

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

August 22, 2018

INDEX

The Regular Meeting of the Board of Trustees of The Socorro Electric Cooperative, Inc. (SEC), held on Wednesday, August 22, 2018 at 310 Abeyta Ave, Socorro, New Mexico.

CALL TO ORDER

The meeting was called to order at 1:59 p.m. by Anne L. Dorough, President.

ROLL CALL

Secretary Baca called roll and reported those present and attending as follows:

TRUSTEES PRESENT: Anne L. Dorough, President
 Representative, District V

 Luis Aguilar, Vice-President
 Representative, District III

 Mary Lucy Baca, Secretary/Treasurer
 Representative, District I

 Dave Wade, Trustee
 Representative, District IV

 Leroy Anaya, Trustee*
 Representative, District III

 Donald Wolberg, Trustee
 Representative, District III

TRUSTEES ABSENT: Judith Holcomb, Trustee
 Representative, District II

ALSO PRESENT: Joseph Herrera, General Manager
 Donna Wilkins, Administrative Assistant
 Ricky Williams, Line Superintendent
 Marilyn Madrid, Member Services Supervisor
 Jimmy Capps, Director of Communications and Public Affairs
 Brent Buchberger, ENGIE
 Brad Seibert, NRTC

SEC MEMBERS PRESENT: Ward McCartney, David L Wade, Jimmy Dorough

QUORUM

Secretary Baca declared a Quorum of Trustees present.

PLEDGE OF ALLEGIANCE

President Dorough led everyone in the Pledge of Allegiance.

CONSIDERATION AND APPROVAL OF AGENDA

There being no additions or deletions to the Agenda, President Dorough accept the Agenda as distributed.

CONSIDERATION AND APPROVAL PREVIOUS MINUTES

REGULAR BOARD MEETING

August 22, 2018

Trustee Wolberg moved to accept the minutes from July 25, 2018 as presented; motion seconded by Trustee Aguilar. Motion carried unanimously.

President Dorough approved the July 25, 2018 minutes as distributed.

PUBLIC COMMENTS

Ward McCartney, District 1 member, provided information to the Trustees regarding climate change and encouraged them to consider more renewable generation sources.

TRI-STATE REPORT

Trustee Anaya gave the Tri-State Board of Directors activities report for July 2018.

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

PRESENTATION OF EMERGING SOLAR MARKET

Manager Herrera introduced Brent Buchberger with ENGIE and Brad Seibert with NRTC who is in the solar energy renewable market.

Mr. Buchberger and Mr. Seibert thanked the Board for allowing them to present to the Board and proceeded with their presentation and answering any questions posed by the Trustees.

MANAGER'S REPORT

Manager Herrera reported on the expenditures check register totaling \$865,139.79 for the month of July 2018.

President Dorough thanked Manager Herrera for the Expenditure Report for July 2018.

* Trustee Anaya left the meeting during discussion of this agenda item at 2:56 p.m.

Manager Herrera reported that all American Express and MasterCard credit card statements with supporting receipts were made available to the Board of Trustees for July 2018 and proceeded to answer questions posed by the Trustees.

President Dorough thanked Manager Herrera for the Credit Card Expenditures for July 2018.

Manager Herrera carefully reviewed the RUS Form 7 Report for July 2018 and proceeded to answer questions posed by the Trustees.

President Dorough thanked Manager Herrera for the RUS Form 7 Report for July 2018.

Manager Herrera reported for the Engineering Report stating that New Mexico Tech has submitted a 6-megawatt solar system interconnect application and SEC has been working with their consultant, Ameresco, on this project. Manager Herrera also reported that due to the high activity in the oil fields, NM Commercial Industrial Department (CID) have changed their rules about inspecting oil and gas well electrical installations which also includes water wells. Manager Herrera stated that as per NM PRC rules, a CID inspection is required before a meter can be installed at a member's location and this is now conflicting with the change in CID rules. Manager Herrera stated that a meeting has been scheduled to discuss this situation and he would provide more information as it becomes available. Manager Herrera reported that Sun Zia has requested to do a "crossing" of our Magdalena 69kV Transmission Line in the same corridor as the El Paso Electric's 345 kV transmission line. Manager Herrera stated that the agreement has already been sent to general counsel Bruce Wiggins, Esq. as well as T&D Inspections to review. Manager Herrera proceeded to answer questions posed by the Trustees.

