

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

DECEMBER 28, 2011

A Regular Meeting of the Board of Trustees of The Socorro Electric Cooperative, Inc., was held on Wednesday, December 28, 2011 in Socorro, New Mexico.

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The meeting was called to order at 5:30 p.m. by President Bustamante.

CALL TO ORDER

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

ROLL CALL

TRUSTEES PRESENT: Paul J. Bustamante, President
Representative, District II

Dave Wade, Vice-President
Representative, District IV

Luis Aguilar, Secretary
Representative, District III

Milton Ulibarri, Treasurer
Representative, District III

Leroy Anaya, Trustee
Representative, District III

Leo C. Cordova, Trustee
Representative, District I

Prescilla Mauldin, Trustee
Representative, District III

Don Wolberg, Trustee
Representative, District III

Charles Wagner, Trustee
Representative, District V

TRUSTEES ABSENT: Jack Bruton, Trustee
Representative, District V

ALSO PRESENT: Joseph Herrera, General Manager
Eileen Latasa, Admn. Asst./Human Resources
Dennis Francish, Attorney

SEC MEMBERS PRESENT: James Cherry, Socorro Wade, David L. Wade,
Charlene Wagner, Marie Watkins, Audrie Clifford
TS Last

Secretary Aguilar reported a Quorum of Trustees present.

QUORUM

President Bustamante led everyone in the Pledge of Allegiance.

PLEDGE OF
ALLEGIANCE

There were no additions or deletions to the Agenda.

APPROVAL OF
AGENDA

After review of the Draft of the Minutes of the Special Meeting held on December 21, 2011, a motion was made by Trustee Wolberg and seconded by Trustee Cordova to approve the Draft of the Minutes with corrections. Motion carried unanimously.

REVIEW OF
PREVIOUS
MINUTES

There were no items brought before the Board by SEC members present.

PUBLIC INPUT

President Bustamante presented Trustee Wagner with a Five-Year Service Award.

President Bustamante reported that four (4) attorneys had been interviewed for Outside Counsel. The attorney's represented firms from Wiggins, Williams and Wiggins; Robles Rael and Anaya, PC; Stelzner, Winter, Warburton, Flores, Sanchez & Dawes; P.A.; and Roscoe A. Woods & Associates, LLC.

ATTORNEY
SEARCH

President Bustamante opened the floor for motions.

A motion was made by Trustee Cordova and seconded by Trustee Wolberg to accept the proposal from Robles, Rael and Anaya, PC for Outside Counsel.

ATTORNEY
SEARCH, CONT.

After discussion, President Bustamante called for the vote. Trustees Cordova, Wolberg and Wade voted in favor of the motion. Trustees Aguilar, Mauldin, Wagner, Ulibarri and Anaya were opposed. Motion failed.

A motion was then made by Trustee Mauldin to hire the law firm of Wiggins, Williams and Wiggins. Trustee Wagner seconded the motion. Trustees Mauldin, Wagner and Aguilar voted in favor of the motion. Trustee Ulibarri, Anaya, Cordova, Wolberg and Wade opposed. Motion failed.

Trustee Ulibarri made a motion to retain the law firm of Roscoe A. Woods and Associates. Trustee Anaya seconded the motion.

After discussion, President Bustamante called for the vote on Trustee Ulibarri's motion.

Trustee Anaya and Ulibarri voted in favor of the motion. Trustees Aguilar, Mauldin, Wolberg, Cordova, Wade and Wagner were opposed. Motion failed.

Trustee Wagner made a motion to employ the Nann Winter from Winter as Outside Counsel. Motion dies for lack of a second.

Trustee Wagner then made a motion to hire Ms. Lorna Wiggins from Wiggins, Williams and Wiggins. Trustee Mauldin seconded the motion. After discussion, President Bustamante called for the vote on Trustee Wagner's motion. Trustees Ulibarri, Wagner, Mauldin and Aguilar voted in favor of the motion. Trustees Wade, Anaya, Wolberg and Cordova voted against the motion. President Bustamante broke the tie by voting in favor of the motion. Motion carried.

After discussion, a motion was made by Trustee Wagner and seconded by Trustee Mauldin to retain the firm of Wiggins, Williams and Wiggins on a one-year contract and after the year if the Board is satisfied a two-year contract will be approved. Motion carried unanimously.

Manager Herrera presented and reviewed the 2012 Budget. Manager Herrera stated that the Budget reflects an increase in the Cost of Purchased Power, an increase in line maintenance, wages for three (3) lineman, GIS Mapping, Pole Attachments, a bucket truck that was approved with the 2011 Budget but will be purchased in 2012 and the 4.7 rate increase approved by Tri-State G&T.

2012 BUDGET

After discussion, a motion was made by Trustee Mauldin and seconded by Trustee Wolberg to approve the 2012 Budget as presented. After comments by the Board, President Bustamante called for the vote. Motion passed unanimously.

