

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

October 30, 2019

INDEX

The Regular Meeting of the Board of Trustees of The Socorro Electric Cooperative, Inc. (SEC), held on Wednesday, October 30, 2019, at 310 Abeyta Ave, Socorro, New Mexico.

CALL TO ORDER

The meeting was called to order at 1:58 p.m. by Anne L Dorough, President.

ROLL CALL

Secretary Bustamante called the roll and reported those present and attending as follows:

TRUSTEES PRESENT:

Anne L. Dorough, President
Representative, District 5

Luis Aguilar, Vice-President
Representative, District 3

Paul Bustamante, Secretary/Treasurer
Representative, District 1

James Nelson, Trustee
Representative, District 2

Leroy Anaya, Trustee
Representative, District 3

Donald Wolberg, Trustee
Representative, District 3

Michael Hawkes, Trustee
Representative, District 4

TRUSTEES ABSENT:

ALSO PRESENT:

Joseph Herrera, General Manager
Donna Wilkins, Administrative Assistant
Ronnita Montoya, Accounting Supervisor
David Montoya, Safety Compliance Officer
Ricky Williams, Line Superintendent
Marilyn Madrid, Member Services Supervisor
Jimmy Capps, Director of Communications and Public Affairs

SEC MEMBERS PRESENT: Jimmy Dorough, John Larson, Glenn Duggins

NON-SEC MEMBER PRESENT: Tom Franks

QUORUM

Secretary Bustamante declared a Quorum of Trustees present.

PLEDGE OF ALLEGIANCE

President Dorough led everyone in the Pledge of Allegiance.

CONSIDERATION AND APPROVAL OF AGENDA

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President Dorough, hearing no objections, approved the Agenda as presented.

CONSIDERATION AND APPROVAL PREVIOUS MINUTES

Trustee Aguilar made a motion to approve the minutes from the September 25, 2019 meeting as presented; motion seconded by Trustee Anaya. Motion carried unanimously.

President Dorough approved the September 25, 2019 minutes as presented.

Trustee Nelson had a correction to the minutes from September 27, 2019.

Trustee Aguilar made a motion to approve the minutes from the September 27, 2019 meeting with corrections; motion seconded by Trustee Anaya. Motion carried unanimously.

President Dorough approved the September 27, 2019 minutes as presented.

PUBLIC COMMENTS

Glenn Duggins, District 1 Member, thanked SEC for all the help that they have provided in supporting community events. Mr. Duggins especially thankful for SEC's recent participation in the parade that was part of the Chile Taste-Off Festival. Mr. Duggins stated that SEC has always risen to the occasion when asked and is a good member of the community.

MANAGER'S REPORT

Manager Herrera reported on the expenditure check register totaling \$872,635.90 for September 2019 and proceeded to answer questions posed by the Trustees.

President Dorough thanked Manager Herrera for the Expenditure Report for September 2019.

Manager Herrera reported on the American Express and MasterCard credit card expenditures, with supporting receipts, as made available to the Board of Trustees for September 2019.

President Dorough thanked Manager Herrera for the credit card report for September 2019.

Manager Herrera reported in the Engineering Report for August that SEC had conducted 42 site visits for the month. Manager Herrera also stated that White Sands Missile Range (WSMR) is wanting to add an additional 2.5-megawatt load onto SEC lines. Manager Herrera noted that an impact study was completed showing the additional load would require that some SEC equipment would need to be upgraded. Manager Herrera reported that WSMR is moving forward with the project. Manager Herrera also reported that the Bureau of Land Management (BLM) had finalized SEC's Environmental Assessment (EA) report concluding a "Finding of No Significant Impact" assessment, meaning SEC could start the RUS loan package.

President Dorough thanked Manager Herrera for the Engineering Report for September 2019.

Manager Herrera concluded by reporting that SEC had received patronage allocation from the Western United Electric Supply Corporation for the fiscal year 2019 as well as a 4-H thank you card.

President Dorough thanked Manager Herrera for the Managers Report for September 2019.

FINANCIAL REPORT

Ms. Montoya carefully reviewed in detail the RUS Form 7 Report for September 2019 and proceeded to answer questions posed by the Trustees.

President Dorough thanked Ms. Montoya for the RUS Form 7 Report for September 2019.

SAFETY COMPLIANCE REPORT

SAFETY REPORT

Mr. Montoya reviewed the September Safety Report and proceeded to answer questions posed by the trustees.

