

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

January 29, 2020

INDEX

The Regular Meeting of the Board of Trustees of The Socorro Electric Cooperative, Inc. (SEC), held on Wednesday, January 29, 2020, at 310 Abeyta Ave, Socorro, New Mexico.

CALL TO ORDER

The meeting was called to order at 1:57 p.m. by Luis Aguilar, Vice-President.

ROLL CALL

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

TRUSTEES PRESENT: Anne L. Dorough, President (via Skype conference)
 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: None

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: John Larson

QUORUM

Secretary Bustamante declared a Quorum of Trustees present.

PLEDGE OF ALLEGIANCE

Vice-President Aguilar led everyone in the Pledge of Allegiance.

CONSIDERATION AND APPROVAL OF AGENDA

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Trustee Wolberg made a motion to approve the Agenda as distributed; motion seconded by Trustee Bustamante. Motion carried unanimously.

Vice-President Aguilar approved the Agenda as distributed.

CONSIDERATION AND APPROVAL PREVIOUS MINUTES

Vice-President Aguilar had a correction to the minutes from December 19, 2019.

Trustee Wolberg made a motion to approve the minutes from December 19, 2019, with corrections; motion seconded by Trustee Nelson. Motion carried unanimously.

Vice-President Aguilar approved the December 19, 2019 minutes with corrections.

PUBLIC COMMENTS

There were no comments brought forth by SEC Members.

MANAGER'S REPORT

Manager Herrera reported on the expenditure check register totaling \$742,091.51 for December 2019 and proceeded to answer questions posed by the Trustees.

Vice-President Aguilar thanked Manager Herrera for the Expenditure Report for December 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 December 2019.

Vice-President Aguilar thanked Manager Herrera for the credit card report for December 2019.

Manager Herrera reported for the Engineering Report, as previously reported, the White Sands Missile Range was planning on adding a 2.5-megawatt load for a project but have now decided not to proceed with the project after all. Manager Herrera mentioned that for December, SEC had 43 site visits with one including almost four miles of new lines.

Vice-President Aguilar thanked Manager Herrera for the Engineering Report for December 2019.

Manager Herrera concluded by reporting that SEC has a thank you letter from the Oklahoma Association of Electric Cooperatives for the continual improvement in safety by SEC staff. Manager Herrera stated that SEC has received patronage retirement from Federated Rural Insurance and had received numerous 4-H thank you cards.

Vice-President Aguilar thanked Manager Herrera for the Manager's Report for December 2019.

FINANCIAL REPORT

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

Vice-President Aguilar thanked Ms. Montoya for the RUS Form 7 Report for December 2019.

SAFETY COMPLIANCE REPORT

SAFETY REPORT

Mr. Montoya reviewed the December Safety Report.

JOB BRIEFING

Mr. Montoya reviewed the December Job Briefing Reports.

Vice-President Aguilar thanked Mr. Montoya for the Safety Compliance Report for December 2019.

OPERATIONS AND MAINTENANCE REPORT

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CONSTRUCTION/MAINTENANCE REPORT

Mr. Williams reported on December activities as crews completed 63 service orders, with 31 of them being for area light issues. Mr. Williams stated that 19 work orders had been completed, and 16 work orders closed. Mr. Williams noted that due to the warehouse being closed for inventory in December, which limits construction activities, crews were able to trim or cut down 174 trees. Mr. Williams reported that an old transformer located at the Socorro Local Substation is scheduled for removal in February 2020 and proceeded to answer questions posed by the Trustees.

OUTAGE REPORTS

Mr. Williams gave a review of the Cooperative Response Center (CRC) Outage Report for December 2019, stating 27 outage reports had been turned in by SEC crews and proceeded to answer questions posed by the Trustees.

Vice-President Aguilar thanked Mr. Williams for the Operations and Maintenance Report for December 2019.

MEMBER SERVICES REPORTS

ENERGY DELINQUENT REPORT

Ms. Madrid presented the Energy Delinquent Report for December 2019.

