10:00 am and Voting to begin at 1:00 p.m. Trustee Dorough seconded the motion.

President Aguilar calls for a roll call vote on Trustee Wagner's motion. Trustees Wolberg, Mauldin, Wade and Cordova were opposed to the motion; Trustees Wagner And Dorough voted in favor of the motion. The motion failed.

President Aguilar called for a roll call vote on Trustee Wolberg's motion. Trustees Wolberg, Wade and Cordova were in favor of the motion; Trustees Mauldin, Dorough and Wagner were opposed to the motion. President Aguilar broke the tie by voting in favor of the motion. The motion carried.

A motion was made by Trustee Wolberg to begin Registration/Voting at 1:00 p.m. and the Meeting to begin at 3:00 p.m. Trustee Dorough seconded the motion. Motion carried unanimously.

It was the consensus of the Board that action taken during the January 23, 2013 were valid and no further action was necessary.

CONSIDERATION  
OF MEMBERSHIP  
BASIN ELECTRIC  
POWER COOP

Trustee Dorough inquired that two items on the agenda were passed over by the Board. Manager Herrera explained that there was some uncertainty regarding the validity of the January 23, 2013 Regular Meeting. Attorney Wiggins stated that action by the Board during the meeting are considered to be valid.

After explanation by Manager Herrera and questions from the Board regarding the 401K Prepayment Option, a motion was made by Trustee Wagner and seconded by Trustee Mauldin to approve the 401K Prepayment Option. The motion carried unanimously.

CONSIDERATION  
OF 401K  
PREPAYMENT  
PLAN

After an explanation of the Salary Deferral 457(b) Plan, a motion was made by Trustee Mauldin and seconded by Trustee Wolberg to approve the 457(b) Plan Salary Deferral. Motion carried unanimously.

CONSIDERATION  
OF RESOLUTION  
457(B) SALARY  
REFERRAL

Manager Herrera reported that Expenditures for the month of February, 2013 totaled \$749,846.92.

EXPENDITURE  
REPORT

There being no questions from the Board, a motion was made by Trustee Mauldin and seconded by Trustee Wolberg to approve the Expenditure Report for February, 2013 as information. Motion carried unanimously.

There being no questions from the Board on the Credit Card Report, a motion was made by Trustee Mauldin and seconded by Trustee Cordova to approve the report for February 2013. Motion carried unanimously.

CREDIT CARD  
EXPENDITURES

Manager Herrera reviewed the RUS Form 7 Report for February, 2013. There being no questions from the Board, a motion was made by Trustee Mauldin and seconded by Trustee Wolberg to approve the RUS Form 7 Report as presented. Motion carried unanimously.

RUS FORM 7

Manager Herrera reviewed the Delinquent Reports for February, 2013 and added that the Liheap Winter Moratorium ended on March 15, 2013 and collections on delinquent accounts would begin in earnest.

DELINQUENT  
REPORTS

Manager Herrera also reviewed the Outage Report with the Board and stated that winds have not been as bad this year as in the past.

OUTAGE REPORT

Manager Herrera reported that there were no loss time accidents in February, 2013.

SAFETY REPORT

Manager Herrera also reported that poles were being replaced on Highway 380. Maintenance work had begun and that outages have been limited due to the amount of maintenance being done.

CONSTRUCTION  
REPORT

Manager Herrera reported that the BP 109 Asset Transfer at the Burris Substation has been a work in progress for two (2) years and Tri-State's request for additional easement on the distribution line is being considered.

OTHER

Manager Herrera informed the Board that Tri-State G&T submitted an Advice Notice with the N.M.P.R.C. which was declined. Three New Mexico Co-ops are protesting the rate hike and the SEC is intervening on the case.

Manager Herrera also reported that the SEC is going out for bids for Liability Insurance.

Manager Herrera informed the Board that questions remain on the ownership of the facilities and lines at WSMR and a meeting has been scheduled for April 16, 2013.

Manager Herrera reported that N.M.P.R.C. Rule 410 regarding copper theft which is on the rise. Manager Herrera added that the SEC experienced a break-in earlier in the month.

Manager Herrera informed the Board that 2012 Trustee Per Diem reports were distributed and if there were any questions to call him at the office.

Trustee Wolberg reported on the Application/Cancellation Reports as follows:

	<u>January, 2013</u>	<u>February, 2013</u>	APPLICATION/ CANCELLATION REPORTS
New Connects	6	8	
Re-Connects	61	102	
Disconnects	79	96	

A motion was made by Trustee Wagner and seconded by Trustee Mauldin to accept the Application/Cancellation Reports for January and February, 2013 as information. Motion carried unanimously.

Trustee Wolberg reported that a hot topic during the NMRECA Meeting was the conflict with Tri-State G&T on the rate increase and their interaction with the N.M.P.R.C.

NMRECA REPORT

Trustee Wolberg also reported on Rule 410, Copper Theft; the NRECA Legislative Conference; the Enchantment taking on large contracting and the attempt to make the prairie chicken an endangered species.

Trustee Wolberg reviewed the Tri-State Report and the new rate design structure. It is still being discussed. The Tri-State Annual Meeting was scheduled for the first week in April.

TRI-STATE  
REPORT

President Aguilar opened the floor for nominations for Voting Delegate to the 2013 Tri-State Annual Meeting.

Trustee Cordova nominated Trustee Wolberg.

There being no further nominations, a motion was made by Trustee Wade and seconded by Trustee Mauldin to elect Trustee Wolberg as the Voting Delegate for the 2013 Tri-State Annual Meeting by acclamation. Motion carried unanimously.

President Aguilar opened the floor for Representative to the Tri-State Board of Directors.

Trustee Mauldin nominated Trustee Wolberg.