President Dorough thanked Manager Herrera for the Engineering Report for July 2018.

Manager Herrera concluded by reporting that SEC has received a Thank You note from the family of Pedro Silva a previous SEC employee who had passed away recently.

President Dorough thanked Manager Herrera for the Managers Report for July 2018.

SAFETY COMPLIANCE REPORT

SAFETY REPORT

August 22, 2018

Manager Herrera reported that he is giving the Safety Report this month as Mr. Montoya is assisting with the RESAP inspections for the NM cooperatives and is working in Chama this week. Manager Herrera reviewed the July Safety Report and proceeded to answer questions posed by the trustees.

JOB BRIEFING

Manager Herrera reviewed the July Job Briefing Reports and proceeded to answer questions posed by the Trustees.

President Dorough thanked Manager Herrera for the Safety Compliance Report for July 2018.

OPERATIONS AND MAINTENANCE REPORT

CONSTRUCTION/MAINTENANCE REPORT

Mr. Williams reported that no work orders were closed for July however 30 work orders were completed with 29 service orders including tree trimming, security light repairs and miscellaneous items. Mr. Williams reported about the July 15, 2018 flooding that occurred on the Magdalena 69kV Transmission Line. Mr. Williams discussed the process used to restore power as well as the preventative measures taken in an effort to minimize similar future incidents. Mr. Williams reported that there is a scheduled power outage for our Socorro Local Substation in November to perform maintenance on station equipment. This outage will be limited to the substation itself and will not affect our Members. Mr. Williams proceed to answer questions posed by the Trustees.

OUTAGE REPORTS

Mr. Williams went over the Cooperative Response Center report for July 2018 stating that 73 outage reports had been turned in by crews and 1,235 customer calls reported by CRC.

President Dorough thanked Mr. Williams for the Operations and Maintenance Report for July 2018.

MEMBER SERVICES REPORTS

ENERGY DELINQUENT REPORT

Ms. Madrid reported on the Energy Delinquent Report for July 2018 and proceeded to answer questions posed by the Trustees.

NM PRC MEMBER CONCERNS

Ms. Madrid reported that SEC had one-member complaint filed with the NM PRC in July 2018.

President Dorough thanked Ms. Madrid for the Member Services Report for July 2018.

COMMUNICATIONS AND PUBLIC AFFAIRS REPORT

Mr. Capps reviewed the July 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 July 2018.

NMRECA REPORT

Manager Herrera reported on the Tri-State Board of Directors activities report for July 2018.

President Dorough thanked Manager Herrera for the Tri-State Report.

PRESIDENT'S REPORT

President Dorough complimented Manager Herrera for the article about SEC that was in a recent issue of the RE Magazine.

TRUSTEE REPORTS

August 22, 2018

Trustee Wolberg provided information of an upcoming interview with Jim Burleson on the UFO incident that happened here in Socorro. Trustee Wolberg also reported that he has been invited to the Reduce Carbon Global Carbon International Conference in China.

President Dorough thanked Trustee Wolberg for the Trustee Report.

FINANCE COMMITTEE REPORT

Committee Chair Trustee Baca reported on the Committee meetings held on July 25, 2018.

President Dorough thanked Committee Chair Trustee Baca for the Finance Committee Report.

MRGEDA REPORT

There was no MRGEDA Report presented.

NEW BUSINESS

NRECA 2018 Regional Meeting Voting Delegate

There was no Voting Delegate chosen.

Consideration of Cost of Service Study Resolution

Manager Herrera reported that the proposed Cost of Service Study (COSS) had been provided as well as this resolution for consideration. Manager Herrera stated that the proposed COSS has been reviewed several different times by the Board and the proposed resolution, if passed, will authorize SEC Management to submit an application to the NMPRC for a change in rate revenue and rate design.