Manager Herrera explained the changes to the Amendments to the 401K Pension Plan and the Defined Benefit Plan. Manager Herrera stated that the current eligibility period would reflect a change from three (3) months to six (6) months and the eligibility period for the Defined Benefit Plan from one (1) to three (3) months which would coincide with the Board approved change to the Introductory Period for new employees.

APPROVAL OF
401K AND
DEFINED BENEFIT
AMENDMENTS

President Bustamante read the Board Resolution reflecting the proposed changes.

A motion was then made by Trustee Wagner and seconded by Trustee Mauldin to approve the Resolution and Amendment for the 401K Pension Plan and Defined Benefits Plan. Motion carried unanimously.

President Bustamante opened the floor for nominations for Voting Delegate to the 2012 NRECA Annual Meeting.

ELECTION OF
DELEGATES TO
THE 2012 NRECA
ANNUAL MEETING

A motion was made by Trustee Ulibarri and seconded by Trustee Wolberg nominating Trustee Anaya as the Voting Delegate to the 2012 NRECA Annual Meeting. Motion carried unanimously.

A motion was made by Trustee Anaya and seconded by Trustee Cordova nominating Trustee Wolberg as the Voting Alternate to the 2012 NRECA Annual Meeting. Motion carried unanimously.

President Bustamante opened the floor for nominations for Voting Delegate for Federated Rural Electric Cooperative.

A motion was made by Trustee Wagner and seconded by Trustee Cordova to appoint Manager Herrera as the Federated Voting Delegate. Motion carried unanimously.

President Bustamante opened the floor for nominations for CFC Voting Delegate.

A motion was made by Trustee Anaya and seconded by Trustee Wagner nominating Trustee Wolberg as the CFC Voting Delegate. Motion carried unanimously.

A motion was made by Trustee Wade and seconded by Trustee Wolberg to appoint Trustee Anaya as the CFC Voting Alternate. Motion carried unanimously.

President Bustamante opened the floor for nominations for NRTC Voting Delegate.

Trustee Ulibarri made a motion nominating Trustee Wagner as the NRTC Voting Delegate.

Trustee Wagner declined the nomination.

Trustee Wagner then made a motion nominating Trustee Anaya as the NRTC Voting Delegate. Trustee Cordova seconded the motion. Motion carried unanimously.

A motion was made by Trustee Cordova and seconded by Trustee Wagner to elect Trustee Wolberg as the NRTC Voting Alternate. Motion carried unanimously.

Manager Herrera reported that expenditures for the month of November, 2011 totaled \$1,300,000 which was an increase from previous months mainly due to final payments to Tucson Electric Power for the Interconnection for the Quemado Substation and the payment to Wesodi, Inc. for construction of the Quemado Substation.

EXPENDITURE
REPORT

Trustee Wolberg inquired about the number of large expenditures for vehicle repairs.

Manager Herrera explained that repairs were made for injectors on several of the new diesel trucks, in addition to costs for a rear end on a truck which had to be towed in.

Trustee Anaya asked about Check # 44893 to Monette Ford for an oil change. Manager Herrera explained that the oil change was for a diesel truck. Manager Herrera added that he would not purchase diesel trucks in the future due to high repair costs and high prices for diesel fuel.

Trustee Wagner inquired about Check #44936 to Merchant JT&S. Manager Herrera explained that the costs were associated to the apprenticeship program for the line and meter departments.

There being no further inquiries on the Expenditure Report, a motion was made by Trustee Cordova and seconded by Trustee Anaya approving the Expenditure Report for November, 2011 as information. Motion carried unanimously.

No action was taken by the Board on the Credit Card Report.

CREDIT CARD
REPORT

Manager Herrera reported that margins were down in November according to the RUS Form 7 due to adjustments being made in interest rates and modifications to the accounting process.

RUS FORM 7
REPORT

Manager Herrera added that margins Year-to-Date totaled \$3,611,006 compared to \$1,759,649 at this time last year.

After questions by the Board, a motion was made by Trustee Anaya and seconded by Trustee Wade to approve the Manager's Report as information. Motion carried unanimously.

Manager Herrera explained that the Delinquent Report reflected an increase due to the Low Income Heating Energy Assistance Program (LIHEAP) Winter Moratorium effective November 15, 2011.

DELINQUENT
REPORT

On the Section V and XII Delinquent Report, Manager Herrera stated that letters are sent continually to delinquent consumers and that the lien process would be instituted once again.

Manager Herrera explained that a major outage on November 6, 2011 affected 600 consumers. Manager Herrera stated that the outage was due to a bad capacitor bank and transformer. 10% of consumers were out of power for over twelve (12) hours, according to Manager Herrera,

OUTAGE
REPORT

Manager Herrera reported that an apprentice lineman injured his ankle but as since returned to work.

