

MORA-SAN MIGUEL ELECTRIC COOPERATIVE, INC.

BOARD OF TRUSTEES MEETING

HELD ON

OCTOBER 20, 2011

The Regular Meeting of the Board of Trustees was held on October 20, 2011. Mr. Robert M. Quintana, Board Chairman, called the meeting to order at 12:30 P.M.

CALL TO ORDER:

1. ROLL CALL AND DETERMINATION OF QUORUM

Members Present: Virginia Mondragon
Diego Quintana
Robert Quintana
Daniel Romero
Peter Sena

Others Present: Abran H. Romero, General Manager
Debbie H. Alexander, Exec. Administrator

2. INVOCATION – The invocation was led by Peter Sena, Board Vice-Chairman.

3. PLEDGE OF ALLEGIANCE – The Pledge of Allegiance was recited.

4. APPROVAL OF AGENDA – The Agenda was presented and reviewed. The following amendments were made to the Agenda: Switch 5- a) & 5 –b) Invited Speakers & General Public Comment; add – 5 - a) 3. Sammy Lopez, Sr. & Jenine Lopez; 9 - a) Action on Attorney’s Fees; 18 – a) Notification of Meter not Recording; and 18 – b) Consumer Complaint. A motion was made by Dan Romero and seconded by Diego Quintana to approve the Agenda as amended. Motion carried unanimously.

5. RECOGNITION OF GUESTS –

a. General Public Comment (5 minute time limit)

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1. Camille Owens – Pecos – Ms. Owens called in earlier in the week to say she would be unable to attend the meeting.

2. Jashe Alcon – Mayardomo - Acequia Del Canoncito De La Cueva – Mr. Alcon stated that he was here for three reasons:

1. Pole burnt on Hwy. 518 – Mile Marker 26/27 – Mr. Alcon stated that he had been approached by the General Manager regarding this pole. He informed the Board and Mr. Romero that the Acequia had nothing to do with this burning nor did they authorize anyone else to burn along the ditch, therefore they will not be responsible for paying for any damages. The responsible party should be the land owner and/ or individual leasing the property.

2. Mr. Alcon stated that his property in Monte Aplanado needs to have branches near the power lines cleared again. This clearing was done about a year and a half ago but area is a fire hazard with branches so close to the lines. Mr. Alcon also stated that branches which were cut down before had never been removed or chipped.

3. Mr. Alcon stated that when the La Cueva line went in, there had been a mutual agreement between the Coop and the Acequia as to where the poles would be placed. A service pole was later erected on the top of their ditch bank and he is asking that it be moved. He asked the Board to be aware of the “water law” and that he does not want to contact the District Attorney on this matter, but would rather come to some type of agreement with MSMEC. This ditch bank is used as a road and because they also have a beaver problem, he has a safety concern. After continued discussion, it was agreed upon that all involved get together to come up with a solution, including the engineers. Arrangements will be made to meet before our next Board Meeting.

3. Sammy Lopez, Sr. & Jenine Lopez – Mr. Sammy Lopez, Sr. and Jenine Lopez, were in attendance on a personnel matter concerning their son and brother, Carlos Lopez. After listening to the Lopez family, they were advised that because it was a personnel issue it would be discussed in Executive Session.

b. Invited Speakers

1. Catt Cobb – (1 hour presentation) Cost of Service Study and Rate Education – Ms. Catt Cobb first started work for MSMEC in 1974 and has invaluable information. She gave a presentation on what a cost of service study and rate study are and how they are done. She talked about her philosophy in relation to rate changes and believes it should be done gradually. Ms. Cobb also went over the fuel and purchased power cost adjustment clause, the debt cost adjustment clause and the process for filing new rates with the NMPRC. Other items included in her presentation included the process for a TIER objective and system charge adjustment; the effect of losing the Glorieta accounts on MSMEC's margins and special fees and charges. There was additional discussion concerning the 2-day notices left to consumers and what it is costing the Coop to do this every month. This topic will be added to next month's agenda for further action.