After discussion, Trustee Aguilar made a motion to approve the COSS Resolution; motion seconded by Trustee Baca. Motion carried with no dissenting votes and Trustee Wolberg abstaining.

(copy of Resolution attached hereto and made a part hereof)

Consideration of USDA RUS Loan Budget for Electric Borrowers Resolution

Manager Herrera is requesting for Board approval of a resolution that will authorize the submission of a loan application in the amount of \$26,351,100 to USDA RUS for a Federal Financing Bank (FFB) guaranteed loan to fund the projects outlined in the 2014-18 Construction Work Plan (CWP) as approved by the Board.

Trustee Baca made a motion to approve the board resolution requesting an FFB Loan in the amount of \$26,351,100; motion seconded by Trustee Wolberg. Motion carried unanimously. (copy of Resolution attached hereto and made a part hereof)

Consideration of Capital Credit Estate Retirements

Manage Herrera reported that SEC General Counsel Bruce E. Wiggins Esq., had previously reviewed the Patronage Estate Capital Retirement as provided in the Trustee's Boardpaq. Mr. 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
Vera Davis Virginia	\$400.34	\$13.95	\$26.42	\$14.93	\$115.79	\$0.00	\$0.00	\$571.43	\$455.64
Rosas	\$269.80	\$10.49	\$15.52	\$6.61	\$66.33	\$44.03	\$0.00	\$412.78	\$346.45

JOINT ACCOUNT ESTATE RETIREMENTS:

REGULAR BOARD MEETING

August 22, 2018

	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
Ruben Savendra	\$511.38	\$14.83	\$33.70	\$16.80	\$168.17	\$0.00	\$0.00	\$744.88	\$576.71
Lupe Baldonado	\$133.46	\$0.00	\$16.14	\$9.07	\$113.23	\$0.00	\$0.00	\$271.90	\$158.67

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

Consideration of Line Extension Contracts

There were no Line Extension Contracts open for consideration.

Consideration of Trustee Travel

Trustees Aguilar requested Board approval to attend the NRECA Region 10 Meeting being held in Oklahoma City, Oklahoma on October 16-18, 2018.

Trustee Wolberg made a motion to approve travel for Trustee Aguilar to attend the NRECA Region 10 Meeting that will be held in Oklahoma City, Oklahoma on October 16-18, 2018; motion seconded by Trustee Baca. Motion carried unanimously.

EXECUTIVE SESSION

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

President Dorough called for an Executive Session.

The Board adjourned to Executive Session at 4:04 p.m.

REGULAR SESSION

A motion was made by Trustee Aguilar and seconded by Trustee Wolberg to return to Regular Session at 4:24 p.m. President Dorough stated that there was no action taken during Executive Session.

SET DATE/TIME FOR REGULAR MEETING

After discussion, Trustee Aguilar made a motion to set the date and time of the next Standing Committee meeting for September 19, 2018 at 2:00 p.m. and to set the date and time for the next regularly scheduled Board Meeting for September 26, 2018 at 2:00 p.m.; motion seconded by Trustee Baca. Motion carried unanimously.

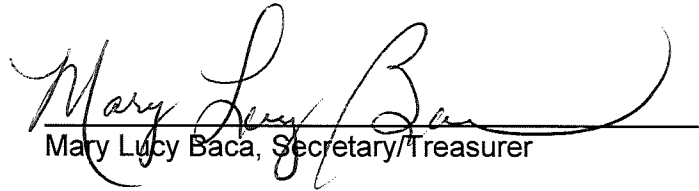
ADJOURNMENT

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

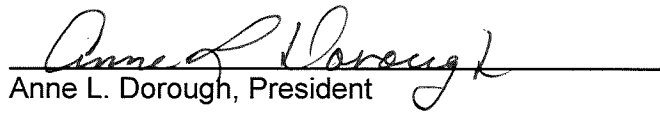
President Dorough adjourned the meeting at 4:25 p.m.