Trustee Nelson requested that the data comprising the Energy Delinquent Report be delivered in a "graph" format so trends can be more easily identified.

NM PRC MEMBER CONCERNS

Ms. Madrid reported that SEC had no member complaints filed with the NM PRC in December 2019. Ms. Madrid provided information on how payments are received and handled that come in via the SEC drop box and through the U.S. Mail and proceeded to answer questions posed by the Trustees.

Vice-President Aguilar thanked Ms. Madrid for the Member Services Report for December 2019.

COMMUNICATIONS AND PUBLIC AFFAIRS REPORT

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

Vice-President Aguilar thanked Mr. Capps for the Communications and Public Affairs Report for December 2019.

TRI-STATE REPORT

Trustee Anaya gave the Tri-State Board of Director's activities report for December 2019 and January 2020.

Vice-President Aguilar thanked Trustee Anaya for the Tri-State Report.

NMRECA REPORT

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

Vice-President Aguilar thanked Manager Herrera for the NMRECA Report.

MRGEDA REPORT

Trustee Wolberg reported on the MRGEDA activities for December 2019.

Vice-President Aguilar thanked Trustee Wolberg for the MRGEDA Report.

PRESIDENT'S REPORT

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Vice-President Aguilar stated that the 2019 Trustee Expense Reports for the year were provided for all Trustees to review. Vice-President Aguilar congratulated Trustee Anaya as he presented him with his NRECA "Director Gold Program" Certificate.

FINANCE COMMITTEE REPORT

Vice-President Aguilar reported on the Finance Committee Meeting held on December 19, 2019.

STANDING COMMITTEE REPORT

Trustee Anaya reported on the Standing Committee Meeting held on January 15, 2020, with recommendations to the full Board of Trustees.

Vice-President Aguilar thanked Trustee Anaya for the Standing Committee Report.

NEW BUSINESS

Consideration of Tri-State Intervention

Manager Herrera reported that Tri-State has asked all New Mexico Member cooperatives to participate as an intervenor in their current case before the Public Utilities Commission in Colorado regarding La Plata Electric Association and United Power Incorporated complaints.

After much discussion, Trustee Dorough made a motion to participate as an intervenor in Tri-State's case before the Public Utilities Commission in Colorado; motion seconded by Trustee Anaya. Vice-President Aguilar called for a Roll-Call vote conducted by Secretary/Treasurer Bustamante:

Yes: Trustee Anaya, Bustamante, Dorough, and Nelson.

No: Trustee Hawkes and Wolberg.

Motion carried.

Consideration of Reimbursement – District 1 Member

Manager Herrera reported that SEC District 1 member, Robert Lewis, had submitted a claim to our insurance carrier, Federated Rural Electric Insurance Exchange, regarding a loss of power back in July 2019. Manager Herrera stated that Federal Rural Electric Insurance Exchange (Federated) had denied the claim as there were no recorded outages in that area on the day in question. Manager Herrera reported that Mr. Lewis was requesting that SEC override Federated's denial and reimburse him for damages incurred.

After discussion, Trustee Dorough made a motion to deny SEC District 1 member, Mr. Lewis' request; motion seconded by Trustee Nelson. Motion carried unanimously.

Consideration of CFC Credit Card Program

Manager Herrera reported that currently, SEC utilizes an American Express credit card which has a yearly fee, and several Mastercard credit cards through First State Bank for use by SEC Senior Management. Manager Herrera provided information on a credit card program with the National Rural Utilities Cooperative Finance Corporation (CFC) with US Bank One Card and the benefits provided.

After discussion, Trustee Bustamante made a motion to approve the CFC US Bank One Card Program, canceling the American Express and Mastercard credit cards that are currently being used; motion seconded by Trustee Anaya. Motion carried unanimously. (copy of Resolution attached hereto and made part of hereof)

Consideration of 2020 Credentials & Elections Committee

Vice-President Aguilar provided the Board with a list of names of previous Credentials & Elections Committee members.

