

# POLICIES FOR THE INTERNAL GOVERNANCE OF THE BOARD OF TRUSTEES

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## **POLICY NO. 101**

SUBJECT: FUNCTIONS OF THE BOARD OF TRUSTEES

### **I. PURPOSE**

- A. To establish, clarify, and interpret the responsibilities and authorities of the Board of Trustees as set forth by law, the Articles of Incorporation, the Bylaws, and accepted business principles.
- B. To guide individual Trustees in the performance of their duties and responsibilities.
- C. To guide the member-owners in the selection of Trustees.

### **II. POLICY CONTENT**

The Board of Trustees derives its authority from, and is directly accountable to, the member-owners of the Cooperative. The Board of Trustees is empowered by them and required by law to institute such actions as are necessary to attain the objectives of the Cooperative by the protection of its rights, interests, and assets, except such actions which by law, the Articles of Incorporation, or the Bylaws are conferred upon or reserved to the members. Therefore, it shall be the policy of the Board of Trustees of the Cooperative to use the following outline of relationships and responsibilities as guidelines for action and behavior as individual and collective members of the Board of Trustees in fulfilling its responsibilities and obligations to the member-owners of the Cooperative.

### **III. PROVISIONS**

The following provisions apply to this policy:

#### **A. Relationships**

- 1. The Board of Trustees reports to:
  - a. As a Board -- the member-owners through the elected officers and others; and
  - b. As individuals -- the President as the chief presiding officer, or, in his/her absence, the Vice-President.

2. The Board of Trustees directs:
  - a. All committees of the Board of Trustees; and
  - b. The General Manager.

**B. Responsibilities**

The Board of Trustees is expected to fulfill the following responsibilities:

1. To maintain the legal entity of the Cooperative by:
  - a. Complying with the provisions of the Articles of Incorporation, Bylaws, and regulatory and contractual requirements placed upon the Cooperative by, but not limited to, federal, state, and local statutes and ordinances, and the regulations of federal, state, and local commissions and agencies;
  - b. Recommending to the members revisions to the Cooperative's Bylaws as necessary or required; and
  - c. Executing, or having executed, all necessary legal contracts.
2. To act as trustee for the member-owners by:
  - a. Protecting the assets and interests of the Cooperative by acting in a manner that is in its best interest or not contrary to its best interest;
  - b. Complying fully with the provisions of the Bylaws and policies;
  - c. Assisting new members of the Board of Trustees to become oriented in their responsibilities;
  - d. Maintaining or having maintained full and accurate minutes of official Board of Trustees and membership meetings;
  - e. Informing or having the members informed of the objectives, plans, and programs of the Cooperative;
  - f. Participating in activities that enhance the prestige of the Cooperative and help to fulfill its corporate obligation to the area it serves; and
  - g. Keeping informed and improving their knowledge and skills as members of the Board of Trustees and using their knowledge and skills to contribute to the effective management of the Cooperative.

3. To provide organization and operational direction by:
  - a. Formulating, approving, and periodically reviewing general policies for the operation of the Cooperative; and
  - b. Selecting a General Manager and delegating to him/her the responsibility and authority for the operation of the Cooperative within the limits of the general policies established by the Board of Trustees.
4. To consider and adopt or approve in consultation with the General Manager:
  - a. Retail rates and classifications;
  - b. Terms and conditions governing the provisions of electrical service to members;
  - c. Plans for meetings of members;
  - d. Basic organization structure and wage and salary plan;
  - e. Employee benefits program;
  - f. Selection of legal, accounting, engineering, management, and other consultants;
  - g. Long and short-range financial and engineering plans as required and necessary for the maintenance of the economic feasibility of the Cooperative;
  - h. Annual work plans and operating budget; and
  - i. Plans for investment decisions or partnering in joint ventures with others to provide other products and services.
5. To provide the continuing operating and capital requirements of the Cooperative by:
  - a. Considering the results of studies and recommendations prepared by the General Manager;
  - b. Adopting rate changes and financial practices necessary to provide operating requirements; and
  - c. Initiating loan applications.

6. To establish and periodically review measures and controls as recommended by the General Manager to:
  - a. Prevent unauthorized action;
  - b. Determine progress in major areas;
  - c. Predict trends;
  - d. Determine where changes should be made;
  - e. Measure performance concerning goals, plans, and budget; and
  - f. Measure the Board of Trustees' attainment of the stated objectives of the Cooperative.

#### IV. RESPONSIBILITY

The Board of Trustees is responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES

  
\_\_\_\_\_  
PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVIEWED DATE: 02/22/2023

REVISED DATE: 02/22/2023

## **BOARD POLICY NO. 102**

SUBJECT: BOARD MEETINGS

### **I. PURPOSE**

To establish the regular monthly Board meeting date and rules governing Board meetings.

### **II. POLICY**

The Board of Trustees shall hold its regular monthly Board Meeting on the fourth Wednesday of each month at 2:00 p.m., subject to the exceptions set out in Section III.A. below.

### **III. PROVISIONS**

- A. The Board of Trustees shall hold its regular monthly meeting on the fourth Wednesday of each month at 2:00 p.m., with the following exceptions:
  - 1. Should the fourth Wednesday fall on the day before, after, or on a national holiday or coincide with national, regional or state cooperative meetings or directors' training, the meeting shall be held either the week prior to or following the fourth Wednesday of the month.
  - 2. The monthly meeting occurring during the month of the Annual Member meeting will be held on the same day as the Annual Meeting, upon adjournment of the Annual Meeting.
- B. Special meetings of the Board of Trustees may be called by the President or by any three members of the Board of Trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or members of the Board of Trustees calling the meeting shall fix the time and place for the holding of the meeting.
- C. Written notice of the time, place, and purpose of any Regular or Special Board meeting shall be delivered to each member of the Board of Trustees either personally, by U.S. mail, or by electronic mail at least five (5) days prior to the meeting date.

- D. A majority of the Trustees in office shall constitute a quorum, provided, that if less than a majority of the Trustees is present at a meeting, a majority of the Trustees present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent member of the Board of Trustees of the date, time, and place of such adjourned meeting. The act of a majority of the members of the Board of Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees, except as otherwise provided by the Bylaws.
- E. The President shall preside at all meetings of the Board of Trustees and govern those meetings in accordance with the latest edition of Robert's Rules of Order Newly Revised. The President, in consultation with the General Manager, is also responsible for preparing the agenda.
- F. The Secretary is responsible for the content of the minutes of the Board meetings and shall also be responsible for the content and files of all Executive Sessions.
- G. Members shall be permitted to attend the meetings of the Board of Trustees. The Board will allow members an opportunity to address the Board at the start of each meeting. Members shall not be permitted to disrupt the business proceedings of the meeting.

#### IV. CLOSED EXECUTIVE SESSIONS

Portions of meetings closed to Members shall be conducted in accordance with applicable Bylaw provisions.

#### IV. RESPONSIBILITY

The Board of Trustees is responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVISED DATE: 02/22/2023

REVIEWED DATE: 02/22/2023



## **POLICY NO. 103**

SUBJECT: BOARD MINUTES

### **I. PURPOSE**

To establish the procedure governing the contents of the minutes of the Board of Trustees meetings in accordance with the latest edition of Robert's Rules of Order Newly Revised.

### **II. POLICY CONTENT**

Votes taken by the Board of Trustees shall be recorded in the minutes.

### **III. PROVISIONS**

Votes taken by the Board of Trustees at regular or special meetings shall be recorded in one of the following manners:

- A. Record as approved, which shall mean unanimously approved unless a dissenting vote is noted.
- B. Record the number of yea votes and the number of nay votes and indicate how each member voted if a roll call vote is taken.
- C. Any member of the Board of Trustees may have attached to and incorporated by reference into the minutes of the meeting his/her written reason for voting in the manner in which he/she voted on the issue in question. The said attachment shall be written and signed by the member so requesting and submitted prior to the approval of that meeting's minutes.
- D. Minutes shall be approved by a vote of a majority of the Board of Trustees at a regular or special meeting following the meeting date and when approved, retained in the records of the Cooperative.

#### IV. RESPONSIBILITY

The Board of Trustees and General Counsel shall have responsibility for the implementation and enforcement of this policy.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVISED DATE: 02/24/2021

REVIEWED DATE: 02/22/2023

## **BOARD POLICY NO. 104**

SUBJECT: COMMITTEES OF THE BOARD OF TRUSTEES

### **I. PURPOSE**

- A. To establish standing committees of the Board of Trustees.
- B. To establish a process for the formation of committees other than standing committees.
- C. To establish a process by which Trustees may be appointed to committees.

### **II. POLICY**

Committees of members of the Board of Trustees may be used for the preliminary study of policies, budgets, plans, etc., and detailed study and analysis of particular issues.

### **III. PROVISIONS**

- A. There shall be three standing committees of the Board of Trustees which are as follows:
  - 1. Finance Committee;
  - 2. Ethics Committee; and
  - 3. Standing Committee.
- B. Committee appointments shall be made by the President no later than the second Board meeting following the Annual Meeting.
- C. Other committees may be formed by a resolution of the Board of Trustees. The President shall make appointments to such committees.
- D. Committees are to present reports to the full Board of Trustees of all matters discussed by them, together with any recommendation for action.
- E. A committee cannot take official action on any matter unless specifically authorized by the full Board of Trustees.

IV. RESPONSIBILITY

The Board of Trustees is responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 2/18/2015

REVIEWED DATE: 4/27/2022

REVISED DATE: 2/26/2020

## **POLICY NO. 105**

SUBJECT: FINANCE COMMITTEE

### **I. PURPOSE**

- A. To establish a permanent Board committee to provide focused oversight of financial issues facing the Cooperative.
- B. To oversee the Cooperative's internal and external audit functions.

### **II. POLICY CONTENT**

The Finance Committee shall be composed of three (3) Board members, each being appointed by the President for a one (1) year term. In addition, the President of the Board may serve in an Ex-Officio capacity on the committee. The Committee will be charged with providing oversight and monitoring of the Cooperative's internal controls and risk mitigation, the integrity of the financial statements and services provided by the Cooperative's independent auditors.

#### **A. Meetings**

- 1. The Committee shall meet as necessary to review items referenced in Section (C)(5) of this policy and any other issues requiring Committee attention.
- 2. The Committee shall meet annually with the accounting supervisor in one or more separate executive sessions.
- 3. The Committee shall meet at least annually to receive reports from appropriate management officials concerning internal controls and other financial matters.
- 4. The Committee shall meet as necessary to carry out its functions relating to the Cooperative's independent audit.

#### **B. Oversight Responsibilities**

The Committee shall function in an oversight capacity. Management and the independent auditors shall remain solely responsible for preparing and auditing financial statements. The Committee is not expected to provide any expert or special assurance as to the Cooperative's financial statements or any professional certification as to the independent auditor's work.

Upon a vote of the majority of members of the Committee, the Committee may exercise its power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities, with access to all books, records, facilities, and personnel of the Cooperative. The Committee shall have the authority to contact the Cooperative's legal counsel and accounting professionals without further Board of Trustees or Executive Committee approval.

C. Specific Responsibilities and Duties

The Committee's primary responsibilities are as follows:

1. Internal Audit
  - a. Provide oversight and evaluation of the Cooperative's internal audits; and
  - b. Review the effectiveness of the internal audit function.
2. Independent Audit
  - a. Recommend the appointment and, if appropriate, termination of the independent auditor;
  - b. Review the terms of the independent auditor's engagement;
  - c. Review and confirm the credentials and independence of the independent auditor; and
  - d. Review any problems or conflicts the auditor has encountered in performing audit duties.
3. Internal Control and Risk Mitigation
  - a. Consult with management and the independent auditor concerning areas of significant financial risk and evaluate steps management has taken or will take to minimize such exposures;
  - b. Monitor management's implementation of auditor's recommendations; and
4. Financial Reporting
  - a. General

Receive the independent auditor's report concerning significant accounting and reporting issues, including professional standards

and regulatory pronouncements, and evaluate compliance with the same.

- b. Annual Financial Statements
  - i. Review with management and the independent auditor any complex and/or unusual transactions; and
  - ii. Review with management and the independent auditor the annual financial statements and audit report.

5. The Committee shall give review and oversight to the following payments:

- a. General Manager's monthly expenses;
- b. General Counsel's monthly or quarterly invoices; and
- c. Per diem payments and expense reimbursements of Trustees and Officers.

6. The Committee shall cooperate with the Ethics Committee regarding the investigation of any financial irregularities reported under the Whistleblower Protection Policy (A12), and provide all assistance that may be requested by the Ethics Committee.

### III. RESPONSIBILITY:

- A. The President is responsible for appointing the Finance Committee.
- B. The Finance Committee is responsible for complying with the duties outlined in this policy.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 5/16/2015

REVIEWED DATE: 4/27/2022

REVISED DATE: 4/27/2022

## **POLICY NO. 106**

SUBJECT: ETHICS COMMITTEE

### **I. PURPOSE**

- A. To ensure that the Cooperative's business is conducted in accordance with proper legal and ethical standards.
- B. To encourage Trustees and the General Manager to conduct their business and personal lives according to the same high standards by which the members expect the Cooperative's business to be conducted.
- C. To reaffirm the Cooperative's commitment to the use of the highest ethical standards in the conduct of its affairs.
- D. To oversee compliance with the Cooperative's ethics-related policies.
- E. To monitor the Board's adherence to requirements outlined in the Bylaws of the Cooperative.
- F. To establish specific procedures for Trustees and the General Manager to bring concerns regarding accounting, internal accounting controls, auditing matters, illegal conduct, conflicts of interest or other ethical lapses as defined in The SEC CODE OF ETHICS to the highest levels of attention.

### **II. POLICY CONTENT**

- A. It has been the longstanding policy of the Cooperative to maintain the highest ethical standards in the conduct of Cooperative affairs and in its relationships with consumers, suppliers, employees, advisors, and the communities in which we serve.
- B. Trustees and the General Manager are expected to adhere to acceptable business principles in the conduct of the Cooperative's business and their personal affairs and to exhibit a high degree of personal integrity at all times.
- C. Whether acting in an official capacity or not, the conduct of a Trustee or the General Manager reflects on the Cooperative. Therefore, Trustees and the General Manager should observe the highest standards of professionalism at all times.
- D. Without relieving other Trustees and Officers of their responsibility to adhere to the highest ethical standards, the President shall appoint an Ethics Committee composed of three (3) Trustees, each being appointed for a one (1) year term. The Cooperative's General Manager shall attend the Committee's meetings. The Cooperative's General Counsel shall attend the Committee's meetings when requested. The Committee shall consult the Cooperative's special counsel on an as-needed basis.
- E. The Ethics Committee shall oversee compliance with the Cooperative's Whistleblower Protection policy and follow the directives contained therein. The Committee shall obtain



necessary information and cooperation from the Finance Committee in furtherance of these responsibilities.

- F. The Ethics Committee shall monitor compliance with the Cooperative's Standards of Conduct policy.
- G. The Ethics Committee shall monitor compliance with the Cooperative's Conflicts of Interest policy.
- H. The Ethics Committee shall monitor compliance with the Cooperative's policy on Ethics and Conflicts of Interest in Relationships with Vendors.
- I. The Ethics Committee shall monitor compliance with the Cooperative's policy on Ethics and Outside Business Interests and Related Activities.
- J. The Ethics Committee shall monitor the Board's compliance with the requirements of the Bylaws of the Cooperative.
- K. If any Trustee or the General Manager becomes aware of any misconduct relating to accounting, internal accounting controls, auditing matters, illegal conduct, conflicts of interest or other ethical lapses, such person shall submit a written statement of concerns to the Board President, with a copy to the Chair of the Ethics Committee and to the General Counsel, as appropriate under the circumstances. Thereafter, a special meeting of the Ethics Committee shall be convened to review and consider the report.