REGULAR BOARD MEETING

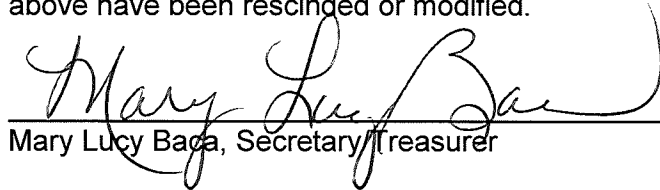
August 22, 2018


Mary Lucy Baca, Secretary/Treasurer

APPROVED:


Anne L. Dorough, President

I, Mary Lucy Baca, 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 August 22, 2018. 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.


Mary Lucy Baca, Secretary/Treasurer

RESOLUTION

WHEREAS, Socorro Electric Cooperative, Inc., (hereinafter the "Cooperative") has experienced continuing increases in the cost of providing electric services; and

WHEREAS, the Cooperative has caused to be prepared an analysis identifying those changes which appear necessary to recover increased costs, maintain adequate financial ratios, and promote rate equitability between consumer classifications, and

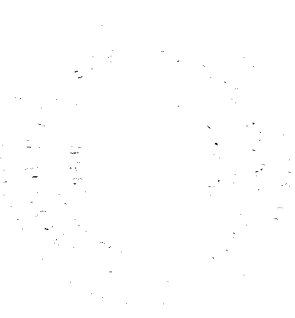

WHEREAS, the Cooperative has reviewed and adopted rate changes based on the Rate Analysis and Cost of Service Study.

BE IT RESOLVED, THEREFORE, that the Board of Directors authorizes changes in rates which increase revenues \$1,249,993 or 5.06%.

ADOPTED, by vote of the Board of Directors of Socorro Electric Cooperative, Inc, on this 22 day of August 2018.

CERTIFICATE

I, the undersigned, do hereby certify that the foregoing Resolution was adopted by the Board of Directors of the Cooperative at a meeting held on August 22, 2018, at which meeting a quorum was present.

Mary Lucy Baca, Secretary-Treasurer

BOARD RESOLUTION

REQUESTING GUARANTEED FEDERAL FINANCING BANK (FFB) LOAN

WHEREAS, it has been determined on the basis of the current Construction Work Plan that financing is needed for electric facilities as shown on RUS Form 740c, Cost Estimates and Loan Budget for Electric Borrowers, as follows:

RUS Guaranteed Federal Financing Bank (FFB) Loan Requested for Facilities - \$26,351,100.00

NOW THEREFORE BE IT RESOLVED, that The Socorro Electric Cooperative, Inc. makes application to the Rural Utilities Service pursuant to 7 CFR Part 1710 for a guaranteed FFB loan in the approximate amount of \$26,351,100.00 to be used in accordance with the provisions of 7 CFR Part 1710 to finance the above mentioned facilities.

BE IT ALSO RESOLVED, that the RUS guaranteed FFB loan shall bear a maturity date to cover an approximate period of 35 Years.

BE IT ALSO RESOLVED, that the Board of Directors of The Socorro Electric Cooperative, Inc. authorizes its officers to execute and attest all necessary papers, documents, and applications related to the foregoing.

BE IT FURTHER RESOLVED, that the General Manager and the Board of Trustees President (is/are) authorized on behalf of the Borrower (a) to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing election notices, in the form of such instruments attached to the note payable to FFB, and (b) to specify information and select option as provided in such instruments.

BE IT FURTHER RESOLVED, that the The Socorro Electric Cooperative, Inc. hereby authorizes the RUS to release appropriate information and data relating to the application to the FFB and any existing supplemental lenders.

I, Mary Lucy Baca, Secretary of The Socorro Electric Cooperative, Inc., do hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Directors of The Socorro Electric Cooperative, Inc. on August 22, 2018, at which a quorum was present and voted.

SEAL


Mary Lucy Baca, Secretary