6. ACTION OF MINUTES OF REGULAR MEETING HELD ON SEPTEMBER 29, 2011 –

The Minutes of the Regular Meeting of September 29, 2011 were presented and reviewed. Minutes will be amended on page 4 to show that Diego Quintana stated "that he believed the emblem should be on the manager's vehicle and driven with honor" and Virginia Mondragon agreed with him. **A motion was made by Dan Romero and seconded by Diego Quintana and Virginia Mondragon to approve the Minutes of September 29, 2011 as amended. Motion carried unanimously.**

7. APPROVAL OF NEW MEMBERSHIPS (MORA 27 – PECOS 26) AND

MEMBERSHIP REFUNDS – 38 – The new Memberships and Membership Refunds were presented and reviewed. The General Manager reviewed the process for refunds according to our by-laws, Article XI, Sections 5, 6 & 7. **A motion to accept the new Memberships and Membership Refunds as presented was made by Dan Romero and seconded by Peter Sena. Motion carried unanimously.**

8. MANAGER'S REPORT

a. Delinquent Report – The General Manager gave a short review of the Delinquent Report for the month of September.

b. Agenda Amplification – General Manager Romero reviewed the RUS Form 7. Operating Revenue and Patronage Capital for the month of September was \$820,833 and Cost of Purchased Power was \$382,515. Total Operation & Maintenance Expense was \$707,772 and Total Cost of Electric Service \$833,442. Budget to Actual pages were included and reviewed. More pages will be included next month with GL Codes on all line items, if available.

c. Outage Report/Maintenance Log – A decision was made that the Outage Report will not be discussed unless there are some significant issue(s) that need to be reviewed and/or discussed. **A motion to approve the Manager's Report as presented was made by Dan Romero and seconded by Virginia Mondragon. Motion carried unanimously.**

9. FINANCE REPORT – Abran Romero, General Manager, read the Minutes of the Finance Committee held earlier today. Everything was found to be in order. **A motion was made by Peter Sena and seconded by Dan Romero to approve the Finance Committee Minutes with the following recommendations; 1) Approval of donation request – Valley Elementary & Middle School – Spanish Club Field Trip - \$50; 2) Approval of donation request – Valley Elementary & Middle School – Participation in Academic Programs - \$50; 3) Approval of the purchase of 7 Spare Tires from Roybal Conoco; 4) Approval of 5 sets of tires from Big "O" Tires for Meter Reader trucks. Motion carried unanimously.** Next month's agenda will include an action item on Policy 302 and a copy of NM Open Meeting Guidelines will be provided together with statute (Diego is to provide statute number).

a. Action on Attorney's Fees –There was a lengthy discussion concerning the over-spending and the money that has been paid to our attorney(s). Diego Quintana stated that they need to take charge and cut back on their expenses and that there is no need to have the attorney at each meeting. He stated that at the Special Meeting held in Las Vegas, Mr. Wiggins came in, sat down, got up and left. Diego also stated that the attorney does not have to be involved in matters such as Union negotiations, Tri-State purchase (Tri-State lawyers are free to this Board), nor should they be answering our letters. If there is something that is not understood, then the lawyers can be brought in. General matters should be handled by the General Manager and staff. General Manager Romero stated that he

