

April 9, 2015

Vote 'no' on new SEC bylaws

The new bylaws that the Board of Trustees has asked us to adopt in total, without amendments, has this for compensation of Trustees:

“The Cooperative may reasonably reimburse actual expenses based on the requirements of written board policy and may reasonably compensate Trustees for actual service through payment of a fixed fee (“per diem”) as determined in the Board’s reasonable discretion, for attending any:

1. Monthly Board Meeting; or
2. Special Board Meetings; or
3. Function involving the Cooperative; or
4. Meeting of State, National or other Cooperative or industry organization; or
5. Function reasonably enhancing the Trustee’s ability to serve as a Trustee.”

It puts a limit on the per diems to be in total at most 10 percent more than the average reportable compensation for trustees of all the other New Mexico electric cooperatives.

It wasn’t long ago, 2009 I believe, when our cooperative was going broke. We were close to being placed under government control because our finances were so bad. That was when each of the 11 trustees was compensated for travel, for conferences, for per diems – between \$37,000 and \$50,000 each. The expense of running the board of trustees was more than \$400,000 per year. We put a stop to that by passing a new bylaw: the cooperative could spend at most \$5,000 per year for each trustee and \$10,000 per year for the president of the board. That reduced the cost of running the SEC by about \$400,000 per year. Now we’re financially stable. The new bylaws could bring back those days when the cooperative spends \$50,000 on each trustee, and with seven trustees instead of the five we have now. That’s because per diems will be more than they were in the past, and the all-expense-paid trips, the conferences and meetings that cost so much will be back. Yes, the expenses have to be “reasonable.” And what counts as reasonable will depend on the judgment of the board of trustees. If we disagree, we’ll have to go to court.

Do you trust our trustees so much to let them put their hands in the kitty again? These are the trustees who don’t want us to discuss the new bylaws – no meetings about what’s in them. These are the trustees who don’t want us to amend the new bylaws – take them or leave them. No, not all of the trustees voted that way, but do you want to depend on our having trustworthy trustees to keep our cooperative solvent? I don’t.

We worked too hard to get the expenses of the cooperative under control to trust our trustees this much.

Whatever problems there are with running the cooperative under our current bylaws are small in comparison to our cooperative going broke. I urge all to vote “no” on the new bylaws.

Richard L. Epstein

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