### III. RESPONSIBILITY

- A. The President is responsible for appointing the Ethics Committee.
- B. The Committee is responsible for complying with the duties outlined in this policy.
- C. Trustees and the General Manager are each individually responsible for adhering to ethical standards of conduct.
- D. The Board of Trustees is responsible for ensuring that the Cooperative's affairs are conducted in compliance with this policy and that each Trustee and the General Manager accepts his/her responsibility as set forth herein.
- E. The Board of Trustees may impose reasonable disciplinary actions against a Trustee or General Manager for non-compliance with this policy, including censorship and sanctions appropriate to the violation.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 05/16/2015

REVISED DATE: 02/24/2020

REVIEWED DATE: 04/27/2022

## **POLICY NO. 107**

SUBJECT: STANDING COMMITTEE

### **I. SUBJECT**

To establish a permanent Board committee to review, investigate and report to the Board of Trustees concerning the Cooperative's Bylaws, policies on the internal governance of the Board of Trustees, Member Service Rules and Regulations, and other miscellaneous matters requiring Board attention.

### **II. POLICY CONTENT**

- A. The Standing Committee shall be composed of three (3) Board members, each being appointed by the President for a one (1) year term. In addition, the President of the Board may serve in an Ex-Officio capacity on the committee. The Committee will be charged with reviewing and evaluating the Cooperative's Bylaws, policies on the internal governance of the Board of Trustees and Member Service Rules and Regulations, and other miscellaneous matters requiring Board attention and presenting proposals concerning each of the same to the Board of Trustees.
- B. The Committee shall conduct an annual review of policies and proposals concerning the internal governance of the Board of Trustees, as well as other Board policies. The Committee shall report to the full Board concerning any resulting recommendations or proposals.
- C. The Committee shall confer annually with the Cooperative's management staff concerning the Cooperative's Bylaws. The Committee shall review any management-initiated proposals for changes or adjustments to the Bylaws. The Committee shall also consider any other proposals that may be advanced by one or more members of the Committee or the Board of Trustees. The Committee shall report to the full Board of Trustees concerning the results of its meeting and any Committee proposals for changes or amendments to the Bylaws.
- D. The Committee shall confer annually with the Cooperative's management staff concerning the Member Service Rules and Regulations. The Committee shall review any management or Trustee-initiated proposals for changes or adjustments to the Member Service Rules and Regulations. The Committee shall also consider any comments and suggestions concerning the Member Service Rules and Regulations coming from the Cooperative's Membership at large. The Committee shall report to the full Board of Trustees concerning the results of its meeting and any Committee proposals for changes or amendments to the Member Service Rules and Regulations.

- E. The Committee shall address such other matters that the President may assign from time to time.

### III. RESPONSIBILITY

A. President

The President is responsible for appointing the Standing Committee.

B. Standing Committee

The Standing Committee shall perform the duties as set forth herein and address other such issues as may be assigned to it from time to time by the President. The Committee Chair shall report to the full Board concerning its activities.

C. General Manager

The General Manager shall see that all governance policies are reviewed at least annually.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 05/16/2015

REVISED DATE: 02/26/2020

REVIEWED DATE: 04/27/2022

## **POLICY NO. 108**

SUBJECT: STANDARDS OF CONDUCT

### **I. PURPOSE**

To establish the standards, rules, and procedures under which the Board members shall perform their duties.

### **II. POLICY CONTENT**

All of the powers of the Cooperative may be exercised by the Board of Trustees except those conferred upon the members by law, the Certificate of Incorporation, or the Cooperative's Bylaws. This policy establishes certain standards under which such powers will be exercised in the best interests of the Cooperative.

#### **A. General Conduct of Board Members**

Board members shall conduct themselves, personally and professionally, in accordance with the highest ethical standards and in a manner that is in the best interest of the Cooperative.

#### **B. Conduct with Respect to Fellow Board Members**

Regardless of the personal relations or differences between Board members, they should respect each other in the following ways:

1. Each Board member should allow ample opportunity for every other Board member to speak on any matter being considered by the Board of Trustees and listen carefully to the opinions and factual observations of the other Board members.
2. Except when in the best interest of the Cooperative, Board members shall not reveal differences of position among Board members on matters considered and acted upon by the Board of Trustees, except to other Board members or the General Manager. This standard applies to informal as well as formal communications.

C. Board Member Access to Cooperative Information

The President shall approve a Board member's request to obtain access to information that is reasonably germane to his/her responsibilities as a Board member and is requested for a proper purpose. The President shall take such actions as are necessary to provide a timely response to the Board member's request. Notwithstanding the foregoing, Board members shall obtain guidance and access from the Cooperative's legal Counsel if the request would pertain to concerns of actual or potential criminal activity involving the President.

Access to Cooperative information is subject to the following conditions:

1. Requests for information shall be made as outlined in this policy. In no case shall a Board member seek to obtain information through the Cooperative's employees, agents, or independent contractors. Any employee facing such a request is required to notify the President or the General Manager concerning the matter.
2. Information received by a Board member pursuant to this policy shall not be revealed to any other individuals unless the Board member is sincerely convinced that to do so is compelled by law or the overriding best interests of the Cooperative.
3. A Board member shall not disclose information received according to this policy if the effect of such disclosure may damage the Cooperative or the public's perception of the Cooperative.

D. Loyalty to the Cooperative

A Board member owes a duty of loyalty to the Cooperative and should, therefore, abide by Board decisions and avoid taking public positions that are contrary to the position of the Board. Debate and differences of opinion are inevitable when reaching a consensus; however, such differences should remain within the Board room.

E. Good Faith and Fair Dealing

Every Board member shall act in good faith and commit to fair dealing with every other Board member and the General Manager in all matters relating to Cooperative business. Good faith and fair dealing require:

1. That Board members reveal all information or interests which they may have that may bear upon action being considered by the Board of Trustees or the General Manager;
2. That Board members not pursue a position, inquiry, recommendation, or motion for the purpose of harassing or annoying other Board members or the General Manager; and

3. Board members' communications with employees other than the General Manager, if made at all, shall be casual and conducted on a friendly and courteous basis. Communications with employees shall not be to influence any employee's position or attitude concerning Cooperative-related activities, seek Cooperative information, or otherwise have the purpose or effect of interfering with the usual and customary chain of command between management and employees.

F. Non-Discrimination and Anti-Harassment

Board Members shall refrain from engaging in discriminatory or harassing conduct with respect to a Member or other person's race, color, religion, national origin, gender, sexual orientation, gender identity, age, disability, veteran status or any other category subject to legal protection under any applicable Federal or State law.

III. RESPONSIBILITY

- A. This policy shall be the responsibility of the Board of Trustees, except as otherwise provided for herein by the General Manager or General Counsel.
- B. The Ethics Committee shall monitor compliance with the requirements of this policy, bringing potential violations to the attention of the offending party and, if necessary, the Board of Trustees.
- C. The Board of Trustees shall be responsible for the enforcement of this policy and may take such actions as are reasonable to assure compliance, including, but not limited to censure, and sanctions appropriate to any violation of this policy by a Board Member.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVISED DATE: 02/22/2023

REVIEWED DATE: 02/22/2023

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AARON M. CHRISTENSEN  
PARTNER

January 23, 2020

**VIA EMAIL ONLY**

Mr. Joseph Herrera  
General Manager  
Socorro Electric Cooperative, Inc.  
PO Box H  
215 Manzanares Ave.  
Socorro, NM 87801

RE: Policy No. 108, Trustee Standards of Conduct

Dear Joseph:

During the board's recent consideration of proposed Policy No. 108, Trustee Standards of Conduct, one of the trustees expressed concern that the policy attempted to control "elected officials" and interfered with constitutionally protected free speech.

In our opinion, however, and for the reasons set forth below, the policy represents a proper exercise of self-governance and would not be subject to legal challenge under the United States Constitution.

**Policy No. 108 Advances the Statutory Goal of "Good Management"**

As a private membership corporation, and consistent with its statutory mandate, Socorro Electric Cooperative, Inc., "aims to make electric energy available to its members at the lowest cost consistent with sound economy and good management." Policy No. 108 advances the goal of "good management" by establishing baseline standards of professionalism for trustees to follow in the performance of their duties.



### **Socorro Electric Cooperative is a Private Entity**

The corporation's legal right to implement the policy is anchored to its status as a private corporation, as opposed to an arm of government.<sup>1</sup> The inherently private nature of the corporation is amply demonstrated by, for example, the corporation's own election rules – only members that have applied for and have been accepted into membership are permitted to vote in trustee elections. Indeed, such members are entitled to vote *regardless* of their eligibility or ineligibility to vote in general public elections. Conversely, other *non*-member residents of the community, regardless of whether they live in the service territory and/or make use of electric energy from the corporation, are strictly *prohibited* from voting in elections for trustees. In short, the corporation is not a division of federal, state or local government and trustees are not "public officials."

### **Constitutional Concerns**

Policy No. 108 does not raise any First Amendment<sup>2</sup> constitutional concerns. The First Amendment of the Constitution of the United States of America states the following:

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.

Although the Amendment plainly restricts *Congress* from limiting the public's right to free speech, and while oftentimes misunderstood, the Amendment does not limit the ability of private corporations to establish their own rules concerning the internal governance of the Board of Trustees.

### **Requirements and Enforceability of Policy**

The proposed policy requires trustees to abide by ethical standards, avoid unnecessary strife and conflict, protect confidential information, maintain loyalty to the corporation's interests, conduct themselves according to recognized principles of good faith and fair dealing, and avoid harassing or discriminating against others.

Under *Robert's Rules of Order*, any violation of these standards would be rightly addressed through a "motion to censure," which is a main motion expressing strong disapproval or reprimand, subject to adoption by a majority vote. Mirroring this specific guidance, the policy provides the following:

The Board of Trustees shall be responsible for the enforcement of this policy and may take such actions as are reasonable to assure compliance, including, but not

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<sup>1</sup> This is not to suggest, however, that governmental entities are prohibited from implementing their own governing rules for their deliberative bodies.

<sup>2</sup> We will presume the trustee intended to reference the First Amendment, as opposed to the Second Amendment, which addresses "the right to keep and bear arms."

Mr. Joseph Herrera  
January 23, 2020  
Page 3 of 3

limited to *censure*, and sanctions appropriate to any violation of this policy by a Board Member.

Otherwise, if left unaddressed, the conduct could reflect poorly on the organization, bringing it into disrepute through inference that unprofessional conduct is somehow condoned by other fiduciaries of the organization.

#### **Other Observations**

Finally, on a policy level, aside from the point that corporate "free speech" concerns do not raise viable legal concerns, such protests against the proposed policy would tend to ring hollow since admonishment by others is likewise an expression of opinion and speech.

#### **Conclusion**

Thank you for your inquiry. We recommend implementation of Policy No. 108 to promote good governance and thereby serve the interests of the corporation's members.

Please let me know if you have further comments, questions or concerns.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Aaron M. Christensen', with a long horizontal flourish extending to the right.

Aaron M. Christensen  
Attorney at Law

cc: Lorna Wiggins  
Anne Dorough

## **POLICY NO. 109**

SUBJECT: CONFLICTS OF INTEREST

### **I. PURPOSE**

- A. To provide general guidance to Board members and the General Manager in the performance of their duties and responsibilities for the Cooperative.
- B. To assure the high standards of integrity, impartiality, and conduct necessary for maintaining public confidence in the operations of the Cooperative.
- C. To assure compliance with the standards specified in the Bylaws of the Cooperative relating to a Board member's business and financial interests.

### **II. POLICY CONTENT**

Board members and the General Manager must avoid activities that create a conflict of interest or the appearance of a conflict of interest.

A "conflict of interest" exists when a Board member or the General Manager has a personal interest, or might reasonably appear to have a personal interest, in a matter of such a nature and magnitude that a conflict exists between the personal interest and the Cooperative's interest that could potentially cause an inability to exercise independent and objective judgment on the matter. "Personal interests" may not technically involve the Board member or the General Manager but may involve relatives, business associates, or other individuals or organizations with which he/she is closely associated.

The following statements will guide the members of the Board of Trustees and the General Manager in the management of the affairs of the Cooperative.

#### **A. Use of Office**

They shall not use, or reasonably appear to use, their respective offices or position for private gain for themselves or for other individuals or organizations with which they are associated, including advancing the mission or cause of an organization whose mission or cause conflicts with the interests of the Cooperative.

#### **B. Use of Information**

They shall not use, or reasonably appear to use, inside information for private gain, either by direct action or by counsel, recommendations, or suggestions to other individuals or organizations with which they are associated.

C. Gain from Beneficiary Organizations

They shall not receive or solicit, or reasonably appear to receive or solicit, from beneficiary organizations, related organizations, or other individuals having business with the Cooperative, any gift, loan, favor or gratuity, either for themselves or any other individuals or organizations with which they are associated, that could either influence or reasonably create the appearance of influencing decisions concerning the Cooperative or its interests.

D. Decisions Which Pose a Conflict of Interest

Trustees and the General Manager shall make full disclosure to the Board of Trustees of any facts indicating a conflict of interest. They may request an opinion of the Cooperative's General Counsel before taking such action. Trustees shall disqualify themselves from voting on a decision posing a conflict of interest or creating the appearance of a conflict of interest.

E. Business Ethics

1. Trustees and the General Manager must not, in any way, be employed by or financially interested in an enterprise that is in competition with the Cooperative.
2. A Trustee or a Trustee's company may be allowed to sell materials, supplies, equipment or vehicles to the Cooperative only if at least three bids are submitted to the Cooperative for any such sale and only if the Trustee or his/her business has submitted the lowest bid.
3. The General Manager shall develop a policy on business ethics which will set forth the intent of the Board of Trustees concerning conduct of employees in maintaining high standards of integrity, impartiality, and conduct necessary to maintain member and public confidence in the Cooperative.

F. Disclosures

Each year, the Ethics Committee shall review whether any current or former officer, Trustee, or key employee:

1. Has a direct business relationship with the Cooperative or an indirect business relationship with the Cooperative requiring disclosure on Schedule L of Form 990;
2. Has a family member who had a direct or indirect business relationship with the Cooperative requiring disclosure on Schedule L Form 990; or

3. Serves as an officer, Trustee, key employee, partner or member of an entity (or shareholder of a professional corporation) doing business with the Cooperative, such that disclosure is required on Schedule L of Form 990.
  - a. For purposes of the Form 990 and Schedule L, a former director/trustee (hereinafter referred to solely as “trustee”) is defined as someone who:  
Did not serve as a trustee during the past 5 years **and** Received more than \$10,000 of reportable compensation in his/her capacity as a former director/trustee. Reportable compensation is generally defined as amounts that were reported, or should have been reported, on form 1099-MISC, Box 7 as “Non-employee compensation”.
  - b. For Form 990 reporting and for purposes of Schedule L, a key employee is an employee that meets all three of the following:  
*\$150,000 Test* – Receives reportable compensation from the organization and all related organizations in excess of \$150,000 for the calendar year ending with or within the organization's tax year.  
  
*Responsibility Test* - . The employee: a. has responsibilities, powers or influence over the organization as a whole similar to those of officers, directors, or trustees; b. manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or c. has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation for employees.  
  
*Top 20 Test*. Is one of the 20 employees (that satisfy the \$150,000 Test and Responsibility Test) with the highest reportable compensation from the organization and related organizations for the calendar year ending with or within the organization's tax year

### III. RESPONSIBILITY

#### A. General Manager

The General Manager shall assist the Board of Trustees to assure compliance with this policy. The General Manager shall also develop and enforce an appropriate management policy relating to conflicts of interest of employees.

B. General Counsel

The General Counsel shall advise individual Board members and/or the Board of Trustees regarding compliance with this policy.