could not take care of matters that were attorney to attorney. Diego also stated that Board Committees can also be formed like they were before. Chairman Quintana agreed that the amount spent on attorney fees is high and there is no need to have them at every meeting, but he also believes that there are some areas like labor disputes and law related issues that do need to be handled by the attorney(s). Diego stated that he never remembers lawyers being present for Union negotiations. The General Manager and a few Board Members were present and the Union representatives, but no lawyers. After continued discussion as to why we use more than one attorney, the General Manager stated that Wiggins, Williams, & Wiggins's Law Firm has different lawyers that specialize in different areas and that is why we use different attorneys. Diego stated that the year is not even over yet and \$150,000 has already been spent on attorney fees. The question was brought up as to whether we are understaffed and therefore general matters cannot be taken care of. The General Manager stated that yes and no because they have had different things going on with projects such as accounting upgrade, new network, audit, etc., but some of these issues will not have to be addressed again. We have been going through a "bad storm". Chairman Quintana stated that he agreed with all he was hearing and that the attorney fees are completely excessive. He stated that he has never been in an organization that has spent this kind of money on legal fees. There is a cloud over Mora-San Miguel that needs to dissipate so we can move forward. The General Manager recommended that he be allowed to get some of the big items finished, like NLRB, MIP, Tri-State Sale, Budget, Cost of Service Study, etc. and then he can concentrate on doing more of the general work. Diego asked Abran if he was willing to go to the next Union meeting with him and Dan without the attorney to see how it goes. Chairman Quintana asked Abran if he was willing to do this and Abran agreed that he would. Chairman Quintana also asked the General Manager to contact Lorna Wiggins and inform her of what was agreed on here today.

Another area Diego stated a lot of money has been spent was on the Gonzales property issue in Bernal. He stated that the Coop had agreed to sell it back to the family of the original owner many years ago and that he thought this deal had already gone through. The General Manager is

to check on the status of this property with attorney before going to NM Land & Title. **A motion was made by Diego Quintana and seconded by Virginia Mondragon that the Board and Staff are to do as much of the general work as possible before going to the attorney. Motion carried unanimously.**

10. TRI-STATE TRUSTEE REPORT – Daniel Romero, Tri-State Trustee, reported that Tri-State had met on October 4th and 5th, 2011. Topics of discussion included:

- Outreach and Environmental Status & Activities
- Rate Design – 20 months spent on this
- Public Communications at State Fair, NMSU in Las Cruces and ENMU in Portales
- Tri-State Regional Rate Design Informational Meeting in Santa Fe on October 27th
- Environmental Lawsuit filed
- Financial Goal Policies

A motion was made by Diego Quintana and seconded by Peter Sena to accept the Tri-State Trustee Report as presented. Motion carried unanimously.

11. NMRECA TRUSTEE REPORT – Because our Board Meeting and NMRECA Meeting were held on the same week, Robert Quintana, NMRECA Trustee, was unable to attend the meeting this month which was held in Las Cruces, NM. Therefore, no Trustee Report.

12. ON-GOING BUSINESS

a. Back-Up Generator Agreement – San Miguel County/Las Vegas Office of Emergency Management – The agreement letter was included in packet for information only. Homeland Security has strict requirements on the installment of these generators and will need to be completed by year end.

b. Preliminary Investigation of Guadalupita Single Phase Line Extension – After a short discussion concerning this line extension and whether to proceed with it or let the consumer hook up to Kit Carson Electric, **Diego Quintana made a motion, seconded by Dan Romero, to table this until the spring. Motion carried unanimously.** Discussion continued and it was recommended to invite the consumer and engineer (including plat) to attend our next meeting.

c. **Discussion on Potential Redistricting – Maps – Tabled.**

13. NEW BUSINESS

a. **Email from Larry McGraw, RUS, regarding Expenses, TIER, and potential increase to customer fixed charge** – Reviewed earlier during the Finance Committee Meeting.

b. **Email from Catt Cobb, SGS Engineering, on potential Glorieta Revenue loss** – Related to presentation and information given by Catt Cobb on the Cost of Service Study and Rate Education earlier.

c. **Glorieta Center cuts staff, plans shutdown** – For information only.

d. **Action on Approving SGS Engineering Rate Study by Catt Cobb – See Attachment** – After a short discussion, **A motion was made by Dan Romero, seconded by Peter Sena, to approve the a rate study at an estimate of \$6,000 and that data be provided in a presentation at our November meeting. Motion carried unanimously.**

14. CORRESPONDENCE

a. **Historic Mora Valley Foundation – Donation thank you letter** – For information only.

