



Let's Get in Gear

Dear Members,

Once again, the Socorro Electric Cooperative (SEC) failed to make a quorum at its annual meeting April 26. That means too few members showed up to make it a formal meeting. We needed 3 percent, or 285 members. Only 146 showed up. We can't count mail-in ballots toward a quorum, according to the laws and regulations we must follow, and for good reason. Counting mail-in ballots could allow a tiny number of members—just a few attending—to make sweeping changes to the co-op without the direct, in-person participation of a representative group. Ballots apply to only the issues on the ballot. A meeting might vote on many more.

Lacking quorum, we could not conduct official business, consider new resolutions, or take other actions. It's a showstopper. The same thing happened last year. Considering this disappointment, now is a good time to consider what laws, regulations, and rules do apply to co-op governance and operations. Maybe understanding the role of the by-laws and the process for changing them will show how important it is for members to participate.

We have by-laws to ensure we follow various federal, state, and self-imposed laws, rules, and regulations. These include the New Mexico Rural Electric Cooperative Act, the IRS tax code section 501(c)12, Robert's Rules of Order, and SEC's own by-laws.

The SEC by-laws set our rules for governing and regulating our affairs. They cover membership, the Board of Trustees, elections, financial matters, and so on. The by-laws invest the authority in the board to oversee operations of the co-op. You elect trustees to represent you in board decisions using their knowledge, experience, and best judgment. While members do indeed own the co-op, they grant to the board the power to run it. The members as individuals or as a body cannot make operational or policy decisions, except by proposing and approving changes to the by-laws.

Playing by the Rules

The by-laws cannot contradict state statutes. Like all co-ops in New Mexico, SEC operates under the legal framework of the New Mexico Rural Electric Cooperative Act. It enables co-ops to form, establishes limits on their activities, defines members and specifies their participation in governance, establishes the duties of trustees, sets voting rules, and enables co-ops to govern by enacting and amending by-laws. The New Mexico Private Business Corporation Act and the Nonprofit Corporation Act do not apply to the way SEC is governed and managed or how SEC defines quorum. The United States Constitution, likewise, does not govern the business of the SEC.



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To change the by-laws, members start by passing a proposal by majority vote at a district meeting or special meeting that has a quorum. The Board of Trustees can also develop amendment proposals for consideration at a general-membership meeting. Either way, within a specified timeframe the changes next go to an annual meeting or special meeting for consideration by the general membership and, if approved, to a subsequent annual or special meeting for a vote. Again, the meeting must reach a quorum.

The co-op voluntarily follows the New Mexico Open Meetings Act and Inspection of Public Records Act. In addition, the co-op has chosen, through its by-laws, to follow Robert's Rules of Order. The most widely used set of procedures in the United States for deliberative bodies, Roberts Rules govern parliamentary procedure at all co-op meetings. The only place our by-laws vary from Robert's Rules is in specifying a different order of business at a meeting. We follow Robert's Rules for everything else, like how to make motions, how to conduct votes, how to "obtain the floor" to speak, and how to determine quorum—by counting only the members present in person.

To keep its tax-exempt status, the co-op's by-laws cannot go against IRS regulations, including the IRS principles of democratic control (members elect officers at a meeting with quorum), operation at cost (not for profit), and subordination of capital (members, not shareholders, control the monetary benefits). The co-op also must meet the IRS requirement for members to be present to make a quorum.

Stuck in Neutral

You can see how important it is to have member turnout at meetings. All these laws, rules, and regulations might seem confusing at first, but around an issue like quorum, they all agree: a quorum is required for a meeting and members must be present in person to be counted toward a quorum. When we fail to achieve a quorum at our annual meeting, we cannot move forward on any official business concerning the general membership, like amending the by-laws. The whole process gets stuck in neutral.

Sincerely,
Anne Dorough, District V
President
Socorro Electric Cooperative, Inc.



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