C. Ethics Committee

The Ethics Committee shall review compliance with this policy and counsel with any Board member as the situation may require. The Ethics Committee shall assure, to the extent possible, that the Cooperative is not damaged or compromised because of the existence of a conflict of interest on the part of Board members.

D. Board of Trustees

Trustees, individually and collectively, are responsible for avoiding conflicts of interest.

APPROVED BY THE BOARD OF TRUSTEES

  
\_\_\_\_\_  
PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVIEWED DATE: 03/22/2023

REVISED DATE: 03/22/2023

## **POLICY NO. 110**

**SUBJECT: ETHICS AND CONFLICTS OF INTEREST IN RELATIONSHIPS WITH VENDORS**

### **I. PURPOSE**

To provide a guide to Trustees so that they may avoid relationships with vendors that are not in the best interest of the Cooperative or that could be interpreted not to be in the best interest of the Cooperative.

### **II. POLICY CONTENT**

Trustees should not place themselves in a situation or a relationship with a vendor where the Trustee's actions are not in the best interest of the Cooperative, or could reasonably be interpreted as not being in the best interest of the Cooperative, without prior approval from the Board following full disclosure.

### **III. PROVISIONS**

#### **A. Outside Business Interests**

Possible conflicts of interest relating to a Trustee's outside business interests include, but are not limited to:

1. ownership, including ownership of stock, in whole or in part, either directly or through a relative or agent, of vendor companies;
2. relatives employed by or owning vendor companies. (The nature of the relationship between individuals and the position of the relative with the vendor company can influence the extent of any possible conflict of interest.);
3. direct employment or retention as a consultant by any vendor company; and
4. officerships and trusteeships in vendor companies. (Officerships or trusteeships in national, state-wide, material supply or service cooperatives are excluded.)

#### **B. Trustees or Former Trustees as Vendors or Subcontractors**

Purchase orders and subcontracts may not be awarded to a Trustee or former Trustee or to a partnership or corporation in which a Trustee or Former Trustee is a principal or major stockholder unless there has been full disclosure, the

interested Trustee does not vote on the decision, and there has been competitive bidding for the order or award.

**C. Gifts, Favors, and Entertainment**

It is the policy of the Cooperative that gifts, favors, and excessive entertainment have no place in the conduct of business and should be discouraged. Accordingly, Trustees are expected to:

1. adopt the Cooperative policy as their own and make this policy known by their actions, communications, and deeds; and
2. courteously decline or return any excessive gift, favor, or offer of entertainment. It is recognized that it is common trade practice to offer advertising novelties of insignificant value. These advertising novelties are acceptable. Whether or not an item can be considered an advertising novelty depends on the degree of prominence in which the vendor's name or trademark is displayed and the value of the item. Tickets for baseball, basketball, and football games and all other forms of entertainment may be accepted, if not excessive, and not to exceed \$100.00 in the totality of cash value. A perishable gift, if it is excessive, may be contributed to a charitable organization in the name of the supplier. The supplier should receive written notification of the donation.

**D. Business Meals**

Business-oriented luncheon and dinner engagements with suppliers are discouraged. If a Trustee does participate in a lunch or dinner engagement with a supplier, the engagement should be conducted in a manner so that the Trustee does not feel obligated to the supplier as a result.

**E. Financial Dealings with Suppliers**

Trustees must avoid any financial dealings, direct or indirect, with suppliers or their representatives including, but not limited to:

1. loans;
2. gambling or participating in contests;
3. investment in supplier companies;
4. use of real or personal property of a vendor, vendor's employee, or vendor's representative; and
5. business or investment dealings with a vendor, vendor's employee, or vendor's representative, such as joint ownership of investment real estate, joint ownership of other companies, and so forth.



F. Trips to Vendor Facilities

Suppliers should not be permitted to pay for hotel and travel expenses of Trustees.

G. Contact with Vendors

It is the responsibility of the General Manager and staff of the Cooperative to deal with Vendors. Trustees shall not contact Vendors regarding the business of the Cooperative unless requested or directed by the General Manager or the Board of Trustees.

IV. RESPONSIBILITY

The Board of Trustees is responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES

  
\_\_\_\_\_  
PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVIEWED DATE: 03/22/2023

REVISED DATE: 05/27/2020

## **POLICY NO. 111**

SUBJECT: ETHICS AND CONFLICTS OF INTEREST IN OUTSIDE BUSINESS AND RELATED ACTIVITIES

### **I. PURPOSE**

To provide Trustees with guidelines for their participation in non-Cooperative business activities.

### **II. POLICY CONTENT**

The Board of Trustees recognizes that situations may arise when Trustees wish to be involved in non-Cooperative business activities. Examples of such activities may include but are not limited to: membership on boards of other companies; an active interest in the ownership and management, in whole or in part, of other companies; and serving as independent consultants.

Trustees must refrain from outside activities that might, in any way, either detract from the Trustee's performance or effectiveness or create a conflict of interest. Therefore, no Trustee may place himself/herself into a non-Cooperative business relationship, investment, or other activity where his/her actions are not in the best interests of the Cooperative unless prior approval has been obtained from the Board after full disclosure. In accordance with Policy No. 109, Trustees shall not use, or reasonably appear to use, their respective offices or position to advance the mission or cause of an organization whose mission or cause conflicts with the interests of the Cooperative.

### **III. PROVISIONS**

- A. A Trustee's outside activities must not create a conflict of interest with the Trustee's responsibilities to the Cooperative.
- B. Trustees are expected to exercise discretion and good judgment in determining whether ethics and/or conflict of interest issues arise as a result of their non-Cooperative business activities. Whenever there is any question as to a possible conflict, Trustees should submit details of proposed non-Cooperative business activities to the Board for its approval before becoming involved in the activity.
- C. This policy does not apply to activities, memberships, officerships, or Trusteeships in utility industry organizations, whether national, state, or local.

### **IV. RESPONSIBILITY**



The Board of Trustees is responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES

  
\_\_\_\_\_  
PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVIEWED DATE: 03/22/2023

REVISED DATE: 03/22/2023

## **POLICY NO. 112**

SUBJECT: TRUSTEE AUTHORITY

### **I. SUBJECT**

- A. To recognize that the Board of Trustees sets overall Cooperative policy as a committee of the whole, and
- B. To disavow individual acts, statements, and comments of individual Trustees, unless such have been by resolution, bylaw, or other legal authorization, or by express ratification, adopted by the Board.
- C. To give due consideration to member or members' requests, which must not be harmful to the Cooperative. The Board of Trustees will consider the Introduction of a Specific Subject Matter by member or members for regular board meeting agendas.

### **II. POLICY CONTENT**

- A. The business and affairs of the Cooperative shall be managed by the Board of Trustees, which shall exercise all of the powers of the Cooperative, by setting overall policy, and delegating day-to-day management to the CEO/General Manager, excepting, however, any matters reserved by law, the articles of incorporation or the bylaws to the members of the Cooperative.
- B. The Board of Trustees may act only as a body in a legally constituted meeting or in any other legally permitted method of taking official corporate action.
- C. Individual Trustees, unless otherwise authorized by the Articles of Incorporation or the bylaws, or unless by specific resolution granting authority or by express ratification by the Board, may not by their individual acts, statements, or comments, bind the Cooperative in any way. Express disavowal of such acts, statements or comments by the Board shall not be required, but may, if desired, be made.
- D. The member or members will present a written request addressed to the President of the Board of Trustees or CEO/General Manager for the introduction of a Specific Subject by the member or members. The member or members will be notified, in writing, by the Secretary of the Board of Trustees, or by the CEO/General Manager stating the action taken in regards to the specific request

### III. RESPONSIBILITY

The Board of Trustees is responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES

  
\_\_\_\_\_  
PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVISED DATE: 06/24/2020

REVIEWED DATE: 06/15/2022

## **POLICY NO. 113**

SUBJECT: DELEGATION OF AUTHORITY FROM THE BOARD OF TRUSTEES TO  
THE GENERAL MANAGER

### **I. PURPOSE**

Delegate to the General Manager the authority to direct the operations of the Cooperative and the responsibility to report to the Board of Trustees the results achieved.

### **II. POLICY CONTENT**

The Board of Trustees appoints a General Manager to perform such duties and exercise such authority as the Board of Trustees may vest in him/her as outlined in this policy.

### **III. PROVISIONS**

The General Manager shall have the authority to do the following:

#### **A. Planning**

##### **1. Policies**

To formulate, with staff, as appropriate, the policies of the Cooperative to be recommended by the General Manager to the Board of Trustees or appropriate Board committee for their consideration.

##### **2. Strategic Planning**

To develop, with staff and the Board of Trustees, the mission and long-range objectives of the Cooperative, by periodically assessing changes in the system's external environment, by identifying key issues, and by adopting strategies to address those issues effectively.

##### **3. Long Range Operational Planning**

To conduct studies and market research, utilizing staff and outside consultants, and, based on such studies and research, to develop action plans and reports for the Board of Trustees in such areas as load forecasts and future power requirements, financial forecasts, energy management and marketing, long-range system engineering requirements, and possible future deregulation of the electric power industry.

4. Membership Meetings

To develop, with staff, plans for annual and other member meetings of the Cooperative and to make appropriate recommendations to the Board of Trustees or a committee of the Board of Trustees.

5. Work Plans and Budgets

To formulate, with staff, annual work plans and budgets for the Cooperative and recommend them to the Board of Trustees or a committee of the Board of Trustees for their consideration and to provide to the Board of Trustees detailed monthly reports on revenue, expenses, and other results compared to such plans and budgets.

6. Legislation

To analyze and determine, with staff and in coordination with organizations such as the National Rural Electric Cooperative Association (NRECA) and the New Mexico Rural Electric Cooperative Association (NMRECA), any federal or state legislative and regulatory matters to be proposed, supported, or opposed consistent with established Board policy and to report to the Board of Trustees on the results.

7. Retail Rates and Service Rules and Regulations

To periodically study and analyze the Cooperative's rates and service rules and regulations to make sure they meet current operating requirements and to make appropriate recommendations to the Board of Trustees.

8. Marketing

To develop, with staff, a strategic marketing plan which improves load factor, utilizes excess capacity, enables the members to efficiently utilize electric energy, and, through the use of integrated or least-cost planning, ensures that additional generation will be built only if it is needed and can be built on a cost-effective basis.

9. Related Services

To analyze and determine, with staff, the opportunities for related services that can be offered to, or on behalf of, the members of the Cooperative, within the existing structure, through subsidiary corporations, or by partnering with other cooperatives, businesses, or individuals, within the framework of existing law.

## B. Organization

### 1. Organization Structure

- a. To periodically review activities of the Cooperative and to determine, with staff as appropriate, the organization structure best suited to carry out the overall objectives of the Cooperative within the limitations of its budget.
- b. To determine, with the appropriate staff members, the need for additional positions or the transfer, reassignment, or elimination of present positions and to effect such changes, provided they are within the limitations of the personnel costs of the approved budget and/or authorized by the Board of Trustees.

### 2. Selection of Personnel

- a. To develop or approve standards and qualifications for use in the recruitment, hire, transfer, and promotion of personnel. Such standards and qualifications must meet all federal and state legal requirements.
- b. To select, hire, transfer, promote, demote, and terminate personnel.

### 3. Training

- a. To ensure that staff members are trained in accordance with the requirements of their positions.
- b. To initiate and promote, through staff and within the limitations of the approved budget and Board policy, appropriate management, supervisory, professional, technical, and information training programs for all personnel, including sending personnel to training programs outside the organization.

### 4. Performance Appraisals

- a. To appraise, at least annually, the performance of immediate staff members, and to counsel and assist them so they may develop and improve.
- b. To ensure that a performance appraisal program is established and carried out for all personnel and that wage adjustments are based on merit.



5. Position Descriptions

To ensure that written position descriptions and job specifications for all employees, except for the General Manager, are prepared and reviewed as necessary. Position descriptions and job specifications do not require approval from the Board of Trustees.

6. Fringe Benefits

Within established policies and the limitations of the budget, to administer or approve vacations, holidays, sick leave, and other fringe benefit programs for personnel.

7. Overtime

To ensure that non-exempt employee overtime is controlled.

8. Consultants

- a. To recommend to the Board of Trustees, or the appropriate Board committee for review and recommendation to the Board of Trustees, the employment of principal consultants (other than the firm performing the independent financial audit) and contracts and agreements for their services.
- b. To select and appoint other specialized consultants to provide advice and assistance on internal operations, to negotiate contracts or agreements for the services of such consultants within the limitations of the work plan and budget, and to advise the Board of Trustees of actions taken regarding the hiring of consultants.
- c. To periodically report to the Board of Trustees on services provided and the fees received by all consultants.

9. Wage and Salary Administration

- a. To develop a systematic wage and salary plan and present it to the Board of Trustees or appropriate Board committee for review and recommendation to the Board of Trustees.
- b. Within the limitations of the budget, to determine economic adjustments to the plan. Salary adjustments for the General Manager shall be approved separately on an annual basis. A report shall be provided to the Board of Trustees annually on the administration of the wage and salary plan.

- c. To evaluate new positions and re-evaluate existing positions if their responsibilities and authorities substantially change and, as a result of such evaluation or re-evaluation, place or alter these positions in the Board-approved wage and salary plan.
- d. To conduct labor surveys, as necessary, to determine wages and salaries paid for comparable jobs in the area in which the Cooperative recruits personnel and to make recommendations to the Board of Trustees (or a committee of the Board of Trustees) on any revisions required in the wage and salary plan, taking into account the financial condition of the Cooperative.

#### 10. Employee Labor Relations

To ensure that two-way communication between employees and management is fostered, providing opportunities for feedback and employee involvement and participation as appropriate and consistent with the provisions of any collective bargaining agreement.

### C. Operations

#### 1. Overall Administration

- a. To direct the day-to-day operations of the Cooperative except as specified otherwise by the Bylaws or the Board of Trustees, to delegate authority to immediate staff, and to authorize the further delegation of authority to any level of management with full recognition that the General Manager cannot be relieved of his/her overall responsibility or any portion of accountability.
- b. To manage operations of the Cooperative in accordance with the policies of the Board of Trustees and in accordance with the policies and procedures of RUS, CFC, and other lending institutions and applicable federal, state, and local laws.
- c. To designate an appropriate person to serve as Acting General Manager in the event of an extended absence of the General Manager, subject to the approval of the Board of Trustees.
- d. To ensure that staff advice and assistance is provided to the Board of Trustees and its committees and to participate in the deliberation of the Board of Trustees or any of its committees as requested or required.

- e. Within the limitations of Board policy and the approved budget, to accept invitations to participate in, or designate other staff members to participate in, national, regional, state, and local meetings which further the best interests of the Cooperative. Participation by the General Manager in activities which require considerable time over a sustained period requires the approval of the Board of Trustees. In addition, the General Manager shall report to the Board of Trustees if he/she obtains a Board position with any other organization.
- f. To determine and meet the transportation needs of the Cooperative in the most economical and practical way possible. The number of Cooperative-owned or leased cars individually assigned to employees shall be minimized.
- g. To serve as the spokesperson for the Cooperative on major issues and to keep the Board of Trustees up-to-date and well informed on such issues.

2. Membership Services

To direct membership services in such areas as public and member relations, load management, energy conservation, marketing, communications, and research.

3. Legislation

- a. Within Board policy to develop and carry out, in coordination with organizations such as NRECA, a legislative program furthering the Cooperative's objectives and policies. Such a program will include, but not be limited to, research, preparation, and presentation of testimony before appropriate legislative committees and consultation with members of Congress, state legislatures, and state and federal administrative and regulatory agencies.
- b. To participate with allied groups to obtain their increased understanding and support of the Cooperative's legislative and regulatory objectives and programs.