After discussion, Trustee Bustamante made a motion to accept the list of names present for the Credentials and Election Committee and directed Manager Herrera to contact the appointed members; motion seconded by Trustee Wolberg. Motion carried unanimously.

Board Policy 102 – Board Meetings

REGULAR BOARD MEETING

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Manager Herrera reported that Board Policy 102 – Board Meetings was reviewed by the Standing Committee, and it was the recommendation of the Committee to approve Board Policy 102 – Board Meetings with revisions.

Trustee Nelson made a motion to accept the Standing Committee’s recommended revisions to Board Policy 102 – Board Meetings with corrections; motion seconded by Trustee Anaya. Motion carried unanimously.

Board Policy 103 – Board Minutes

Manager Herrera reported that Board Policy 103 – Board Minutes was reviewed by the Standing Committee, and it was the recommendation of the Committee to approve Board Policy 103 – Board Minutes with revisions.

Trustee Wolberg made a motion to accept the Standing Committee’s recommended revisions to Board Policy 103 – Board Minutes; motion seconded by Trustee Nelson. Motion carried unanimously.

Board Policy 515 – Foundation Awards

Manager Herrera reported that Board Policy 515 – Foundation Awards was reviewed by the Standing Committee, and it was the recommendation of the Committee to approve Board Policy 515 – Foundation Awards with revisions.

After much discussion, Trustee Nelson made a motion to accept the Standing Committee’s recommended revisions to Board Policy 515 – Foundation Awards with corrections; 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
Michael J Murray	\$363.72	\$5.34	\$23.90	\$16.10	\$129.04	\$0.00	\$0.00	\$538.10	\$409.06
Marvin McElhose	\$356.81	\$8.53	\$26.79	\$20.75	\$119.87	\$0.00	(\$15.64)	\$548.39	\$428.52

JOINT ACCOUNT 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
Heraclio Rocky Santillanes	\$111.31	\$3.18	\$6.46	\$3.55	\$32.48	\$68.67	\$0.00	\$225.65	\$193.17
Melvin Towner	\$736.38	\$15.52	\$37.86	\$11.29	\$244.06	\$92.70	\$0.00	\$1,137.81	\$893.75

After discussion, Trustee Nelson 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 Wolberg. Motion carried unanimously.

Consideration of Line Extension Contracts

There were no Line Extension Contracts open for consideration.

Consideration of Trustee Travel

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There were no Trustee Travel requests brought forth for consideration.

EXECUTIVE SESSION

Trustee Bustamante made a motion to go into Executive Session to discuss potential litigation and employment matters; motion seconded by Trustee Hawkes. Motion carried unanimously.

Vice-President Aguilar called for an Executive Session.

The Board adjourned to Executive Session at 4:12 p.m.

REGULAR SESSION

Trustee Wolberg made a motion and seconded by Trustee Bustamante to return to Regular Session at 4:38 p.m.

Vice-President Aguilar stated that there was no action taken during Executive Session.

BOARD ACTION ON GM EVALUATION

Trustee Dorough made a motion to increase General Manager Herrera's annual compensation by 2% and to also renew a bonus of \$3,000 to Mr. Herrera upon completion of the ongoing AMI Project; motion seconded by Trustee Anaya. Motion carried unanimously.

BOARD ACTION ON LOAD FORECAST

Manager Herrera reported on the Load Forecast as developed by Tri-State G&T, which was originally prepared in 2018 before our NM PRC rate case was denied. Manager Herrera stated that a current Load Forecast is required for our loan application package with RUS. Manager Herrera stated that an updated 2019 Load Forecast has been completed and he is asking for Board approval for this 2019 Load Forecast for inclusion with our current loan application with RUS.

After discussion, Trustee Dorough made a motion to approve the 2019 Load Forecast as developed by Tri-State G&T; motion seconded by Trustee Anaya. Motion carried unanimously.