JOB BRIEFING

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Mr. Montoya reviewed the September Job Briefing Reports.

President Dorough thanked Mr. Montoya for the Safety Compliance Report for September 2019.

OPERATIONS AND MAINTENANCE REPORT

CONSTRUCTION/MAINTENANCE REPORT

Mr. Williams reported on September activities as crews completed 27 work orders and closed 24 work orders. Mr. Williams stated that 41 service orders were completed, with 19 of them being for area light issues and 9 tree trimmings. Mr. Williams stated that the Middle Rio Grande Conservancy project was energized and completed as of September 10. Mr. Williams proceeded to answer questions posed by the Trustees.

OUTAGE REPORTS

Mr. Williams gave a review of the Cooperative Response Center (CRC) Outage Report for September 2019, stating 24 outage reports had been turned in by SEC crews. Mr. Williams answered questions posed by the Trustees.

President Dorough thanked Mr. Williams for the Operations and Maintenance Report for September 2019.

MEMBER SERVICES REPORTS

ENERGY DELINQUENT REPORT

Ms. Madrid presented the Energy Delinquent Report for September 2019 as well as reviewing the collection account detail stating that a majority of delinquencies are from medical certificates totaling \$134,258.41.

NM PRC MEMBER CONCERNS

Ms. Madrid reported that SEC had no member complaints filed with the NM PRC in September 2019. Ms. Madrid did inform the Trustees of a letter that SEC had received from a large commercial account who is requesting that the demand charge be removed from their account. Ms. Madrid answered questions posed by the Trustees.

President Dorough thanked Ms. Madrid for the Member Services Report for September 2019.

COMMUNICATIONS AND PUBLIC AFFAIRS REPORT

Mr. Capps reviewed the September Communications and Public Affairs Report and proceeded to answer questions posed by the Trustees.

President Dorough thanked Mr. Capps for the Communications and Public Affairs Report for September 2019.

TRI-STATE REPORT

Trustee Anaya gave the Tri-State Board of Director's activities report for September 2019.

President Dorough thanked Trustee Anaya for the Tri-State Report.

NMRECA REPORT

Manager Herrera reported on the NMRECA activities report for September 2019 and proceeded to answer questions posed by the Trustees.

President Dorough thanked Manager Herrera for the NMRECA Report.

MRGEDA REPORT

Trustee Wolberg reported on the MRGEDA activities for September 2019 and proceeded to answer questions posed by the Trustees.

President Dorough thanked Trustee Wolberg for the MRGEDA Report.

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PRESIDENT'S REPORT

President Dorough stated that the 2019 Trustee Expense Reports for the third quarter were provided for all Trustees to review since this will be the basis for their respective IRS 1099 form for the year. President Dorough also reminded the Trustees about their annual expenses limits.

FINANCE COMMITTEE REPORT

Trustee Aguilar reported on the Finance Committee Meetings held on October 16, 2019, with recommendations to the full Board of Trustees.

President Dorough thanked Trustee Aguilar for the Finance Committee Report.

STANDING COMMITTEE REPORT

Trustee Anaya reported on the Standing Committee Meeting held on October 16, 2019, with recommendations to the full Board of Trustees.

President Dorough thanked Trustee Anaya for the Standing Committee Report.

NEW BUSINESS

Federal Finance Bank and RUS Note Payoff

Manager Herrera reported that RUS has a program whereby the balances in the RUS Cushion of Credit Program (COC) can be used by cooperatives to pre-pay any Federal Finance Bank (FFB) notes without a prepayment penalty. Manager Herrera stated that while SEC is currently earning 5% on the COC funds, this will change in September of 2020 to 4% and subsequently to the 1 year U.S. Treasury rate beginning in 2021. Manager Herrera stated that it is the recommendation of the Finance Committee to approve the prepayment of the FFB notes, all of which have current interest rates above 4%, with the funds in the COC.

After much discussion, Trustee Hawkes made a motion to prepay the FFB loans totaling \$10,921,964.41, holding the remaining \$2,361,896.73 for future FFB debt payments; motion seconded by Trustee Aguilar. Motion carried unanimously.

2020 Employee Insurance

Manager Herrera reported that Tom Franks from Gibson and Franks was present to discuss the 2020 Employee Insurance for medical, dental, and vision benefits that are provided to employees.