#### 4. Financial

- a. To administer the approved budget, including approval of non-budgeted items up to \$25,000<sup>1</sup> and all non-budgeted items which, in his/her judgment, are vital to effect unanticipated emergency maintenance or repairs. Non-budgeted items exceeding \$25,000, which are not vital to effect unanticipated emergency maintenance or repairs, must be presented to the Board of Trustees for approval.
- b. To invest or re-invest funds, cash investments when due, and cash government bonds when and if necessary, to protect the Cooperative's cash position and to carry out an effective cash management program. Investments will generally be made in CFC securities, in federal government-insured or guaranteed securities, or in other securities approved by the lending agencies. In addition, investments shall be made in compliance with state and federal law.
- c. To submit all General Manager expenses to the Finance Committee for review and approval.
- d. To approve accounting systems, procedures, statistics, and types of reports necessary (1) for sound financial management, (2) to meet the requirements of lending and regulatory agencies, and (3) for control information required by the Board of Trustees.
- e. To purchase or lease all equipment, vehicles, hardware, furniture, materials, and supplies within the limitations of the budget and Board policy. All purchases shall comply with applicable RUS directives or procedures. All purchases of major equipment or large quantities of materials for transmission or distribution lines, substations, and associated facilities shall be made with competitive bids when appropriate.
- f. To negotiate contracts for construction in accordance with RUS procedures, with such contracts to be submitted to the Board of Trustees for approval. Once approved, the contracts shall be awarded in accordance with RUS procedures, so that completed construction can be reimbursed from loan funds without delay.
- g. To execute and sign (or supervise the same) purchase orders or contracts for projects previously approved by the Board of Trustees.

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<sup>1</sup> Or an amount he/she deems appropriate.

- h. To approve change orders on contracts previously approved by the Board of Trustees and RUS, if cumulatively less than 20 percent of the original contract value. Change orders exceeding 20 percent of the original contract value shall be brought to the Board of Trustees for approval. The Board of Trustees shall be provided with summary data on the status of all change orders on each contract for informational purposes. All change orders shall comply with RUS construction requirements.
- i. To determine the insurance coverage required for effective risk management and to negotiate the purchase of such coverage within the limitations of the budget and Board policy.
- j. To authorize individual membership in civic clubs and organizations and Cooperative memberships in local organizations in which he/she thinks membership of the General Manager or staff members would be beneficial, and to authorize payment of dues by the Cooperative, within the limitations of the budget and established Board policy. Professional registration fees shall be paid for registration in the state of New Mexico only if such registration is desirable or required.
- k. To negotiate and execute all documents related to the acquisition by purchase or lease of all real property, including easements and substation sites, and to deliver and accept all documents relating thereto; to exercise the power of eminent domain to acquire, for projects described in an approved budget, property that the system has been unable to obtain by negotiation; to execute and deliver all environmental studies and reports; to make application for all permits relating to the operations of the system; and to design powerline routes, and determine the site for all facilities, within the limitations of Board policy and the budget.
- l. To perform all acts necessary or incidental to the management of the operations of the Cooperative, unless such acts are specifically reserved to the Board of Trustees pursuant to law, the Articles of Incorporation, the Bylaws, or Board policies.

5. Controls

a. Operations

To submit periodic and special reports to the Board of Trustees on the conformity of operations with approved policies and programs, to recommend any revisions requiring approval from the Board of Trustees, and to direct any remedial action required.

b. Finances

To see that all persons having access to cash or responsibility for the purchase of materials are properly bonded in accordance with all requirements of lending agencies or Board policy.

c. Budgets

To report monthly to the Board of Trustees on revenues and expenditures compared to budget, to recommend any revisions required, and to direct any necessary remedial action.

d. Annual Financial Audit

To participate with the Board of Trustees in the review, with the auditor present, of the annual financial audit and management letter, to direct any remedial action required, and to ensure that the management letter and audit report are sent to each Board member before the meeting at which they are to be discussed.

e. Materials Management

- i. To maintain accurate inventories to minimize investment in materials needed for operations and construction.
- ii. To ensure that a system is established to accurately account for all materials used.

f. Member Complaints

To submit periodically to the Board of Trustees a report regarding significant member complaints, to take any corrective action required, and to recommend appropriate revisions in Board policy.

g. Member Meetings

To report to the Board of Trustees on the effectiveness of annual and other member meetings with recommendations on any improvements or changes which should be made.

h. Reliability of Service

To submit annually to the Board of Trustees a report on service reliability and any substantial remedial action taken.

i. Bylaws

To review the Bylaws annually, with the Cooperative's attorney, and to report to the Board of Trustees, or a committee of the Board, any recommended revisions.

j. Availability of Power Supply

To compare load growth to power requirement studies and to periodically report to the Board of Trustees about such comparison along with recommendations to meet anticipated growth.

k. Rates

To continually study power and other costs compared to projections, to recommend to the Board of Trustees, as far in advance as possible, any changes in retail electric rates necessary to maintain financial strength and stability and to meet all requirements of lending and regulatory agencies.

l. Construction

To review construction practices with appropriate staff to make sure projects are being constructed in accordance with RUS policies and procedures so that reimbursement for completed construction and awarded contracts can be obtained promptly.

m. Internal Auditing

To ensure that an internal auditing staff assesses (1) the adequacy, effectiveness, and efficiency of the systems of control within the organization; (2) the quality of ongoing operations; and (3) compliance with the policies and procedures established by management and/or the Board of Trustees, regulations and requirements of RUS and other lending institutions, and applicable federal, state, and local laws.

n. Loss Control

To ensure that a loss control program is carried out to minimize and control losses due to accidents, environmental hazards, and other risks.

#### IV. RESPONSIBILITY

- A. The General Manager shall report to the Board of Trustees periodically on the delegation of duties. The General Manager may delegate to his/her staff duties as required. However, the General Manager shall continue to be responsible for any duties delegated.

Except and unless restricted by the Board of Trustees, the General Manager may delegate any of the foregoing duties to the Acting General Manager, and the Acting General Manager may act in any or all of these responsibility areas in the absence of, and when designated to act for, the General Manager.

- B. The Board of Trustees is responsible for approving any changes to the duties delegated to the General Manager.
- C. The Board of Trustees, or an appropriate committee thereof which shall report to the Board of Trustees, shall be responsible for seeing that the performance of the General Manager is appraised each year. The appraisal shall include a recommendation on a salary adjustment when appropriate. The results of the appraisal will be discussed with the General Manager.

APPROVED BY THE BOARD OF TRUSTEES

  
\_\_\_\_\_  
PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVISED DATE: 06/15/2022

REVIEWED DATE: 06/15/2022



## **POLICY NO. 114**

SUBJECT: BOARD OF TRUSTEES-GENERAL MANAGER INTERRELATIONSHIPS

### **I. PURPOSE**

To establish the policy governing the fundamental relationship between the Board of Trustees and the General Manager, including the principles involving the delegation of authority.

### **II. POLICY CONTENT**

It is recognized that good management is the most essential factor in the success of the Cooperative. In exercising such management, the Board of Trustees shall establish policy, approve plans and programs, and delegate authority to the General Manager to carry out such plans, programs, and policies and to manage the day to day activities of the Cooperative.

### **III. PROVISIONS**

- A. The Board of Trustees recognizes its responsibility to establish policies, approve plans, and delegate authority to the General Manager to execute and carry out its plans, programs, and policies. The General Manager shall, among other things, have the authority to hire capable personnel within the approved wage and salary plan, establish schedules, train and supervise employees, and, when necessary, replace them.
- B. All policies of the Board of Trustees shall be promulgated at regular and special meetings with the Board of Trustees acting collectively.
- C. The Board of Trustees recognizes that, should any Trustee undertake in a private conversation with others to make commitments for the Board of Trustees, the Trustee becomes involved in a severe breach of policy which might disrupt the entire organization. A Board member may be subject to rebuke from his/her fellow Board members should he/she attempt to make commitments unofficially for the Board of Trustees. Therefore, the Cooperative's President, or in his/her absence the Vice President, shall be the spokesperson for the Board of Trustees, except when otherwise authorized by the Board of Trustees.
- D. Trustees shall refrain, as individuals, from discussing management problems with the personnel of the Cooperative, except in cases where the Board of Trustees may deem it necessary to confer with personnel at regular or special meetings of the Board of Trustees.

- E. It shall be distinctly understood that the flow of authority for the management of the Cooperative shall pass through the General Manager and the General Manager shall be the connecting link between the Board of Trustees and the employees. The Board of Trustees shall require complete information from the General Manager concerning all matters in connection with the management of the Cooperative as set forth in Board policies.
- F. The Board of Trustees recognizes that efficient management of the Cooperative can exist only through mutual understanding and complete cooperation between the Board of Trustees and the General Manager. The General Manager is expected to produce results and give an account to the Board of Trustees of his/her stewardship. His/her performance cannot be optimized unless he/she is given latitude to exercise independent judgment in executing policies of the Board of Trustees. The Board of Trustees acknowledges that obligation and provides the General Manager the latitude of judgment and discretion and expects faithful performance in carrying out all of the policies of the Board of Trustees.
- G. The Board of Trustees recognizes its responsibility for the employment of a General Manager and further recognizes the additional responsibility for a systematic appraisal of his/her performance in order that growth, development, and effective improvements are encouraged. The Board of Trustees may, at its discretion, enter into a contract for the services of a General Manager.
- H. The General Manager shall report to the Board as a whole, and not to the individual Trustees. For day-to-day communications, the General Manager shall report to the President and receive direction from the President. If any Trustee has concerns involving the performance of the General Manager, Trustee shall address these concerns to the President or to the entire Board during Executive Session, rather than to the General Manager. It shall be the responsibility of the President to counsel the General Manager, as needed.
- I. Discussions concerning the General Manager's performance or aptitude for the position shall be conducted in Executive Session.

#### IV. RESPONSIBILITY

- A. The President of the Board of Trustees is responsible for inviting the attention of Board members to non-adherence to this policy.
- B. The Board of Trustees is responsible for the systematic appraisal of the General Manager's performance.
- C. The Board of Trustees shall be guided by the results of the most recent performance appraisal when evaluating the General Manager's salary.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVISED DATE: 04/22/2020

REVIEWED DATE: 06/15/2022

## **POLICY NO. 115**

**SUBJECT: ATTENDANCE AT REGIONAL, NATIONAL, AND STATEWIDE MEETINGS**

### **I. PURPOSE**

To encourage and promote adequate representation and participation of the Cooperative by Trustees at all regional, national, and statewide meetings.

### **II. POLICY CONTENT**

Trustees are encouraged to attend regional, national, and statewide meetings and will be reimbursed for the expenses of attending such meetings.

### **III. PROVISIONS**

- A. The Board shall, by resolution, approve the attendance of Trustees at the regional, national, statewide, local civic, state, community, or national organization, and, or other Cooperative organization meetings or any functions that would reasonably enhance the Trustee's ability to serve the Cooperative as a Trustee or officer.
- B. The Board shall name a voting delegate and one alternate to the regional and national meetings for both the National Rural Electric Cooperative Association and the National Rural Electric Cooperative Finance Corporation; in addition, delegates may be required for Federated Insurance and statewide meetings, among others. Those attending will make a full report to the Board.
- C. Trustees will be reimbursed for their reasonable expenses in accordance with policy.

### **IV. RESPONSIBILITY**

- A. It will be the responsibility of each Trustee to request to the Board of Trustees that he/she be authorized to attend any regional, national, or statewide meeting so that appropriate arrangements can be made.
- B. The General Manager and staff will be responsible for making the necessary arrangements.
- C. The Board may, by resolution, limit the number of Trustees attending regional, national and statewide meetings.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 2/18/2015

REVIEWED DATE: 09/28/2022

REVISED DATE: 10/28/2020

## **POLICY NO. 116**

**SUBJECT: TRUSTEES' FEES AND EXPENSES**

### **I. PURPOSE**

- A. To assure fair and equitable compensation for time spent by Trustees attending Board or committee meetings, or other functions involving the Cooperative.
- B. To provide reimbursement to Trustees for reasonable travel expenses incurred during the conduct of Cooperative business.

### **II. POLICY CONTENT**

In conformity with the Bylaws of the Cooperative, it is the policy of the Cooperative to pay Trustees an attendance fee and to reimburse Trustees for reasonable travel and other related expenses incurred as established in the provisions of this policy.

### **III. PROVISIONS**

#### **A. Attendance Fee**

Members of the Board of Trustees shall be paid a fee, set by Board resolution, for each day or part thereof for attendance at, or travel to or from (when separate travel days are required):

1. Regular or special meetings of the Board of Trustees attendance either in-person, or by online video conferencing and/or teleconference.
2. Should a Trustee miss a regular meeting for any reason, the Trustee may "make up" the meeting by visiting personally with the Trustee Vice President and General Manager to discuss the subjects deliberated during the meeting; and provided further, that a Trustee may not make up more than two (2) meetings within a twelve (12) -month period;
2. Committee meetings held on other than Board meeting days;
3. Authorized state, regional, national, or training meetings;
4. Authorized functions involving the Cooperative, at local civic, state, community, or national organization, and other Cooperative organizations; or
5. Any authorized functions which are reasonably enhancing the Trustee's ability to serve the Cooperative as a Trustee or officer.

## B. Transportation Expenses

Trustees shall be reimbursed for reasonable transportation expenses as follows:

1. When traveling by personal automobile, a Trustee shall be reimbursed at the prevailing mileage rate approved by the Internal Revenue Service for federal income tax purposes, plus any related charges, such as tolls, parking charges, or baggage fees; provided, however, that the amount to be reimbursed does not exceed the amount the Trustee would have been reimbursed had he/she traveled by air (coach fare) or the fractional charge to a single Trustee based on the total number of Trustees traveling in a rented coach; and further provided, in the event of a Trustee's medical restriction/inability to travel by air (in cases where such travel would be more economical), the Trustee's expense reimbursement shall be limited to the same amount as a Trustee traveling by air and up to an additional two (2) days of per diem compensation (but not including lodging or other travel expenses) is authorized in those cases where the distance involved clearly justifies such compensation in going and returning from the site of the event.
2. When traveling by means other than personal automobile, a Trustee shall be reimbursed reasonable costs for all reasonable transportation expenses incurred.
3. The cost of replacing a lost passenger ticket or boarding pass will be reimbursed by the Cooperative absent the Trustee's gross negligence.

Should a Trustee request a paper ticket in place of an electronic ticket, he/she will be responsible for any difference in cost between the paper ticket and the electronic ticket.

## C. Incidental Expenses

When a Trustee attends any of the meetings or functions listed in Section III.A. above, he/she shall be reimbursed actual, incidental expenses incurred, including meals and lodging costs for the Trustee. Alcoholic beverages are the responsibility of the Trustee. Trustees shall submit an itemized receipt of the actual expenditure. If a Trustee's spouse or significant other shares the room with the Trustee, and there are additional charges as a result of double occupancy, the Trustee shall be responsible for those additional charges only. If there are no additional charges, the spouse or significant other's cohabitation will be without charge to the Trustee or the spouse.

## D. Paying for Travel Expenses

Trustees should obtain a credit card in their own name to pay travel expenses. Trustees shall not be provided a Cooperative credit card. Where reasonable to do so, and requested by the Trustee, the Cooperative may pay for a Trustee's travel

tickets and hotel rooms in advance of the travel. Otherwise, Trustees will be reimbursed for the actual expenditures.

E. Unexpected Travel Expenses Incurred Due To An Emergency

In the event a Trustee must change his/her travel plans due to an emergency or other extenuating circumstances and incurs additional travel expenses, the Cooperative will reimburse the Trustee for such additional expenses subject to the approval of the Finance Committee.

F. Travel Cancellation

In the event a Trustee cancels a trip, he/she must give the Cooperative sufficient notice to cancel any reservations so as not to incur any expense for the canceled event. If the Trustee fails to provide the Cooperative sufficient notice to cancel reservations, he/she is responsible for those expenses. However, should the cancellation be due to a medical or other emergency or the demands of the Trustee's employer, the Trustee will not be responsible for any travel expenses incurred.

