



Key Improvements in the Proposed By-laws

This review highlights sections in the proposed new Socorro Electric Cooperative by-laws that would significantly change the current by-laws. For the complete proposed by-laws, go to www.socorroelectric.com and click "New Bylaw Proposal & Trustee Districts" or call the co-op at (575) 835-0560 or (800) 351-7575 to obtain copies.

A revised **Table of Contents** makes it easier to find specific by-laws.

Article 1 covers general provisions and defines terms used in the by-laws.

Article 2 covers SEC membership. It clarifies **membership eligibility**, including a one member/one vote rule. It prohibits separate memberships for sole proprietor businesses or d/b/a (doing business as) situations. A member who owns a sole proprietorship can only vote once, *not* once for himself or herself and once for the business. (Section 2.01)

Article 3 covers membership **suspension and termination**.

Article 4 changes the conduct of **member meetings** to align with standard industry practice to increase democratic control. Changes **reduce conflict** at member meetings. A Board majority or 10 percent of members can call **special meetings**.

The proposed by-laws **eliminate district meetings** because they are anti-democratic by excluding members who cannot attend. The proposed by-laws call for **electing trustees at-large**, with every member voting for all trustees. The proposal eliminates district-based elections and district meetings. (See Article 5 for more on Trustee elections,) (Section 4.02)

To improve democratic control, the proposed **Notice of Member Meetings** sections outline comprehensive rules for informing members about meetings.

Another section allows any member to raise an **issue for discussion** at a member meeting. The member submits a written request 30 days before the meeting. This way members can bring proposed by-laws amendments, for example, for discussion and a vote at an Annual Meeting. The proposal allows for a similar process for special meetings. The 30-day notice period ensures all members have a chance to thoroughly review a proposal before a vote. In Section 5.03, the proposed by-laws would allow mail-in ballots to count toward quorum for the issues addressed by the ballots, if state law changes to allow mail-in ballots for a quorum count. (Section 4.03)

A record date rule requires the co-op to use the most recent **member lists** when determining who can vote at that meeting. (Section 4.04) Any member can inspect the list before or at a meeting. (Section 4.05)

The proposed by-laws maintain the existing rules about member **quorum**, with some clarifications. The rule states that *attendance in person* of at least 3 percent of the total members of the cooperative is required for the transaction of business at any meeting of the members. New business cannot be conducted at a meeting if quorum does not exist *at the time of the vote*. (Section 4.07)

The analysis by the by-laws consultant rejects continuing quorum when fewer than 3 percent of members are present: "Otherwise, a small contingent of members could implement changes that the majority actually—and perhaps strongly—opposes. There is nothing democratic about efforts to play the system in this manner. There is *nothing democratic* about using other people's absence toward a quorum."

Each member or spouse (not both) is entitled to **one vote** on co-op matters. A non-member spouse may vote in the absence of the member by showing proof of the marital relationship. A member who is also representing an entity such as an incorporated business (entity is listed on the Secretary of State's website, not a sole proprietorship) that is also a member may vote both for his individual membership and for the entity he represents. The entity or business must show proof that it is separate from the individual. (Section 4.08) A new section establishes the **agenda for Annual Meetings** and some other meetings. This section requires that a quorum be determined first. An agenda item provides for new business raised by members as provided for in Section 4.03. This change allows members to bring issues to a vote if they follow the rules for 30-day notice before the meeting. (Section 4.11)



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A new **Credentials and Elections Committee** is appointed by the Board of Trustees to review membership registration and ballots for any member meeting. The committee is the final word on the fairness and integrity of an election. The committee verifies membership and eligibility for election. The committee supervises and validates elections. This section eliminates the "accounting firm" required by the current by-laws because accounting firms lack appropriate expertise in elections. The committee must arrange for an **independent firm** with experience in corporate elections to manage and ensure the integrity of the voting. (Section 4.12)

Article 5 covers trustees. It introduces major changes. It would increase the number from five to **seven trustees**. (Section 5.01) It also increases the **qualifications** for being at. Anyone employed by the co-op or engaged in a contract with the co-op in the previous five years cannot be a trustee.

Each trustee must earn a **Trustee's Certificate** (or equivalent) from the National Rural Electric Cooperative Association and must attend at least two-thirds of all Board meetings.

trustees are barred from **discriminatory or harassing conduct**. The proposed by-laws include detailed **conflict of interest** rules. (Section 5.02)

A new election provision states that trustees will be elected by **secret written ballot**, not voice vote or show of hands. It allows for **mail-in ballots**. (Section 5.03)

trustees serve three-year terms. There is no term limit. (Section 5.04)

In a major change, the co-op is redistricted into **seven residential districts**. One trustee resides in each of Districts 1, 2, 4 and 5, and three trustees reside in District 3, which includes the City of Socorro area. (Section 5.06) However, all trustee races and member voting are conducted co-op-wide. That is, they are **at-large**, meaning each member can vote for all seven trustee positions. Each trustee is accountable to all co-op members, not just those in his or her residential district. The vast majority of co-ops in New Mexico and around the United States vote this way. (Section 5.07)

The proposed by-laws establish **trustee compensation** as a per-diem fee not to exceed the statewide average for electric co-ops by 10 percent. (Section 5.11)

The by-laws outline standards of **trustee conduct** that track with national standards and include provisions for removing trustees. (Section 5.12)

Article 6 covers **Board of Trustees meetings**. It keeps meetings open to members, except for specific exceptions related to legal matters, personnel discussion, procurement contracts, etc. (Section 6.07 and Section 6.08)

Article 7 provides rules for Board officers and miscellaneous **Board functions**. A new section allows the Board chairman to create and appoint Board committees and member committees. (Section 7.11)

Article 8 covers **operations** of the co-op. It establishes the rules for **retiring capital credits**. If a spouse or one party of a joint membership dies, the remaining joint member or spouse receives all capital credits due to that account. If a joint membership is otherwise dissolved, each half of the membership receives half the capital credits. (Section 8.02)

A member who leaves the co-op, closes a business, or otherwise closes his or her account may **transfer capital credits** to another member. (Section 8.02)

The co-op may, but is not required to, retire the **capital credits of a deceased member** at a discounted rate upon their death. The discount rate is calculated on the Wall Street Journal prime rate. (Section 8.03)

Article 9 covers the disposition (e.g., selling off) of **co-op assets**.

Article 10 covers **miscellaneous** matters, including **amending the by-laws**. By-laws can be amended by "yes" vote on ballots at any Annual Meeting or at any special meeting called for that purpose and when members are given proper notice. *Solely for the purposes of voting for or against a bylaw amendment*, a member is considered present and counts toward a quorum if the member has submitted an official written ballot by mail to vote for or against the proposed bylaw amendment. This section does not allow the quorum count, based on mail-in ballots, to apply to meeting business other than that election. (Section 10.1)



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