Mr. Franks commended the Board of Trustees for the health insurance benefits that SEC provides to all of their employees and dependents. Mr. Franks stated that he and Jan Gibson meet with the employees in August to get insight into how they felt about the insurance coverage that is being provided. Mr. Franks went into detail of the medical quotes that were received and the error that Cigna made with the recommendation to continue with Cigna at a 0% increase to premium rates. Mr. Franks discussed the dental insurance renewal for 2020 with Cigna would be at a 3% increase with the vision insurance renewal from Vision Service Plan (VSP) being a 15% decrease.

After much discussion, Trustee Anaya made a motion to accept Mr. Franks' recommendation to accept the insurance quotes from Cigna medical with no increase to premium, Cigna dental at a 3% premium increase, and VSP with a 15% decrease for 2020 employee benefits; motion seconded by Trustee Wolberg. Motion carried unanimously.

2020 Budget

Manager Herrera reported the Finance Committee reviewed two versions of the 2020 Budget, one with current tariffed rates and one with the Hearing Examiners proposed tariff rates. Manager Herrera reviewed in detail the 2020 Budget, which included all the employee insurance benefits that were approved. Manager Herrera stated that it was the recommendation from the Finance Committee to approve the 2020 Budget with current tariffed rates and with Proposed Capital Expenditures.

After further discussion, Trustee Wolberg made a motion to accept the Finance Committee's recommendation to approve the 2020 Budget, with the current tariffed rates, and with the

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Proposed Capital Expenditures; motion seconded by Trustee Aguilar. Motion carried unanimously.

Board Policy 109 – Conflicts of Interest

Manager Herrera reported that Policy 109 – Conflicts of Interest had been reviewed by the general counsel and the Standing Committee. Manager Herrera stated it was the recommendation of the Committee to approve Policy 109 – Conflicts of Interest with recommended changes.

After discussion, Trustee Nelson made a motion to accept the Standing Committee's proposed changes of Policy 109 – Conflicts of Interest with recommended corrections; motion seconded by Trustee Wolberg. Motion carried unanimously.

Board Policy 117 – Communications with Member-Owners

Manager Herrera reported that Policy 117 – Communications with Member-Owners had been reviewed by the general counsel and the Standing Committee. Manager Herrera stated it was the recommendation of the Committee to approve Policy 117 – Communications with Member-Owners with recommended changes.

After discussion, Trustee Nelson made a motion to accept the Standing Committee's proposed changes of Policy 117 – Communications with Member-Owners; motion seconded by Trustee Bustamante. Motion carried unanimously.

Board Policy 122 – Retention of Corporate Records

Manager Herrera reported that Policy 122 – Retention of Corporate Records had been reviewed by the general counsel and the Standing Committee. Manager Herrera stated it was the recommendation of the Committee to approve Policy 122 – Retention of Corporate Records with recommended changes.

After discussion, Trustee Bustamante made a motion to accept the Standing Committee's proposed changes of Policy 122 – Retention of Corporate Records; motion seconded by Trustee Nelson. Motion carried unanimously.

Board Policy 132 – Member Access to Cooperative's Financial & Management Information

Manager Herrera reported that Policy 132 – Member Access to Cooperative's Financial & Management Information had been reviewed by the general counsel and the Standing Committee. Manager Herrera stated it was the recommendation of the Committee to approve Policy 132 – Member Access to Cooperative's Financial & Management Information with recommended changes.

After much discussion, Trustee Aguilar made a motion to accept the Standing Committee's proposed changes of Policy 132 – Member Access to Cooperative's Financial & Management Information; motion seconded by Trustee Bustamante. Motion carried unanimously.

Consideration of Capital Credit Estate Retirements

Manager Herrera reported that SEC General Counsel Lorna Wiggins Esq. had previously reviewed the Patronage Estate Capital Retirement requests as provided in the Trustee's BoardPaq. Ms. Wiggins reviewed the retirement documents and stated that they appeared to be in order and were ready for the Board's consideration:

ESTATE RETIREMENTS:

	Operating Margins	Plains G&T	Investment in Associated Organizations	Cushion of Credit & Other Non-Ops	Tri-State	Gains	Unpaid Balance	Total	Total without Tri-State
Lavella									
Mercer	\$418.00	\$4.66	\$31.31	\$19.07	\$186.89	\$0.00	\$0.00	\$659.93	\$473.04
Berenabe B									
Lucero	\$226.82	\$3.11	\$22.05	\$16.39	\$115.84	\$0.00	\$0.00	\$384.21	\$268.37
Bernice Lane	\$356.03	\$14.31	\$15.97	\$7.50	\$73.96	\$246.00	\$0.00	\$713.77	\$639.81

JOINT ACCOUNT ESTATE RETIREMENTS:

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	Operating Margins	Plains G&T	Investment in Associated Organizations	Cushion of Credit & Other Non-Ops	Tri-State	Gains	Unpaid Balance	Total	Total without Tri-State
Joseph Stanton	\$14.54	\$0.00	\$7.37	\$9.56	\$17.22	\$0.00	\$0.00	\$48.69	\$31.47
Charles D Rutta Jr.	\$184.11	\$2.49	\$15.98	\$11.31	\$88.62	\$0.00	\$0.00	\$302.51	\$213.89
Kyle Reynolds	\$193.02	\$5.85	\$11.70	\$7.28	\$54.64	\$0.00	\$0.00	\$272.49	\$217.85

After discussion, Trustee Aguilar made a motion to approve the Retirement of Patronage Capital as presented, absent any Tri-State allocations, to the accounts mentioned above; motion seconded by Trustee Hawkes. Motion carried unanimously.

Consideration of Line Extension Contracts

There were no Line Extension Contracts open for consideration.

Consideration of Trustee Travel

Trustees Anaya, Bustamante, Nelson, and Wolberg requested Board approval to attend the Director Trainings in Albuquerque, New Mexico, on December 12-13, 2019.

Trustee Aguilar made a motion to approve travel for Trustees Anaya, Bustamante, Nelson, and Wolberg to attend the Director Trainings pending verification of courses taken; motion seconded by Trustee Wolberg. Motion carried unanimously.

EXECUTIVE SESSION

Trustee Wolberg made a motion to go into Executive Session to discuss potential litigation matters; motion seconded by Trustee Nelson. Motion carried unanimously.

President Dorough called for an Executive Session.

The Board adjourned to Executive Session at 4:42 p.m.

REGULAR SESSION

Trustee Bustamante made a motion and seconded by Trustee Aguilar to return to Regular Session at 5:05 p.m.

President Dorough stated that there was no action taken during Executive Session.

SET DATE/TIME FOR REGULAR MEETING

Trustee Bustamante made a motion to set the date and time by combining the Standing Committee on November 20, 2019, at 1:00 p.m. with the next regularly scheduled Board Meeting to follow starting at 2:00 p.m.; motion seconded by Trustee Anaya. Motion carried unanimously.

After further discussion, Trustee Aguilar made a motion to amend the date and time of the combined Standing Committee on November 22, 2019, at 1:00 p.m. with next regularly scheduled Board Meeting to follow starting at 2:00 p.m.; motion seconded by Trustee Wolberg. Motion carried unanimously.

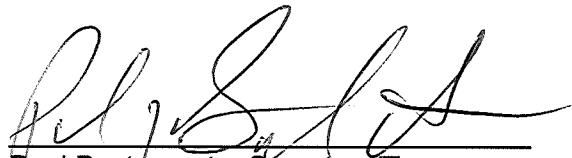
ADJOURNMENT

There being no further items open for discussion, Trustee Anaya moved to adjourn; motion seconded by Trustee Bustamante. Motion carried unanimously.

President Dorough adjourned the meeting at 5:10 p.m.

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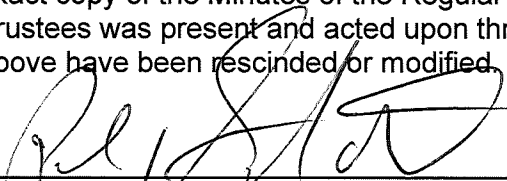
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Paul Bustamante, Secretary/Treasurer

APPROVED:


Anne L. Dorrough, President

I, Paul Bustamante, do hereby certify that I am the Secretary of the Board of Trustees of The Socorro Electric Cooperative, Inc., herein called the "Cooperative" and the above is a true and exact copy of the Minutes of the Regular Meeting held on October 30, 2019. A Quorum of Trustees was present and acted upon throughout the meeting, and none of the Minutes of the above have been rescinded or modified.


Paul Bustamante, Secretary/Treasurer