E. Other Expenses

Trustees who incur other incidental expenses as a part of or related to their service as a Trustee may be reimbursed for such expenses in the discretion of the Finance Committee. Such incidental expenses can include the cost of COVID, or pandemic-related testing expenses should the exposure occur at the Cooperative or in connection with the Trustee's service.

#### IV. RESPONSIBILITY

- A. It is the responsibility of each Trustee to submit an itemized expense report to include fees, all necessarily incurred expenses, and other authorized reimbursement expenses, including travel. Receipts of itemized expenses must be attached to the submitted itemized expense report. Expenses of spouses accompanying Trustees to meetings will not be reimbursed.
- B. It is the responsibility of the Finance Committee to review all Trustee expense reports and to ensure that all reimbursements are reasonable and in accordance with this policy.
- C. It is the responsibility of the Finance Committee to ensure that Trustee expenses are paid upon the submission of appropriate expense reports. When travel funds have been advanced, the Trustee Vice President and General Manager shall provide for appropriate reconciliation of the accounts.
- D. It is the responsibility of the Board of Trustees to develop, with the assistance of the Trustee Vice President and General Manager and the Controller, an annual



budget for fees and expenses of the Board of Trustees to be included in the Cooperative's Annual Work Plan and Budget.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 05/16/2015

REVISED DATE: 11/16/2022

REVIEWED DATE: 11/16/2022

## **POLICY NO. 117**

SUBJECT: COMMUNICATIONS WITH MEMBER-OWNERS

### **I. PURPOSE**

- A. To recognize the Cooperative's fundamental obligation to keep member-owners and the public fully informed.
- B. To establish the function of communications as an instrument of the policy of the Board of Trustees.

### **II. POLICY CONTENT**

The Cooperative will provide information to members and others to foster their support for the Cooperative's plans and programs.

### **III. PROVISIONS**

- A. The Cooperative will inform its member-owners about the operation, plans, progress, and problems of their Cooperative.
- B. Board of Trustees, Management, and employees are encouraged to become active participants in community affairs and civic organizations.
- C. The Cooperative will develop plans to foster the understanding, acceptance, and support of the system's objectives, plans, and programs among members and non-members and will inform, regularly, appropriate media and others of such objectives, plans, and programs.
- D. The Cooperative will provide leadership and cooperate in projects and activities dedicated to the betterment of the community, state, and nation, with particular emphasis on youth programs and rural and community development, and will work to secure favorable public opinion and understanding of such activities.
- E. The Cooperative will communicate its needs and interests to local, state, and national officials and work to secure their support of the programs and plans of the Cooperative.
- F. The Cooperative supports effective communications programs developed by our Statewide and national associations and will cooperate with these and other organizations in developing and improving such joint efforts.
- G. Press releases shall be periodically provided to newspapers, radio, social media, and television stations, as a matter of interest to the community, by the Manager of Member and Public Relations.

#### IV. RESPONSIBILITY

- A. The Board of Trustees shall be responsible for reviewing and adding to this policy as may be required by new methods of communication, changing situations, and circumstances.
- B. The General Manager shall be responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVIEWED DATE: 02/22/2023

REVISED DATE: 10/30/2019

## **POLICY NO. 118**

SUBJECT: SERVICES OF CONSULTANTS

### **I. PURPOSE**

To establish the conditions governing the selection, retention, and use of consultants and the relationships which should exist between the consultant and the Board of Trustees and the General Manager.

### **II. POLICY CONTENT**

It is recognized that effective management is the most important factor contributing to the success of a business enterprise. It is also recognized that management frequently needs to call upon outside specialists for advice and assistance so that decisions affecting the plans, policies, programs, and operations are well-informed.

Therefore, it shall be the policy of the Board of Trustees to encourage management's use of specialized consultants for advice and assistance in dealing with the problems pertaining to the continued success of the operation of the Cooperative and to direct management to include in the annual budget a sum that is sufficient to cover the expenses for such consultation.

### **III. PROVISIONS**

#### **A. Retention and Use of Consultants**

Consultants will be regularly retained and used in the following areas of management activity:

##### **1. Accounting**

Certified public accountants shall be retained for the annual financial audit. Accountants may also be retained on a fee basis to provide advice and assistance on accounting problems, retail rate studies, and similar projects.

##### **2. Engineering**

A certified engineer or engineering firm may be retained for specific projects or on a continuing service contract for the preparation of long-range engineering plans, the development of annual work plans, the inspection of completed work orders, or other matters.

3. Legal

An attorney or legal firm shall be retained on a fee basis determined by the Board and reflected in an engagement letter or other written agreement. The attorney (or a principal attorney in a firm) shall be identified as the Cooperative's general counsel. In addition, general counsel, with approval of the Board, may retain the services of outside counsel in situations where specialized knowledge that may be of value to the Cooperative as needed.

4. Management

Management consultants may be retained to study, analyze, and recommend improvements in management practices, policy formulation, organizational planning, the administration of the Cooperative's wage and salary program, and other matters.

5. Other

Other consultants may be retained when their specialized knowledge is needed.

B. Selection of Consultants

1. Consultants will be appointed by the Board of Trustees when their services are needed for financial audits of records and accounts, legal opinions on Board and Cooperative actions, major engineering studies, surveys, and analysis of management practices. The General Manager will be responsible for screening possible consultants and recommending to the Board the best-qualified persons or firms.
2. Authority is delegated by the Board of Trustees to the General Manager to appoint consultants when their services are needed to supplement the work of the management staff or to serve as advisors on specific operating problems.
3. A member of the Board of Trustees may not incur any consultant expenses on behalf of the Cooperative unless that Trustee has obtained prior approval from the President of the Board.

C. Relationships of Consultants

1. The Certified Public Accountant

The certified public accountant or firm of accountants will have a direct reporting relationship to the Board of Trustees when employed by the Board to perform audits of records and accounts. The General Manager shall be kept informed and will provide all possible assistance and advice

in making records and accounts available. The Board and/or the General Manager shall be responsible for requesting professional comments beyond minimum audit requirements. When rendering accounting advice and assistance in connection with day-to-day operations, this reporting relationship will be direct to the General Manager and through him/her to the staff.

2. The Consulting Engineer

The consulting engineer or engineering firm will have a direct reporting relationship to the Board of Trustees when the area of employment, such as long-range engineering studies, has been specifically determined by the Board. The consulting engineer will be responsible to the Cooperative's General Manager and in-house engineer in gathering the data and information needed for such studies. When used to supplement the regular permanent staff or to serve as an advisor to the General Manager in areas of operating problems, the direct reporting relationship will be to the General Manager.

3. The Attorney

- a. The attorney will have a reporting relationship to the Board of Trustees in all those areas relative to the basic legal entity of the Cooperative. In all areas concerned specifically with operations, the attorney will recognize a reporting relationship to the General Manager.
- b. The attorney selected to represent the Cooperative will be available, as requested by the Board and/or General Manager, at regular and special meetings of the Board of Trustees and at annual or special membership meetings to review and render opinions on current and potential legal difficulties which may be inherent in present or proposed Bylaws, policies, and actions.
- c. The attorney will be responsible for providing legal services on specific problems when requested, and for representing the Cooperative before courts, agencies and commissions when such representation is deemed necessary by the Board of Trustees and/or General Manager. A bill will be submitted for such services and approved by the General Manager.

4. The Management Consultant

The management consultant will render technical advice and assistance on the administration of approved policies, plans, and programs. In carrying out these responsibilities, his/her reporting relationship shall be direct to the General Manager and through him/her to the staff. In reporting on the recommendations resulting from a management audit or appraisal or on recommendations or revisions needed in Board-approved policies or plans, his/her reporting relationship shall be direct to the Board, but with full knowledge and understanding of the General Manager.

D. Responsibility and Reports

The General Manager shall furnish advice and counsel to the Board on the retention, selection, and use of consultants. This responsibility includes adequate provision for the same in the annual operating budget. The General Manager shall arrange for consultants to appear before the Board to present their reports and findings, if appropriate.

IV. RESPONSIBILITY

The Board of Trustees and the General Manager are responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 2/18/2015

REVISED DATE: 11/17/2021

REVIEWED DATE: 11/16/2022

## **POLICY NO. 119**

SUBJECT: FUNCTIONS AND COMPENSATION OF COOPERATIVE ATTORNEY

### **I. PURPOSE**

- A. To recognize the need for continuing legal guidance and counsel in the regular and special activities of the Cooperative so that maximum protection of the legal rights of the Cooperative is ensured, and operational conformity to the limitations prescribed by law is maintained.
- B. To provide for the functions of the legal consultant employed as the Cooperative's General Counsel on a service agreement basis and for additional counsel as required from time to time.

### **II. POLICY CONTENT**

The Cooperative shall maintain a continuing relationship with an attorney or a firm of attorneys to procure the necessary legal assistance and advice to protect the corporate interests of the Cooperative.

### **III. PROVISIONS**

#### **A. Functions**

The services required of the attorney will vary in nature and extent according to the conditions and problems that arise. These services can be divided into routine and special services.

##### **1. Routine Services**

Routine services shall be rendered on a retainer fee or hourly fee basis and shall include the following:

- a. Attending regular Board, Special, Committee, and Executive meetings, as requested by the Board or General Manager.
- b. Reviewing minutes of all regular Board meetings and checking conformity with the Bylaws and applicable state and federal laws and regulations.
- c. Reviewing of minutes, resolutions, and notice of meetings; reviewing the proceedings of the annual meeting of members and attending such meetings.



- d. Reviewing and providing legal approval of contracts and other documents as to form, substance, and execution.
- e. Drafting miscellaneous letters and addressing legal matters of a minor nature not requiring an unusual amount of time, study, and attention.
- f. Providing advice and consultation concerning miscellaneous matters of the Cooperative business, including personnel actions, as requested by the Board or General Manager.

2. Special Services

Special services for which the attorney would normally expect special compensation would include the following:

- a. Handling of loan documents and mortgages.
- b. Special right-of-way work.
- c. Handling deeds, abstracts, and legal matters pertaining to the sale or acquisition of property.
- d. All types of legal proceedings, other than those of a minor and routine nature and those handled by the legal department of the insurance carrier.
- e. Special requests for action, opinions, or advice that require study and research.
- f. Preparation of contracts other than those of a routine nature.
- g. Attendance at special Board meetings.
- h. Attendance at other special meetings and programs pertaining to the legal responsibilities and concerns of the Cooperative when required by the Board of Trustees or the General Manager.

B. Compensation

- 1. Routine service may be compensated for and included in the monthly or annual retainer fee as agreed upon by the Cooperative Board and the attorney or may be provided on a hourly fee basis.
- 2. Special services, as detailed above, shall be compensated at the hourly rate (or project fee) as contractually agreed upon from time to time by the General Counsel and the Board of Trustees. Additionally, the Board and

General Counsel should agree in advance on amounts to be charged for processing RUS, CFC, and other loans.

3. The Finance Committee has the authority to review quarterly invoices submitted to the Cooperative by the attorney.

#### IV. RESPONSIBILITY

The Board of Trustees shall designate the General Counsel. The President of the Board shall review and present the General Counsel's annual retainer agreement.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVISED DATE: 08/18/2021

REVIEWED DATE: 08/24/2022

## **POLICY NO. 120**

**SUBJECT: WAGE AND SALARY ADMINISTRATION FOR EMPLOYEES NOT COVERED BY A COLLECTIVE BARGAINING AGREEMENT**

### **I. PURPOSE**

- A. To establish salaries that will attract and retain qualified personnel and encourage strong performance, growth, and development.
- B. To provide employees with an assurance that their salaries compare favorably with what is paid for other positions having similar effort, duties and responsibilities within the area that the Cooperative recruits. It is recognized that some positions will involve different recruitment areas, and considerations involving market rates in those areas, other than the Cooperative's immediate labor market area.
- C. To assure both management and employees that performance will be appraised systematically, fairly, and, consistently, and that each employee will be provided with the advice, counsel, assistance and/or training necessary to enable the employee to develop, improve, and advance within the Cooperative and within demonstrated capabilities.
- D. To enable management to determine more accurate budget requirements and training needs and to engage in such conduct on a planned and controlled basis; further, to permit the Board of Trustees to more accurately determine budget requirements and long range planning for salary and benefits costs.
- E. To determine salary increases and promotions on the basis of demonstrated individual performance.
- F. To maintain consistency in application of general pay practices throughout the Cooperative.

### **II. POLICY CONTENT**

Consistent with the provisions of this policy, the Board of Trustees delegates certain authority respecting the development and implementation of wage and salary administration to the General Manager.

### **III. PROVISIONS**

It shall be the policy of the Cooperative to maintain a systematic Wage and Salary Schedule for employees not covered by a collective bargaining agreement.

- A. The Wage and Salary Schedule will:
1. Reward superior performance of the employees in the fulfillment of their duties and responsibilities for the Cooperative.
  2. Recognize continued, loyal service to the Cooperative.
  3. Provide the impetus for the employees to increase productivity on the job and to become better skilled in the activities related to their job duties and performance.
- B. The Board shall be responsible for hiring and retaining a Wage and Salary Plan consultant. Every other year, the consultant shall evaluate the existing Plan under procedures that generally recognize increases or decreases in the Consumer Price Index (All Cities, US Average), the Employment Cost Index, and other federal or business indices that may assist the consultant in evaluating the appropriateness of a recommendation to increase or decrease the rate range levels. In addition, the consultant shall evaluate labor market conditions that dictate changes in specific job positions or categories utilizing the studies of the National Rural Electric Cooperative Association, the New Mexico Rural Electric Cooperative Association, and such other statewide surveys as may be obtainable within the electric cooperative industry. Where possible, the studies should include information obtainable from other employers within the Cooperative's immediate labor market area for those positions involving more localized recruitment. Furthermore, the consultant shall be responsible for evaluating changes in the job duties and responsibilities of individual Cooperative positions and their actual and apparent ranking (in relationship to each other) in the Wage and Salary Rate Range Schedule.
- C. The consultant's study and recommendation shall, if possible, be presented prior to June 30 of every other year simultaneously to the General Manager and the Board of Trustees. After the study, the General Manager shall make a recommendation to the Board of Trustees which may include adoption of the consultant's proposal, or recommendation of a different proposal – either higher or lower than the consultant's recommendation. The Board of Trustees will subsequently determine the adjustment.
- D. The actual design of the Wage and Salary Schedule as between “inside” and “outside” employees, and “non-exempt” and “exempt” shall be determined by the consultant, along with the General Manager. Specifically, however, the General Manager position shall not be included in the Schedule. The Board of Trustees shall be informed concerning the nature of the Plan and how the various groups of employees are considered.
- E. Periodically, the General Manager and the Wage and Salary Plan consultant shall review and evaluate the duties, responsibilities and requirements of the various

positions within the Wage and Salary Schedule, revising, if necessary, the ranking between and among the positions and the assigned pay grades.

- F. The Wage and Salary Plan Schedule shall also implement a procedure for annually evaluating an employee's performance.
- G. The Wage and Salary Schedule shall specifically address issues involving the Apprentice Lineman Training Program and the Meter Technician Training Program, establishing evaluation time segments for the apprentices and providing for pay adjustments as the apprentice completes a segment in the Apprentice Program.
- H. Employees will be evaluated each year and will thereafter be eligible for a market value adjustment effective the first pay period in January, based on the results of the individual's performance evaluation. The foregoing assumes the Board of Trustees has approved a recommendation of budgetary amounts for this purpose.

