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TO: Members of SEC's Board of Trustees
Newly Elected Board Members
FROM: Joanna Aguilar
DATE: October 22, 2009
RE: Board Reduction and Redistricting

At the Trustee's meeting held October 14, 2009, I was requested to provide a memorandum summarizing my comments and advice to address the possible passage and implementation of proposed changes to the SEC's Bylaws passed by the members in District meetings.[1]

One of those resolutions was to reduce the Board of Trustees from eleven to five Trustees. Unfortunately, the resolution did not include a date for reducing the number of Trustees, nor did it provide any guidance as to which positions are to be eliminated should the resolution pass. There is also no provision in the existing bylaws or statutes governing electrical cooperatives which addresses this contingency.[2] There are a number of ways the reduction mandated by the resolution could be implemented if it were enacted. One method is to eliminate upcoming elections until the Board is reduced to the requisite number of Trustees. The SEC's next Trustee elections will not be held until October and or November of 2012.[3] At that time, there will be seven Trustees positions up for election.[4] If six of those seven positions were eliminated, it will be difficult to determine which six positions are to be eliminated, who will make that decision and how it will affect the equitable representation required by the bylaws. In addition, if the Board waits three years to reduce the Board, they could be viewed as being in violation of the newly revised Bylaw reducing the Board to five positions since there is no set date for the reduction. It is not clear whether the reduction should take place immediately. [5]

Another method followed in similar situations is what's known as last in first out. That is, the most recently filled positions would be the ones eliminated. Each method has perceived inequities and will obviously affect individual Board members differently. Who will make the decision as to which method used and when it is implemented are likely to be met with controversy. The Bylaws currently do not give the Board this specific authority although it would likely be within the general authority to manage the affairs of the Coop but any decision could result in a court challenge, which would be an expensive proposition for the Coop. [6]

If the resolution passes and it is determined that SEC should retain five Districts and one Trustee is elected to represent each District then there is no question that redistricting must take place. Based upon the membership numbers I have seen, if the District boundaries remained the same with one trustee elected to represent each district the trustees would represent the following percentage of members:

- District 1 — 15% of the membership
- District 2 — 7% of the membership
- District 3 — 42% of the membership
- District 4 — 7 % of the membership
- District 5 — 28% of the membership

When considering the issue of redistricting over the past year, the current Board of Trustees decided to postpone any decision until after the recent elections so the newly constituted Board would be making such a vital decision affecting the SEC. [7] The current Board also consulted with Research and Polling, which had been involved in redistricting efforts of other cooperatives, but decided to defer any decision to hire them for the new Board. Due to my concerns as to the method and timing of a possible Board reduction for the 2010 annual meeting, I contacted Research and Polling and inquired as to the timing needed to implement redistricting. My concern was whether if they were hired in January that would be adequate time to conduct the necessary research needed to make recommendations to the Board by March. Although the Annual meeting does not take place until April, notice of the proposed resolutions by the Board must be submitted to the entire membership in March under the bylaws. Although Research and Polling informed me that it "might" be able to complete the work by March, they could not guarantee they would be done in time and stated it would be in the best interest of the Cooperative to begin work earlier.

Therefore, in order to ensure a smooth transition I recommended that the current Board of Trustees hire Research and Polling prior to January. [8] This would ensure adequate time to prepare and present redistricting recommendations to the Board of Trustees in January or February. I believe it is in the best interest of the cooperative to have a redistricting plan to present to the membership of SEC should the resolution pass to reduce the Board to five Trustees. I also recommend that the Board appoint a new redistricting committee made up of members appointed by each trustee. So that the committee is answerable to the new Board, the outgoing Board members should not make any appointments but instead allow each newly elected Trustee the opportunity to make a recommendation for their appointment and the Board abide by those recommendations. This would also ensure that the Committee has adequate time to make well-informed recommendations for redistricting and Board size. [9]

I believe that taking the above-stated action will not only ensure a smooth transition with the newly elected Trustees but will also ensure a smooth transition as to when and how the board reduction will be administered should the resolution which reduces the Board from eleven to five trustees pass at the upcoming annual meeting. As noted at the meeting, I spoke to NIVIIMT President Dr. Dan Lopez about chairing the committee and he was willing to do so were he appointed by the Board.[10]