SAFETY REPORT

Manager Herrera reported that work would continue on pole change-outs including change-outs in the north area which had slowed down due to the weather. CONSTRUCTION REPORT

Manager Herrera recommended approval of tuition reimbursement to Ronnita Montoya for successfully completing college courses. OTHER

A motion was made by Trustee Ulibarri and seconded by Trustee Wade to approve the the request for tuition reimbursement to Ronnita Montoya. Motion carried unanimously.

Secretary Aguilar reported Twelve (12) new connects, Sixty Five (65) reconnects, and One Hundred Two (102) disconnects during November, 2011. MEMBERSHIP APPLICATION/CANCELLATION REPORT

President Bustamante entertained a motion to approve the Membership Report. A motion was made by Trustee Anaya and seconded by Trustee Mauldin to approve the Membership Application/Cancellation Report for November, 2011. Motion carried unanimously.

Manager Herrera reported that discussion was held on the issue of Right-of-Ways on Tribal Lands and a 5.2% increase for worker's compensation coverage. NMRECA REPORT

Trustee Wolberg reported that a Resolution regarding the Sand Dune Lizard would be introduced at the 2012 NRECA Annual Meeting for consideration.

Trustee Wolberg also reported that over 17,000 signatures were obtained in support of the Appeal of the EIB Petition.

Discussion was held on the 4.8% rate increase and rate structure approved by Tri-State G&T. TRI-STATE REPORT

Trustee Anaya reported that Tri-State approved a patronage capital refund of \$20 million.

Trustee Anaya, Chairman of the Policy Committee, read the Minutes of the Meeting held on December 21, 2011. POLICY COMMITTEE REPORT

Manager Herrera explained each of the recommended policy changes to Policy 201, 10A – Vacation; Policy 201, 10C – Sick Leave; Policy 201, 10N – On-duty Expenses; Policy 201, 10T – Personal Business; and the addition of Policy 225 – Rules of Conduct and the Corrective Action Process.

A motion was then made by Trustee Cordova and seconded by Trustee Ulibarri to approve the policy changes as recommended by the Policy Committee. Motion carried unanimously.

Attorney Francish commented that a utility cannot build a new line on tribal land without an easement from the Bureau of Indian Affairs and cautioned that care should be taken when building a line on an Indian reservation. OTHER BUSINESS

Attorney Francish recommended the approval of the Retirement of Patronage Capital To the following Estates:

- Caroline Appel \$1,559.14
- Fred Kuellmer \$1,451.46
- Rose B. Montoya \$1,527.69
- Sally Shoemaker \$ 495.20
- Francine Muniz \$ 346.65
- Ramon Rodriguez \$ 271.63

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

Trustee Wolberg took this time to thank Attorney Francish for his service to the SEC. President Bustamante congratulated Attorney Francish on his retirement.

Attorney Francish received a round of applause.

Trustee Wagner stated that District Meetings should be held before the 2012 Annual Meeting to give the members an opportunity to present resolutions to the By-Laws. SUBJECTS BY TRUSTEES

President Bustamante responded that Trustee Wagner should have brought this item Before the Board a year ago and that it was too late to have District Meetings at this late date.

After further discussion, a motion was made by Trustee Wagner to set the date of the third Saturday in May, 2012 for the Annual Members Meeting. Motion died for lack of a second.

Mrs. Latasa stated that she had tentatively reserved the Finley Gym for either April 14 or 21, 2012 for the Annual Members Meeting and that typically May has been a poor month to hold the Meeting.

After further discussion, a motion was made by Trustee Anaya and seconded by Trustee Cordova to set the date of April 14, 2012 for the Annual Members Meeting. Motion carried with Trustee Wagner opposed.

Discussion was held on setting the date for the Re-Organization Meeting. A motion was made by Trustee Ulibarri and seconded by Trustee Wolberg to set the date of Tuesday, January 10, 2012 at 5:30 p.m. for the Re-Organization Meeting. Motion carried with Trustee Wagner opposed.

Trustee Wade asked Manager Herrera if it was possible to include another list of members in the Enchantment that still had not contacted the SEC about their returned Patronage Capital Refund checks.

Manager Herrera responded that he saw no problem with providing another list of members to the Enchantment in an attempt to locate the members of their returned Patronage Capital Refund checks.

A Motion was made by Trustee Cordova and seconded by Trustee Mauldin to set the date of Wednesday, January 25, 2012 at 5:30 p.m. for the Regular Meeting. Motion carried unanimously.

SET DATE FOR
REGULAR
MEETING

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

President Bustamante adjourned the meeting at 7:16 p.m.

ADJOURNMENT

Luis Aguilar, Secretary

APPROVED:

Paul J. Bustamante, President

I, Luis Aguilar, do hereby certify that I am the Secretary of the Board of Trustees of The Socorro Electric Cooperative, Inc. hereinafter called the "Cooperative" and that the above is a true and exact copy of the Minutes of the Regular Meeting held on December 28, 2011. A Quorum of Trustees was present and acted upon throughout the Meeting and none of the Minutes contained on the above have been rescinded or modified.

Luis Aguilar, Secretary