#### IV. RESPONSIBILITY

- A. The Board of Trustees shall be responsible for approving any changes to the Wage and Salary Plan and Ranges, excepting revisions that may be required relative to a position ranking in relation to other positions within the job group and for individual adjustments that are deemed appropriate by the General Manager.
- B. This policy will be administered by the General Manager. All performance appraisals, transfers, promotions and salary and wage changes will be reviewed by and approved by the General Manager.
- C. The General Manager shall be responsible for enforcement of the provisions of this policy and for recommending to the Board any needed changes in the Plan or increases to salary scales. The General Manager shall be responsible for adopting and implementing an administrative wage and salary plan under the specific general directives contained in this policy.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVISED DATE: 12/22/2021

REVIEWED DATE: 12/22/2021

## **POLICY NO. 121**

SUBJECT: SECURING CONFIDENTIAL MEMBER AND EMPLOYEE DATA WHILE  
RETAINING AND DESTROYING RECORDS

### **I. PURPOSE**

- A. To protect and secure the confidentiality of identifying information and other sensitive records concerning members and employees.
- B. To comply with legal obligations relating to the use and destruction of confidential identifying information.
- C. To maintain a current and accurate listing of the members of the Cooperative and a file on all transactions, records, and correspondence with the members.

### **II. POLICY CONTENT**

- A. The term “confidential identifying information” as used in this policy includes documents containing any of the following information:
  - 1. Social security numbers or taxpayer-identification numbers;
  - 2. Driver’s license numbers, State identification numbers or passport numbers;
  - 3. Checking account numbers;
  - 4. Savings account numbers;
  - 5. Credit card numbers;
  - 6. Debit card numbers;
  - 7. Personal Identification Number (PIN) codes relating to any financial accounts;
  - 8. Electronic identification numbers, e-mail names or addresses, Internet account numbers or Internet identification numbers;
  - 9. Digital signatures;
  - 10. Any other numbers or information that can be used to access a person’s financial resources;
  - 11. Biometric data;

12. Fingerprints;
13. Passwords; and
14. Parent's surname prior to marriage.

Note: kWh usage information for a vacant premise shall not be regarded as confidential information.

B. The term "confidential personnel records" as used in this policy shall include:

1. Applications;
2. Resumes;
3. Personnel files;
4. Credit and background reports;
5. I-9 forms;
6. Performance reviews;
7. Disciplinary records;
8. Payroll records;
9. Separation records;
10. Employee benefit records;
11. Medical records;
12. Worker injury records; and
13. Any other record relating to any current or former employee that contains identifying information.

C. Confidential identifying information and confidential personnel records shall be stored in secured cabinets and/or locked rooms. Access to such information will be restricted to Cooperative personnel or other third parties who require access for the purpose of serving the Cooperative's business requirements.

D. The Cooperative shall ensure that confidential member information and confidential personnel records are destroyed in a manner that will protect against unauthorized access to or use of the information in connection with or after its disposal. Approved methods for destroying paper records under this policy shall be limited to burning, pulverizing, or shredding.

- E. The Cooperative shall not sell, donate, transfer or otherwise dispose of any electronic medium, including but not limited to computer equipment, disks, tapes, electronic files, and other non-paper media, until after the Cooperative's General Manager has verified that all confidential information on said media has been erased or destroyed in a manner that would prevent reading or reconstructing of any confidential identifying information contained therein.
- F. The Cooperative shall maintain technologically appropriate methods and procedures of protecting against unauthorized access to its computer networks.
- G. The Cooperative may, after due diligence, enter into a written contract with another entity engaged in the business of record destruction to destroy personal information in a manner consistent with all confidentiality obligations. The Cooperative shall conduct ongoing monitoring of the security practices of any firm selected under this subsection. Initial due diligence under this subsection shall include one of the following:
  - 1. Reviewing an independent audit of the disposal business's operations or its compliance with applicable State and Federal regulations regarding identity theft.
  - 2. Obtaining information about the disposal business from at least three (3) references or other reliable sources and requiring that the disposal business be certified by a recognized trade association or a similar third party with a reputation for high standards of quality review.
  - 3. Reviewing and evaluating the disposal business's information security policies and procedures or taking other appropriate measures to determine the competency and integrity of the disposal business.
- H. Social Security Numbers: The Cooperative shall protect the confidentiality of social security numbers in accordance with the requirements of any applicable State and/or Federal law. Such numbers shall not be communicated to the general public, printed on mailings to the individual, or disclosed to third parties that lack a legitimate purpose for obtaining access to the affected social security number. The Cooperative shall obtain a legal audit of all existing uses of social security numbers and shall not thereafter change its practices involving social security numbers without obtaining privileged legal guidance concerning the permissibility of the changed practice.
- I. Notification of Security Breaches
  - 1. In the event of a security breach involving misappropriation of confidential identifying information where harmful or illegal use of the information has occurred or is likely to occur, the Cooperative shall provide prompt notice of said breach to the affected person in accordance with the law. However, a notification may be delayed if a specific law enforcement officer provides a written statement that timely notification



may impede a criminal investigation or jeopardize national or homeland security.

2. The notification obligation is intended to alert persons to breaches involving sensitive data giving rise to an appreciably increased risk of illegal or harmful conduct. Accordingly, the notice obligation shall not apply to inadvertent security breaches involving electronic identification numbers, e-mail names, and addresses, Internet account numbers, Internet identification names, parent's legal surnames prior to marriage, or passwords unless this information would permit access to a person's financial account or resources. Similarly, the notification obligation shall not apply to security breaches involving personnel records that do not otherwise meet the definition of confidential identifying information subject to the notification provision of this policy.
3. Notice under this policy shall be in the form of a written letter delivered via U.S. Mail, shall be clear and conspicuous, and shall include a description of the following:
  - a. The incident in general terms;
  - b. The type of confidential identifying information that was subject to the unauthorized access and acquisition;
  - c. The Cooperative's general efforts to protect the confidential information from further unauthorized access;
  - d. A telephone number that the person may call for further information and assistance if one exists; and
  - e. Advice that directs the person to remain vigilant by reviewing account statements and monitoring free credit reports.
4. In the event that notice is due to more than 1,000 persons at one time, the Cooperative shall promptly notify the Consumer Protection Division of the Attorney General's Office and all consumer reporting agencies that compile and maintain files on consumers on a nationwide basis, as defined in 15 U.S.C. § 1681a(p), of the timing, distribution, and content of the notice.

### III. RESPONSIBILITY

The General Manager shall be responsible for the administration and enforcement of this policy.

APPROVED BY THE BOARD OF TRUSTEES

  
\_\_\_\_\_  
PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVISED DATE: 12/21/2022

REVIEWED DATE: 12/21/2022

## **POLICY NO. 122**

SUBJECT: RETENTION OF CORPORATE RECORDS

### **I. PURPOSE**

- A. To comply with various federal and state regulations concerning the retention of Cooperative records.
- B. To establish systematic procedures concerning the retention and disposal of Cooperative records.
- C. To allow for the creation and retention of electronic records.

### **II. POLICY CONTENT**

#### **A. Corporate and General Records**

- 1. Annual reports and statements to Cooperative members shall be retained for five (5) years.
- 2. All general written communications to members shall be retained for three (3) years.
- 3. Records of actions approved by the members shall be retained for three (3) years.
- 4. Organizational Documents
  - a. Minute books of the member, Trustee, and Trustee committee meetings shall be retained indefinitely as a permanent record or until termination of the Cooperative's existence, whichever occurs first.
  - b. Title, franchises, licenses, and copies of formal orders of regulatory commissions served upon the Cooperative shall be retained indefinitely as a permanent record.
- 5. Contracts
  - a. Service contracts for management, accounting and/or financial services and any related memoranda and revisions shall be retained for four (4) years after the expiration of the contract or until the conclusion of any contract disputes pertaining to such contracts, whichever is later.
  - b. Contracts with others for the transmission or the purchase, sale, or interchange of a product will be retained for four (4) years after

expiration of the contract or until the conclusion of any contract disputes or governmental proceedings pertaining to such contracts, whichever is later.

- c. Any memoranda that are essential to clarifying or explaining provisions of the contracts listed above, including requests for discounts, shall be retained for the same period as the contracts to which they relate.
- d. All card or book records of contracts, leases, and agreements made that show the date of expiration and renewal, and all memoranda of receipts and payments under such contracts will be retained for the same period as the contracts to which they relate.

6. Accountant and Auditor Reports

- a. Reports of examinations and audits by accountants and auditors not in the regular employ of the Cooperative shall be retained for seven (7) years from the date of such report.
- b. Internal audit reports and working papers shall be retained for seven (7) years after the date of the report.

B. Information Technology Management

1. Automatic Data Processing Records

- a. Retain original source data used as input for data processing and data processing report printouts for the applicable periods prescribed in this policy.
- b. Software program documentation and any revisions shall be retained as long as it represents an active, viable program or for periods prescribed for related output data, whichever is shorter.

C. General Accounting Records

1. General and Subsidiary Ledgers

- a. General ledgers and indexes to general ledgers shall be retained for ten (10) years.
- b. Ledgers subsidiary or auxiliary to general ledgers and indexes to subsidiary ledgers shall be retained for ten (10) years.
- c. Trial balance sheets of general and subsidiary ledgers shall be retained for ten (10) years.

2. Journals

- a. General and subsidiary journals shall be retained for ten (10) years.
  - b. Journal vouchers and journal entries, including supporting detail, shall be retained for ten (10) years.
  - c. Analyses, summarization, distributions, and other computations which support journal vouchers and journal entries for charging plant accounts shall be retained for twenty-five (25) years.
  - d. Analyses, summarization, distributions, and other computations that support journal vouchers and journal entries for all other accounts shall be retained for six (6) years.
3. General and subsidiary or auxiliary cash books shall be retained for five (5) years after the close of the fiscal year.
  4. Vouchers
    - a. Voucher registers or similar records, when used as a source document, shall be retained for five (5) years.
    - b. Paid and canceled vouchers shall be retained for five (5) years.
    - c. Original bills and invoices for materials, services, etc. paid by vouchers shall be retained for five (5) years.
    - d. Paid checks and receipts for payments of specific vouchers shall be retained for five (5) years.
    - e. List of unaudited bills (accounts payable), list of vouchers transmitted, and memoranda regarding changes in audited bills can be destroyed at the Cooperative's option.
    - f. Voucher indexes can be destroyed at the Cooperative's option.
- D. Insurance - Prior to destruction and disposal, insurance policies and related records shall be carefully reviewed for the possibility that they could provide coverage for a loss that occurs or is otherwise discovered at some point in the future. If such possibility does not exist, outdated policies (other than general liability policies) shall be destroyed according to the following standards:
1. Records of general liability policies, showing coverage, premiums paid, and expiration dates, shall be retained in perpetuity.
  2. Records of other insurance policies, showing coverage, premiums paid, and expiration dates, shall be retained for twelve (12) years.

3. Records of amounts recovered from insurance companies in connection with losses and claims against insurance companies, including reports of losses and supporting papers, shall be retained for six (6) years.

E. Transmission and Distribution - Public Utilities and Licensees

1. Substation and transmission line logs shall be retained for three (3) years.
2. The system operator's daily logs and reports of operations shall be retained for three (3) years.
3. Transformer history records shall be retained for thirty-five (35) years. Transformer size and location records shall be maintained on detailed maps, which shall be retained indefinitely.
4. Records of transformer inspections, oil tests, etc. shall be maintained for thirty-five (35) years.
5. Maintenance Work Orders and Job Orders
  - a. Authorizations for expenditures for maintenance work to be covered by work orders, including memoranda showing the estimates of costs to be incurred, shall be retained for five (5) years.
  - b. Work order sheets to which are posted in detail the entries for labor, material, and other charges in connection with maintenance, and other work pertaining to utility operations shall be retained for five (5) years.
  - c. Summaries of expenditures on maintenance and job orders and clearances to operating other accounts (exclusive of plant accounts) shall be retained for five (5) years.

F. Plant and Depreciation

1. Plant Ledgers
  - a. Ledgers of utility plant accounts, including land and other detailed ledgers showing the cost of utility plant by classes, shall be retained for twenty-five (25) years.

- b. Continuing plant inventory ledger, book or card records showing description, location, quantities, cost, etc. of physical units (or items) of utility plant, shall be retained for twenty-five (25) years.
2. Construction Work in Progress Ledgers, Work Orders, and Supplemental Records
  - a. Construction work in progress ledgers shall be retained for five (5) years after clearance to plant account, provided continuing plant inventory records are maintained. Otherwise, five (5) years after plant is retired.
  - b. Work order sheets for labor, materials and other charges for utility plant additions and the entries closing the work orders to utility plant in service at completion, shall be retained for five (5) years after clearance to plant account, provided continuing plant inventory records are maintained. Otherwise, five (5) years after plant is retired.
  - c. Authorizations for expenditures for additions to utility plant, including memoranda showing the detailed estimates of cost, and the bases, therefore (including original and revised or subsequent authorizations) shall be retained for five (5) years after clearance to plant account except where there are ongoing RUS proceedings.
  - d. Requisitions and registers of authorizations for utility plant expenditures shall be retained for five (5) years after clearance to plant accounts except where there are ongoing RUS proceedings.
  - e. Completion or performance reports showing comparison between authorized estimates and actual expenditures for utility plant additions shall be retained for five (5) years after clearance to plant account except where there are ongoing RUS proceedings.
  - f. Analysis or cost reports showing quantities of materials used, unit costs, number of working hours, etc. in connection with completed construction project shall be retained for five (5) years after clearance to plant account except where there are ongoing RUS proceedings.
  - g. Records and reports pertaining to the progress of construction work, the order in which jobs are to be completed, and similar records which do not form a basis of entries to the accounts, shall be destroyed at the option of the Cooperative.
3. Retirement Work in Progress Ledgers, Work Orders, and Supplemental Records

- a. Work order sheets to which are posted the entries for removal costs, materials recovered, and credits to utility plant accounts for the cost of plant retirement shall be retained for five (5) years after the plant is retired.
  - b. Authorizations for the retirement of utility plant, including memoranda showing the basis for determination to be retired and estimates of salvage and removal costs shall be retained for five (5) years after plant is retired.
  - c. Registers of retirement work shall be retained for five (5) years.
4. Summary sheets, distribution sheets, reports, statements, and papers directly supporting debits and credits to utility plant accounts not covered by construction or retirement work orders (including all supporting records) shall be retained for five (5) years.
5. Appraisals and Valuations
  - a. Appraisals and valuations made by the Cooperative of its properties or investments, or of the properties or investments of any associated companies (including all records essential thereto) shall be retained for three (3) years after such appraisal.
  - b. Determinations of amounts by which properties or investments of the Cooperative, or any of its associated companies, will be either written up or down as a result of:
    - (1) Mergers or acquisitions: retain for ten (10) years after completion of transaction or as ordered by any Agency.
    - (2) Asset impairments: retain for ten (10) years after the recognition of asset impairment.
    - (3) Other bases: retain for ten (10) years after the asset was written up or down.
6. Original or reproduced engineering records, drawings and other supporting data for proposed or as-constructed utility facilities, such as maps, diagrams, profiles, photographs, filed survey notes, plot plan, detail drawings, records of engineering studies and similar records showing the location of proposed or as-constructed facilities shall be retained until the plant is retired.
7. Right of Way easements shall be retained indefinitely.
8. Contracts Relating to Utility Plant



- a. Contracts relating to the acquisition or sale of a utility plant shall be retained for six (6) years after such plant is retired or sold.
  - b. Contracts and other agreements relating to services performed in connection with the construction of a utility plant (including contracts for the construction of the plant by others for the utility and for supervision and engineering relating to construction work) shall be retained for six (6) years after such plant is retired or sold.
9. Records pertaining to the reclassification of utility plant accounts to conform to prescribed systems of accounts, including supporting papers showing the bases for such reclassifications, shall be retained for six (6) years.
10. Records of accumulated provisions for depreciation and depletion of utility plant and supporting computation of expense:
  - a. Detailed records or analysis sheets segregating the accumulated depreciation according to the functional classification of plant shall be retained for twenty-five (25) years.
  - b. Records reflecting the service life of property and the percentage of salvage and cost of removal for property retired from each account for depreciable utility plant shall be retained for twenty-five (25) years.