15. INFORMATION

a. **Calendar of Events** – Tri-State will meet on November 1st and 2nd. The NRECA Region 10 Meeting in Scottsdale, Arizona is scheduled for November 1st, 2nd, and 3rd. The General Manager will leave to Wisconsin to continue his MIP certification on November 6th thru the 17th. The offices will be closed on November 11th in observance of Veteran’s Day, and 24th and 25th in observance of the Thanksgiving holiday. The General Manager asked for some time off on November 21st, 22nd, and 23rd. He stated that he would take off the 23rd for sure and the 21st and 22nd if he was caught up with his work. Chairman Quintana asked Abran if he was caught up with his work to go to the Region 10 Meeting in Arizona. Abran stated that he thought he was but he wanted to have some discussions regarding the NLRB hearings next week. He said would like to go and thanked the Board for giving him the opportunity to go receive his MIP certification. Abran stated that if he can’t make it there will be other years to attend, but if he can make it he will. Gina then stated that Abran would already be gone from the 6th to the 17th and then from 21st to the 23rd. Gina and Diego stated that Abran

would then be gone the whole month of November. Abran stated that is why he is hesitant to go to the Region 10 meeting. The Finance Committee Meeting is scheduled for Tuesday, November 29th starting at 10:00 a.m. and the Regular Board Meeting on the same date beginning at 12:30 p.m.

b. News Clippings – For information only.

The General Manager addressed the Board regarding a recommendation for the Christmas and New Year's Holiday and the days off. Mr. Romero advised them that regular days off would be on Monday, December 26th and Tuesday, 27th and Monday, January 2nd, 2012. The proposal was to have the office closed down for a week – which would include Monday and Tuesday as the Christmas Holiday days off – Wednesday and Thursday employees would take as personal days off, and Friday would be the New Year's Holiday. The linemen would still be on call during the weekdays and weekend. Most employees are in favor of this and April Duran the Union Stewart will contact the Union for agreement of this proposal. After some discussion, **a motion was made by Diego Quintana, seconded by Dan Romero, recommending approval with a stipulation signed by each employee stating that employees are not to expect this to happen next year. Motion carried.**

A motion to move into Executive Session was made by Dan Romero, seconded by Diego Quintana. Motion carried unanimously.

16. EXECUTIVE SESSION

a. Attorney's Report

1. Litigation Update

b. Personnel Issues

A motion to move back into Regular Session was made by Virginia Mondragon and seconded by Diego Quintana. Motion carried unanimously.

17. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION – None.

18. OTHER BUSINESS TO COME BEFORE THE BOARD

- a. **Notification of Meter not Recording** -There was some discussion concerning a consumer who contacted the Board Chairman to advise him that her meter was not recording.

This consumer will be sent a letter to thank her for her honesty and bringing the problem to our attention.

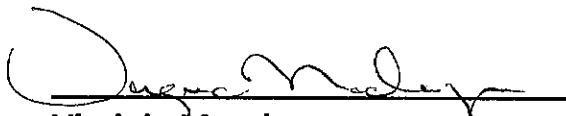
- b. **Consumer Complaint** – A consumer complained about being charged after linemen were sent to her residence after reporting that she had no power. The Coop will have the fee waived due to a misunderstanding where the Coop was at fault in this situation.

After some discussion on the Special Meeting of October 11th, 2011 related to the transmission line sale to Tri-State, the General Manager was asked to contact Catt Cobb, SGS Engineering, to do a Cost Benefit Analysis on this potential sale, not to exceed \$1,000 - \$2,500 range. If analysis is affordable, Board Chairman Quintana will then make the decision to add to next month's agenda a presentation by Ms. Cobb.

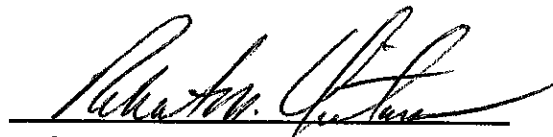
19. ADJOURNMENT - A motion to adjourn the meeting was made by Diego Quintana, seconded by Dan Romero. Motion carried unanimously.

Meeting adjourned at approximately 5:12 p.m.

ATTEST:



**Virginia Mondragon
Secretary/Treasurer**



**Robert M. Quintana
Board Chairman**