Trustee Wagner nominated Trustee Dorough.

There being no further nominations, President Aguilar called for the vote.

Trustees Cordova, Wade and Mauldin voted in favor of Trustee Wolberg. Trustees Dorough and Wagner voted in favor of Trustee Dorough.

Trustee Wolberg was elected Representative to the Tri-State Board of Directors.

Trustee Wolberg nominated Trustee Cordova as Alternate to the Tri-State Board of Directors.

Trustee Wagner nominated Trustee Dorough.

Trustees Wagner and Dorough voted in favor of Trustee Dorough. Trustees Cordova, Wade, Wolberg and Mauldin voted in favor of Trustee Cordova, who was elected Alternate to the Tri-State Board of Directors.

Trustee Wolberg reported that the By-Law Committee met three times to review and understand the resolutions approved at the 2012 District V Meeting. After careful consideration, it was the committee's recommendation that the Bylaw revisions be sent back to the district for further review and consideration.

BY-LAW  
COMMITTEE  
REPORT

Attorney Wiggins prepared a memo of her opinion on the issue regarding state and cooperative law and Article XIII, Section 1 & 2 of the SEC By-Laws. Attorney Wiggins stated that it was not appropriate to include the resolutions for a vote by the members at the 2013 Annual Members Meeting but they can be discussed for consideration at the 2014 Annual Members Meeting.

Discussion ensued on Attorney Wiggins's opinion regarding the District V Resolutions and the question of the existence of a quorum throughout the District V Meeting.

A motion was made by Trustee Dorough that all amendments passed at the District V Meeting in October, 2012 be added to the agenda for consideration at the 2013 Annual Meeting. Trustee Wagner seconded the motion. Motion carried unanimously.

Trustee Mauldin, Chairman of the Finance/Audit Committee, read the Minutes from the Finance/Audit Committee Meeting held on February 21, 2013. Trustee Mauldin stated that the Committee recommends Board approval of the bid of \$14,500.00 from Automated Election Services as the Third Party Administrator for the 2013 Annual Members Meeting.

FINANCE/AUDIT  
COMMITTEE  
REPORT

A motion was made by Trustee Wade and seconded by Trustee Wolberg to accept the full recommendations of the Finance/Audit/Bid Committee to award the bid from Automated Election Services for Third Party Administration for the 2013 Annual Members Meeting, submit to RUS for reimbursement of \$8Million, invest in the RUS cushion of credit earning interest of 5 (%) per-cent, and to convert \$7.1 of CFC notes to one year term note to be locked in after one year at the current market interest rate of the time; and to issue Patronage Capital Retirement checks for the Years 1978-1983 in the amount of \$1.1 million. Motion carried unanimously.

Trustee Mauldin, Chairman of the Annual Meeting Committee, read the minutes of the meeting held on February 7, 2013.

ANNUAL MEETING  
COMMITTEE  
REPORT

A motion was made by Trustee Wolberg to accept the recommendations of the Annual Meeting Committee which included the ballot information request bill insert as presented. Trustee Cordova seconded the motion.

Trustee Wagner made a motion to amend Trustee Wolberg's motion to have an ecumenical invocation. Trustee Dorough seconded the motion. The motion failed with only Trustee Wagner voting in favor of the motion.

President Aguilar called for the vote on Trustee Wolberg's motion. The motion carried unanimously.

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

OTHER  
BUSINESS

- Grace Vinyard \$ 629.91
- Norris Nims \$ 160.52
- Manuel Olguin \$3,520.26
- Velva Mangum \$ 225.22
- Jerry Gardner \$ 759.85
- Dorothy Linke \$ 687.09
- Mary Dotson \$1,161.72
- Fred Apache \$ 317.62

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

Manager Herrera informed the Board that U.S. Representative Steve Pearce scheduled a visit which would be held on Friday, April 5, 2013 at 9:00 a.m.

Manager Herrera requested authorization to attend the NRECA Legislative Conference In Washington, D.C.

A motion was made by Trustee Wolberg and seconded by Trustee Cordova to authorize Manager Herrera to attend the 2013 NRECA Legislative Conference. Motion carried unanimously.

Trustee Mauldin expressed her concern with a statement on the Informed Cynic Website stating that someone had gone to her home after the scheduled February Board Meeting. to check if she was home.

SUBJECTS BY  
TRUSTEES

Trustee Wolberg requested that Manager Herrera obtain information on solar hot water installation and equipment after attending a presentation during the 2013 NRECA Annual Meeting.

Trustee Wolberg discussed the family that lost their home in Luis Lopez and his desire for the SEC to donate \$100 to each of the three children.

Attorney Wiggins recommended that the item be placed on the agenda for the next regular board meeting.

Attorney Wiggins stated that due to the time, to postpone the Executive Session until the next meeting.

EXECUTIVE  
SESSION

A motion was then made by Trustee Dorough and seconded by Trustee Wade to postpone the Executive Session for the next regular meeting. Motion carried unanimously.

Regular Meeting  
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March 27, 2013

After discussion, a motion was made by Trustee Mauldin and seconded by Trustee Cordova to set the date of Wednesday, April 24, 2013 at 5:30 p.m. for the next Regular Meeting. Motion carried unanimously.

SET DATE AND  
FOR THE NEXT  
REGULAR  
MEETING

There being no further items open for discussion, a motion was made by Trustee Wagner and seconded by Trustee Dorough to adjourn the meeting. Motion carried Unanimously.

ADJOURNMENT

President Aguilar adjourned the meeting at 10:05 p.m.

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Donald Wolberg, Secretary

APPROVED:

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Luis Aguilar, President

I, Donald Wolberg, 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 March 27, 2013. 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.

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Donald Wolberg, Secretary