**G. Purchases and Stores**

1. Procurement
  - a. Agreements entered into for the acquisition of goods, or the performance of services, including all forms of agreements such as letters of intent, exchange of correspondence, master agreements, term contracts, rental agreements and the various types of purchase orders shall be retained for six (6) years.
  - b. Supporting documents including accepted and unaccepted bids or proposals (summaries of unaccepted bids or proposals may be kept in lieu of originals) evidencing all relevant elements of the procurement shall be retained for six (6) years.
2. Ledger sheets of materials and supplies received, issued, and on hand shall be retained for six (6) years after the date the records/ledgers were created.
3. Records showing the detailed distribution of materials and supplies issued during accounting periods shall be retained for six (6) years.
4. Records of authorization and contracts for the sale of scrap materials and supplies shall be retained for three (3) years.

## H. Revenue Accounting and Collecting

1. The Cooperative shall maintain consumer account records sufficient to calculate and allocate patronage capital, including any reductions in such capital as a result of debts owed to the Cooperative.
2. Member service applications and contracts, including amendments for extensions of service, shall be retained for four (4) years.
3. General files of published rate sheets and schedules of utility service, including schedules suspended or superseded, shall be retained for six (6) years after published rate sheets are superseded or no longer used to charge for utility service.
4. Maximum demand and demand meter record cards shall be retained for one (1) year, except where the basic chart information is transferred to another record, in which case the charts need only be retained for six (6) months, provided the basic data is retained one (1) year.
5. Billing department's copies of contracts with members (other than contracts in general files) may be destroyed at the Cooperative's option.
6. Summaries of monthly operating revenue according to classes of service, including summaries of forfeited discounts and penalties, shall be retained for five (5) years.

## I. Tax Records

1. Copies of tax returns and supporting schedules filed with taxing authorities, supporting working papers, records of appeals of tax bills and receipts for payments shall be retained, according to the following:
  - a. For income tax returns, seven (7) years after final tax liability is determined.
  - b. For property tax returns, seven (7) years after final tax liability is determined.
  - c. For sales and other use taxes, seven (7) years.
  - d. For agreements between associate companies as to the allocation of consolidated income taxes, seven (7) years after final tax liability is determined.
  - e. For a schedule of allocation of consolidated Federal income taxes among associate companies, seven (7) years after final tax liability is determined.

- f. For filings with tax authorities to qualify employee benefit plans, five (5) years after discontinuance of plan.
- g. For information returns and reports to taxing authorities, three (3) years after final tax liability is determined.

J. Treasury Records

1. Statements of Funds and Deposits

- a. For statements of periodic deposits with fund administrators or trustees, retain records from the most recent three (3) years.
- b. For statements of periodic withdrawals from the fund, retain records from the most recent three (3) years.
- c. Statements prepared by the fund administrator or trustees of fund activity, including beginning of year fund balance, deposits with the fund, acquisition of investments held by the fund, disposition of investments held by the fund, disbursements from the fund, including the party to whom disbursement was made, and end of year fund balance shall be retained until the fund is dissolved or terminated.

2. Records of Deposits

- a. Statements from depositories showing the details of funds received, disbursed, transferred, and balances on deposit may be destroyed at the Cooperative's option after completion of an audit by independent accountants.
- b. Check stubs, registers, or other records of checks issued shall be retained for three (3) years.

K. Department of Transportation Inspection Forms and Vehicle Repair Reports

- 1. Annual vehicle inspection, repair, and maintenance records indicating their date and nature shall be retained for fourteen (14) months.
- 2. Daily post-trip inspection reports and the certification of repairs shall be retained for three (3) months from the date of preparation.
- 3. Vehicle inspection, repair, and maintenance records indicating their date and nature shall be retained for six (6) months after the motor vehicle leaves the Cooperative's control.
- 4. Accident records shall be maintained for three (3) years after an accident occurs.

L. Miscellaneous Records

1. Financial, operating, and statistical reports used for internal administrative or operating purposes shall be retained for five (5) years.
2. Budgets and other forecasts of estimated future income prepared for internal administrative or operating purposes shall be retained for three (3) years.
3. Receipts and expenditures in connection with the financing, construction, and operations, including acquisitions and disposals of properties or investments shall be retained for three (3) years.
4. Records of predecessor companies shall be retained consistent with the requirements for the same types of records of the Cooperative.
5. Reports to Federal and State regulatory commissions, including annual financial, operating and statistical reports will be retained for five (5) years.

M. Electronic Records

1. Electronic records may be retained in place of the original record whenever possible.
2. An electronic record shall have the same force and effect as the original record if:
  - a. The information in the electronic record accurately reflects the information set forth in the original record's final form; and
  - b. The record remains accessible for later reference.
3. Once an electronic version of the original record has been created, the original record may, but shall not be required to, be destroyed.

N. Personnel Records shall be maintained according to the separate Board policy on maintenance periods for personnel records, as administered by the Executive Secretary.

O. Records subject to a litigation hold shall be maintained according to the separate Board policy on litigation hold.

### III. RESPONSIBILITY

The General Manager shall be responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVIEWED DATE: 01/26/2022

REVISED DATE: 11/24/2020

## **POLICY NO. 123**

SUBJECT: MAINTENANCE PERIODS FOR PERSONNEL RECORDS

### **I. PURPOSE**

- A. To comply with various federal and state laws and regulations concerning the retention of employment records;
- B. To establish calendaring procedures concerning the disposal of outdated employment records; and
- C. To promote the efficient use of the Cooperative's storage resources and capacities.

### **II. POLICY CONTENT**

The Cooperative shall retain, preserve and destroy personnel and employment-related records according to the following record retention schedule, except to the extent that further record preservation is required under a Document Hold Notice:

#### **A. Recruitment**

##### **1. Advertisements:**

- a. Job postings and advertisements for job vacancies shall be retained for two (2) years following the selection of a candidate.
- b. Job postings and advertisements shall be placed in a separate file after the selection process. The file shall be conspicuously marked for destruction after the end of the two (2) year period.

##### **2. Applications and Resumes:**

- a. Except as provided herein, the Cooperative shall retain applications and resumes for one (1) year following a selection for the vacancy. Application forms shall indicate that applications and resumes will be destroyed after twelve (12) months. Unsolicited applications and resumes may be retained for six (6) months.
- b. The applications and resumes of non-selected candidates shall be placed in a separate file after the selection process. The file shall be conspicuously marked and dated for destruction after one (1) year.

- c. In the event of a legal challenge to any selection decision, all files relating to the subject position or job category, regardless of date, shall be immediately secured and retained pending further instruction from the Cooperative's legal counsel.

B. Personnel Files

1. The application and resume, if attached, of the selected candidate shall be placed in the new employee's personnel file and retained for the life of the file.
2. Performance reviews and disciplinary records shall be placed in the personnel file. Performance and disciplinary records shall be maintained for the life of the personnel file.
3. Upon separation of an employee, the personnel file shall be conspicuously marked for destruction five (5) years following the date of separation.
4. In the event of any legal challenge by an employee, the entire personnel file, and all other records relating to the employee shall be immediately secured and retained for delivery to the Cooperative's legal counsel.

C. I-9 Forms

1. The Cooperative shall maintain and preserve I-9 forms in a separate I-9 file.
2. The Cooperative shall destroy I-9 forms three (3) years after the date of hire or one (1) year after the date of termination, whichever is later.
3. The Cooperative shall re-verify all employees who present work authorizations that bear an expiration date and thereafter dispose of old I-9 forms.

D. Payroll

1. General payroll records shall be preserved for three (3) years following the date of creating the record. If general payroll records are preserved on a storage media server, records shall be kept for six (6) years following the date of creating the record.
2. Any records necessary for determining retirement benefits shall be preserved for at least six (6) years following the date of a lump-sum distribution.
3. Specific payroll records shall be preserved indefinitely to the extent they could be necessary for establishing or confirming eligibility for pension

benefits, or otherwise calculating the employees' levels of benefits under such Plans.

E. Employee Benefits

1. Employee benefit records for individual employees shall be maintained for the duration of employment, plus five (5) years after separation.
2. Plan documents shall be maintained for the life of the Plan, plus five (5) years.

F. Medical, Worker Injury and Exposure Records

1. All general medical records shall be maintained separately from personnel files. The medical records file shall be conspicuously marked for destruction three (3) years following the date of separation, subject to the specific requirements below.
2. As required by 29 C.F.R. 1910.1020, records of employee exposure to hazardous substances shall be maintained for the duration of employment, plus thirty (30) years.
3. Reports of work-related injury shall be maintained for five (5) years following the date of the incident.
4. In the event of a claim against the Cooperative's Workers' Compensation policy, record maintenance and disposal shall be coordinated with the Cooperative's insurance carrier.

G. Drug and Alcohol Tests

Drug and alcohol testing records, including records relating to the Cooperative's drug and alcohol testing for commercial drivers, shall be maintained for five (5) years from the date the record was created and treated as confidential medical records.

H. Affirmative Action

1. The Cooperative shall maintain any current affirmative action plan and its plans from the two (2) preceding years, such that at all times, it has a total of three (3) plans in its possession.
2. The Cooperative shall dispose of prior plans on a rotating basis, upon the receipt of the most recent plan.



### III. RESPONSIBILITY

The General Manager shall be responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES



PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVISED DATE: 12/21/2022

REVIEWED DATE: 12/21/2022

## **POLICY NO. 124**

**SUBJECT: DOCUMENT HOLD NOTICES AND ELECTRONIC DISCOVERY**

### **I. PURPOSE**

- A. To promote record preservation in the event of legal challenges;
- B. To comply with “e-discovery” obligations in the event of anticipated or actual litigation; and
- C. To facilitate identification of (1) all records and data potentially relevant to an actual or anticipated lawsuit, (2) the types of computer hardware used to store electronic data, (3) the types of software needed to review data, (4) portions of data that are privileged or confidential, and (5) types of records that may be inaccessible due to prior destruction or technical hurdles.

### **II. POLICY CONTENT**

- A. Preliminary Compliance:
  - 1. If the Cooperative should reasonably anticipate litigation, the Cooperative shall suspend all document destruction procedures. Obligations under this policy would arise, for instance, whenever the Cooperative receives an EEOC Charge, an investigatory request from an administrative agency, or notice of threatened litigation. Unsubstantiated rumors concerning a possible claim will not trigger obligations under this policy.
  - 2. The General Manager shall notify general or labor Counsel concerning the circumstances giving rise to anticipated litigation. Counsel and management shall conduct a privileged conference concerning the implementation of record preservation strategies.
  - 3. The General Manager or his designee shall issue and distribute a written Document Hold Notice to all personnel with knowledge relating to the anticipated litigation or claim, as well as all persons with the reasonable potential to have relevant records in their possession, custody or control.
  - 4. IT personnel shall be consulted immediately to determine whether there are any potentially relevant electronic records, including but not limited to e-mails, spreadsheets, presentations, phone records, electronic payment records, word processing records, draft documents, or other electronic files and documents.

5. The Document Hold Notice shall include a simple and plain statement concerning each of the following:
  - a. The nature of the actual or potential litigation;
  - b. The subjects and timeframes of potentially relevant evidence;
  - c. An explanation that the recipient has been recognized as someone with potential responsibilities under the policy;
  - d. Instructions that the recipient is prohibited from deleting or destroying potentially relevant records until the recipient receives written notice that the “hold” has been lifted; and
  - e. A statement of any specific instructions or special steps that the recipient should take upon receipt of the notice.
6. The Cooperative shall provide timely updates regarding the status of any litigation holds, including information regarding any anticipated termination of the hold.

**B. Investigations Following Hold Notice:**

1. The Cooperative shall take prompt action to monitor compliance with the litigation hold process. This process shall include personal interviews with relevant staff to identify sources of potentially discoverable information and protect such information from inadvertent destruction.
2. Personal interviews shall address the individual’s experience and exposure to document retention practices, including an analysis of software programs, locations for saving documents, preservation of e-mails, the potential existence of recently deleted files on backup media, preservation of backup media, access to servers, and information shared with Trustees.
3. IT personnel shall participate in all personal interviews to facilitate review and analysis of issues concerning:
  - a. The nature of hardware and software used by the employees;
  - b. Processes for identifying and preserving electronic data;
  - c. The nature of the Cooperative’s e-mail system;
  - d. The existence and nature of any electronic backup protocols;
  - e. Whether the Cooperative has any archival or legacy information;

- f. An evaluation of whether it would be prudent to mirror computer hard drives, taking into account the issues involved in the case, the identity and location of potential witnesses and other potential sources for the records; and
- g. The existence of potentially relevant metadata.

C. Preservation of Records:

- 1. The Cooperative shall preserve all electronic and paper records potentially relevant to any actual or anticipated litigation until Counsel advises them that the hold can be rescinded.
- 2. Upon termination of the litigation hold, the Cooperative shall revert to its normal document destruction policy and promptly destroy documents that were otherwise scheduled for destruction during the period of the hold.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVIEWED DATE: 02/22/2023

REVISED DATE: 02/22/2023

## **POLICY NO. 125**

SUBJECT: RED FLAG PROGRAM FOR IDENTITY THEFT AND CREDIT REPORTING ACCURACY

### **I. PURPOSE**

Red flag program for preventing identity theft and ensuring credit report accuracy.

### **II. POLICY CONTENT**

- A. Identity theft under this policy is defined as an actual or attempted fraud using the identifying information (name, address, SSN, account number, etc.) of a Member or applicant.
- B. A “red flag” under this policy is defined as a pattern, practice, or specific activity indicating a risk of identity theft. Such red flags may include:
  - 1. incidents of identity theft experienced or detected in the past;
  - 2. alerts from consumer reporting agencies;
  - 3. the presence of suspicious documents or inconsistent data;
  - 4. suspicious name or address changes, or other personal identifying information;
  - 5. suspicious account activity;
  - 6. notices from Members, other electric utility systems, victims of identity theft, and/or law enforcement personnel, concerning the possibility or reasonable suspicion of fraudulent activity involving a Member account;
  - 7. material changes in the rates of usage of cooperative services;
  - 8. returned and undeliverable mail, despite continued usage of cooperative services; and/or
  - 9. data breaches in violation of the Cooperative’s policy for securing confidential member and employee data while retaining and destroying records.
- C. The relevance of red flags shall be evaluated based on principles of common-sense and sound business judgment, taking into account all relevant factors relating to the Member or applicant, the account, and other circumstances.

- D. The Cooperative shall implement reasonable procedures to prevent and detect identity theft of applicants, which shall include a requirement for reasonable proof of eligibility to establish service at the location. In the event of any instance of identity theft, the Cooperative shall review then-existing verification procedures and determine whether they remain adequate under the circumstances.
- E. The Cooperative shall implement reasonable procedures to verify the identity of persons for whom it obtains consumer reports, and reasonable procedures for reconciling the address of the consumer with the consumer reporting agency; and shall refrain from using a report where the consumer's identity cannot be so verified.
- F. In the event of genuine address discrepancies, the Cooperative shall use reasonable means to verify the consumer's correct address and then provide such confirmed addresses to the consumer reporting agency, within the reporting period. Verification steps may include verification with the applicant, reviewing the accuracy of the Cooperative's records, verifying the address through third-party sources, or using other reasonable means.
- G. Management shall establish and implement reasonable training programs to ensure the day-to-day application of this policy.
- H. Management shall continue to monitor the adequacy of this policy, and other policies and procedures that may already be in place, relating to the detection of red flags and other risks to the security of Member and applicant data. The Cooperative shall update its program from time to time based on experiences with identity theft, changes in methods of identity theft, changes in methods to detect, prevent and mitigate identity theft, changes in the types of accounts offered to Members, and other changes in business arrangements and practices.