BOARD ACTION ON FINANCIAL FORECAST

Manager Herrera reported on the Financial Forecast as developed by Guernsey & Company, which was conducted in 2018 before our NM PRC rate case was denied. Manager Herrera stated that a current Financial Forecast is required for our loan application with RUS. Manager Herrera stated that an updated 2019 Financial Forecast has been completed and he is asking for Board approval for this 2019 Financial Forecast for inclusion with our current loan application with RUS.

After discussion, Trustee Dorough made a motion to approve the 2019 Financial Forecast as developed by Guernsey & Company; motion seconded by Trustee Bustamante. Motion carried unanimously.

SET DATE/TIME FOR REGULAR MEETING

After discussion, Trustee Bustamante made a motion to set the date and time of Committee meetings for February 19, 2020, at 2:00 p.m. and the next regularly scheduled Board Meeting for February 26, 2020, at 2:00 p.m.; motion seconded by Trustee Dorough. Motion carried unanimously.

ADJOURNMENT

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

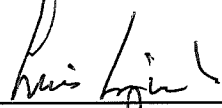
Vice-President Aguilar adjourned the meeting at 4:44 p.m.

REGULAR BOARD MEETING

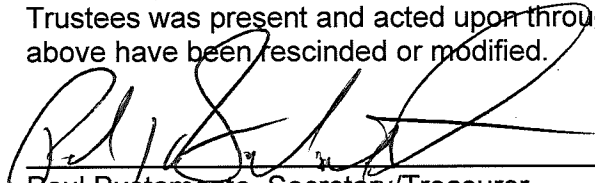
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Paul Bustamante, Secretary/Treasurer

APPROVED:


Luis Aguilar, Vice-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 January 29, 2020. 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

CERTIFIED COPY OF MINUTES AUTHORIZING
National Rural Utilities Cooperative Finance Corporation
One Card Program Reimbursement Agreement

I, Paul Bustamante, do hereby certify that: I am the Secretary of
The Socorro Electric Cooperative, Inc. (the "Cooperative") and further certify as follows:

The following is a true and correct copy of excerpts from the minutes of a meeting of the Board of Directors of the Cooperative held on January 29th, 2020, as they appear in the Minutes Book of the Cooperative; the meeting was duly and properly called, with a quorum present and acting throughout; said resolutions were duly adopted thereat; and said resolutions have not been modified or rescinded:

"RESOLVED, that the Cooperative establish or continue its participation in a corporate credit card program under the terms, conditions and provisions of the One Card Program Reimbursement Agreement (the "Agreement"), and to reimburse CFC, together with interest, for any amounts that CFC is required to pay U.S. BANK on behalf of the Cooperative pursuant to the terms of the Agreement; and,

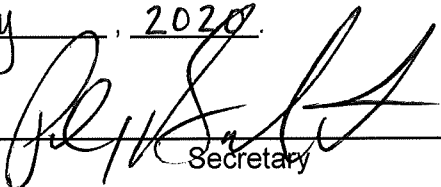
RESOLVED, that the General Manager/CEO of the Cooperative be and is hereby
(Insert Title of Appropriate Official)
authorized to execute the Agreement on behalf of the Cooperative, to execute any future amendments to said Agreement as such individual may deem appropriate, and to execute such further documents as may be necessary or appropriate in order to comply with CFC's or U.S. Bank's requirements; and,

RESOLVED, that it is the intent of the Board that upon execution and delivery of the Agreement to CFC, and when executed by CFC, the Agreement shall constitute a valid and binding agreement between CFC and the Cooperative, enforceable in accordance with its terms; and

RESOLVED, that the appropriate officers are authorized to take all other actions they deem advisable to carry out the purpose of these resolutions."

IN WITNESS WHEREOF, I have hereunder set my hand and affixed the seal of the
Cooperative, this 29th day of January, 2020.

(Corporate Seal)


Secretary