### III. RESPONSIBILITY

- A. The Board of Directors shall be responsible for periodically reviewing and updating this policy.
- B. The General Manager and his designees among senior management shall be responsible for ensuring oversight of the development, implementation, and administration of the Program, training relevant staff, periodically updating the program, and overseeing service provider arrangements. The General Manager shall tailor the program to the size, complexity, and nature of the Cooperative's operations.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVISED DATE: 06/24/2020

REVIEWED DATE: 02/22/2023

## **POLICY NO. 126**

SUBJECT: WHISTLEBLOWER PROTECTION

### **I. PURPOSE**

- A. To provide a specific procedure for employees to file complaints or concerns regarding accounting, internal accounting controls, auditing matters, illegal conduct, and/or conflicts of interest.
- B. To protect employees engaged in whistleblower activities from retaliation and/or discrimination.

### **II. POLICY CONTENT**

Employees shall submit genuine concerns regarding accounting, internal auditing controls, auditing matters, illegal conduct, and/or conflicts of interest to the Finance Committee of the Cooperative's Board of Trustees utilizing the procedures set out in this policy. The Cooperative prohibits retaliation and discrimination against employees who file complaints in good faith as set out in this policy.

- A. The Cooperative's Board of Trustees has formed a Finance Committee which has established and will maintain procedures for:
  - 1. the receipt, retention, and treatment of complaints received by the Cooperative regarding accounting, internal accounting controls, auditing matters, illegal conduct and/or conflicts of interest; and
  - 2. the confidential, anonymous submission by Cooperative employees of concerns regarding questionable accounting or auditing matters.
- B. The Cooperative shall promptly forward all complaints and concerns regarding accounting, internal accounting controls, auditing matters, illegal conduct, and/or conflicts of interest to the Finance Committee for investigation.
- C. Complaints or concerns must be submitted using one of the procedures set out below and may be submitted anonymously. The confidentiality and anonymity of the complainant will be maintained to the extent possible.
  - 1. Employee(s) may submit their concerns in writing to the General Manager, who will then forward the complaint to the Chair of the Finance Committee. Complaints filed in this manner should be submitted in a sealed envelope labeled, "To be opened by the Finance Committee only;"



2. Employee(s) may submit their concerns in writing to the Cooperative's General Counsel. The Cooperative's General Counsel will forward the concerns to the Chair of the Finance Committee; or
  3. Employee(s) may submit their concerns in writing to the President of the Cooperative's Board of Trustees, who shall refer the matter to the Chair of the Finance Committee.
- D. Upon receipt of a complaint made in good faith, the Finance Committee shall investigate the matter and take appropriate corrective action, if necessary. The Finance Committee shall make reasonable efforts to protect the confidentiality and anonymity of the complainant. The Finance Committee shall retain all such complaints and concerns for a minimum of seven (7) years.
- E. The Cooperative prohibits retaliation and discrimination against any employee who provides information concerning suspected fraud or embezzlement and/or who files a complaint or concern in good faith pursuant to this policy. Furthermore, no employee shall be adversely affected because he/she refuses or fails to carry out a directive that constitutes fraud, or is a violation of state or federal law.

### III. RESPONSIBILITY

- A. All employees are responsible for reporting any conduct they in good faith believe violates this policy.
- B. The Finance Committee and the General Manager are responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 02/08/2015

REVISED DATE: 08/24/2022

REVIEWED DATE: 08/24/2022

## **POLICY NO. 127**

**SUBJECT: TRANSPARENCY IN THE PROCUREMENT OF GOODS AND SERVICES**

### **I. PURPOSE**

To provide transparency in the procurement of goods and services to ensure value and savings to the Members of the Cooperative while enhancing economic participation in the community.

### **II. POLICY CONTENT**

The Cooperative will maintain vendor lists, use competitive bidding procedures, and otherwise follow the procurement procedures set forth below. The Board will follow the procurement and acquisition standards set forth in this policy.

### **III. PROVISIONS**

#### **A. Vendor List:**

1. The Cooperative will maintain a list of vendors desiring to conduct business with the Cooperative. The list shall be for internal purposes only and does not guarantee notification or publication of requests for proposals (RFPs) or quotes (RFQs). Interested vendors are encouraged to follow the Cooperative's website for acquisition requests.
2. Vendors desiring to be included on the list shall submit the following information:
  - a. Registered business name;
  - b. Contact information (name, direct phone, and fax, e-mail address, physical address, billing address, website address);
  - c. Description of types of products or services;
  - d. Years in business; and
  - e. Description of past business dealings with the Cooperative.
3. Any vendor will be removed from the list if the Cooperative has not made purchases from the Vendor during the preceding two (2) year period.

**B. Competitive Bidding:**

1. The Cooperative will use competitive bidding for goods and services in the following circumstances:
  - a. Single purchases for goods costing \$5,000 or more;
  - b. Bulk purchases of the same good costing \$15,000.00 or more; and
  - c. Service orders costing \$15,000.00 or more.
2. Dollar amounts set forth in this policy shall be periodically adjusted for inflation based on reports of the Bureau of Labor Statistics.
3. By majority vote on the record, the Board may waive competitive bidding in certain circumstances as follows:
  - a. Repair of Fleet Vehicles
  - b. Power Line Construction Specialty Tools
  - c. Personal Protective Equipment (PPE)

**C. Vendor Requirements:**

1. Vendors shall be required to submit the following information prior to delivering any goods or providing any services to the Cooperative:
  - a. Vendor Data Form;
  - b. Completed IRS W9 Form; and
  - c. Proof of Liability Insurance (for services).
2. Safety:

Vendors failing to abide by applicable safety standards, including the appropriate use of Personal Protective Equipment (PPE), compliance with any applicable DOT regulations, and any other applicable federal, state and OSHA safety standards, may be subject to loss of their contract and consideration as a qualified bidder for future contracts, at the Cooperative's sole discretion.

**D. Purchase Orders and Documentation:**

1. The Cooperative will issue Purchase Orders for purchases meeting the thresholds for competitive bidding, or in its discretion, smaller purchases.

2. Invoice, packing slip, and service receipts shall mirror the Purchase Order.
3. Goods and services shall not be accepted prior to the issue of a Purchase Order.
4. Any changes to scope, quantity, or pricing will require the Cooperative's advance written approval.
5. Packing slips, identifying the Purchase Order number or the name of the Cooperative employee placing the verbal order for smaller purchases, will be required for each shipment of goods. Vendors are required to ensure that their third-party carriers are apprised of these requirements. Vendors are responsible for ensuring that deliveries are made to the location specified on the Purchase Order.

E. Invoicing:

1. Vendors shall present all invoices to Accounts Payable, as follows:

[ap@socorroelectric.com](mailto:ap@socorroelectric.com)

U.S. Postal Service

Hand Delivery

2. Invoices must contain the Purchase Order number or the name of the employee that placed the verbal order.
3. Vendors shall ensure that invoices mirror the Purchase Order in cost, quantity, description, terms, etc.
4. Sales/Use tax: Invoices shall not include any sales or use tax since the Cooperative is tax-exempt. In its discretion, the Cooperative may pay non-conforming invoices after subtracting line items for improper taxes.
5. Invoices must contain the word "Invoice" or they will be rejected.
6. All payment terms will be Net 30.
7. Separate invoices shall be issued for each Purchase Order. Vendors shall apply all payments to the referenced invoice/Purchase Order.
8. Vendors are prohibited from submitting invoices until after goods have been delivered or services have been satisfactorily performed.
9. Vendors shall provide a bill of lading for the items that are being received by SEC. An SEC employee will sign for receipt of items and will include it with the invoice.

F. Vendor Suspension:

Vendors will be suspended from providing services to the Cooperative for any of the following reasons:

1. Failure to perform or deliver according to contract specifications.
2. Collusion in the bidding process.
3. Soliciting Cooperative business from Trustees or otherwise addressing purchase matters with individual Trustees.
4. Providing false or misleading information in bid proposals, including failure to keep offers open for the specified length of time.
5. Failing to accept orders based on bids.
6. Failing to replace damaged goods or correct services deemed unacceptable by the Cooperative.
7. Failing to honor warranties.
8. Failure to adhere to the requirements of this policy after notice of Cooperative's acquisition procedures.
9. Any other reason in the Cooperative's sole discretion consistent with the provisions of this policy.

G. RUS Bid Requirements:

Where applicable, bid requirements established in applicable RUS regulations shall supersede any provision of this policy.

IV. RESPONSIBILITY

The Board of Trustees is responsible for ensuring the Cooperative's adherence to this policy. The General Manager shall be responsible for day-to-day compliance efforts.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 10/28/2015

REVISED DATE: 02/22/2023

REVIEWED DATE: 02/22/2023

## **POLICY NO. 128**

**SUBJECT: TRUSTEE'S OATH OF OFFICE AND ORIENTATION**

### **I. PURPOSE**

To establish a procedure by which each Trustee shall affirm that he/she will perform his/her duties under the guiding principles of the Cooperative.

To establish a procedure of orientation for newly-elected and/or appointed Trustees, that will inform new members of the Board of Trustees of the legal, regulatory, and electric utility environment of Cooperative operation.

### **II. POLICY CONTENT**

The oath of office set forth in Section III, below, shall be administered to each Trustee to formalize the Trustee's assumption of his/her duties as a Trustee.

The Cooperative shall implement the procedures set forth herein as an orientation of new Trustees.

### **III. PROVISIONS**

#### **Oath of Office**

Upon announcement of the results of the election of Trustees at the Annual Meeting of the Members, the Cooperative's General Counsel shall administer the following oath of office to each elected Trustee:

"As a Trustee of Socorro Electric Cooperative, I will act with the primary objective of furnishing the Cooperative's members with electric and other services of the highest and most dependable quality, at the most favorable cost possible, consistent with sound business principles and nonprofit operation; I will protect and preserve the true principles of the Cooperative, and I pledge to conduct my affairs and business life in a manner consistent with the high principles of the Cooperative."

#### **Orientation**

The Board of Trustees authorizes a meeting of each newly-elected and/or appointed Trustee with the Manager, staff members, and the Cooperative's General Counsel to inform the new Trustee of the Cooperative's legal, regulatory and operational issues and concerns. The orientation meeting is expected to occur within 30-45 days of an election.

IV. RESPONSIBILITY

The Board of Trustees is responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVISED DATE: 04/22/2020

REVIEWED DATE: 08/24/2022

## **POLICY NO. 129**

SUBJECT: APPOINTMENT TO BOARD OF TRUSTEES OF TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.

### **I. PURPOSE**

To provide representation of the Cooperative to Tri-State Generation and Transmission Association, Inc.

### **II. POLICY CONTENT**

The Cooperative shall appoint a Trustee or the General Manager to the Tri-State Generation and Transmission Association, Inc. Board of Directors and the person so appointed will be reimbursed for the reasonable expenses of attending all meetings of the Board of Directors or any committee of the Board of Directors to which such person may be appointed.

### **III. PROVISIONS**

- A. The Board shall, by resolution, appoint a Trustee or the General Manager to the Tri-State Generation and Transmission Association, Inc. Board of Directors for a two (2) year term at such times as Tri-State requires such appointments. The Board may appoint a person to consecutive terms.
- B. The Trustee or the General Manager appointed by the Board will be reimbursed for their reasonable expenses in accordance with Tri-State expense policy.
- C. The General Manager appointed by the Board will remit any funds paid by Tri-State for per diem, travel and expenses to the Cooperative upon receipt.
- D. Trustee must have at a minimum Credentialed Cooperative Director Certificate or preferably a Board Leadership Certificate from NRECA Director Education.

### **IV. RESPONSIBILITY**

- A. It will be the responsibility of the Trustee or General Manager so appointed to the Board of Directors that he/she be authorized to attend all meetings of Tri-State.
- B. The person appointed by the Board shall abide by the policies and bylaws of Tri-State Generation and Transmission Association, Inc.



APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVISED DATE: 09/22/2021

REVIEWED DATE: 09/28/2022

## **POLICY NO. 130**

**SUBJECT: APPOINTMENT TO BOARD OF TRUSTEES OF NEW MEXICO RURAL ELECTRIC COOPERATIVE ASSOCIATION.**

### **I. PURPOSE**

To provide representation of the Cooperative to New Mexico Rural Electric Cooperative Association.

### **II. POLICY CONTENT**

The Cooperative shall appoint a Trustee or the General Manager to the New Mexico Rural Electric Cooperative Association (NMRECA) Board of Trustees and the person so appointed will be reimbursed for the reasonable expenses of attending all meetings of the Board of Trustees or any committee of the Board of Trustees to which such person may be appointed.

### **III. PROVISIONS**

- A. The Board shall, by resolution, appoint a Trustee or the General Manager to the New Mexico Rural Electric Cooperative Association Board of Directors for a two (2) year term at such times as NMRECA requires such appointments. The Board may appoint a person to consecutive terms.
- B. The Trustee or the General Manager appointed by the Board will be reimbursed for their reasonable expenses in accordance with Cooperative policies.
- C. Trustee must have at a minimum Credentialed Cooperative Director Certificate; preferred Board Leadership Certificate from NRECA Director Education.

### **IV. RESPONSIBILITY**

- A. It will be the responsibility of the Trustee or General Manager so appointed to the Board of Directors that he/she be authorized to attend all meetings of NMRECA.
- B. It will be the responsibility of the Trustee or General Manager so appointed to the organization to make the appropriate arrangements to attend all meetings.
- C. The person appointed by the Board shall abide by the policies and bylaws of New Mexico Rural Electric Cooperative Association.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 03/25/2015

REVISED DATE: 09/22/2021

REVIEWED DATE: 09/28/2022

## **POLICY NO. 131**

SUBJECT: BOARD OF TRUSTEES USE OF SOCORRO ELECTRIC COOPERATIVE ELECTRONIC COMMUNICATION DEVICES.

### **I. PURPOSE**

To promote the most efficient operation of the Socorro Electric Cooperative (Cooperative) through better communication between directors, attorney(s), and management staff. Ensuring that all activities involving Cooperative communications and electronic communication facilities are tasteful and legal.

### **II. POLICY CONTENT**

The Cooperative e-mail accounts for Trustees will be the official e-mail address for all Cooperative business and communication that will be archived by the Cooperative. Reasonable precautions should be taken to prevent equipment theft, unauthorized use, or vandalism of Cooperative owned electronic communication devices.

### **III. PROVISIONS**

- A. The Cooperative will furnish and maintain an iPad or similar device with cellular/WiFi access for use by each of its Trustees for the duration of their tenure and will provide training on the use of such devices.
- B. The Cooperative's e-mail accounts will be set up for exclusive use in the device's default e-mail application.
- C. The Cooperative will furnish the application software for each electronic communication device necessary to meet the Cooperative's business needs and protect the device from unauthorized use or from theft or loss by ensuring the device's location can be traced.
- D. All files, displays, and content on the Cooperative's electronic communication devices at any time without regard to whether for business or personal use shall be in accordance with the Cooperative's policies and standards that oppose discrimination and harassment. Nothing shall be created, retrieved, saved, or sent over the Cooperative's facilities, whether for business or personal use, that would reflect poorly on the Cooperative, be illegal, or be considered discriminatory, offensive, or harassing if seen by others.
- E. No applications (apps) may be installed on a Cooperative electronic communication device without permission from the IT Coordinator or the General Manager. Consideration will be given to suitability, legality, hardware requirements, virus protection, and future support.

- F. Trustees obtaining access to other companies' or individuals' materials must respect all copyrights and may not copy, retrieve, modify, or forward copyrighted materials except with the copyright owners' permission. Certainly, this would prohibit knowingly downloading or distributing pirated software or data.
- G. To avoid unnecessary cellular charges, no on-line games shall be played or streaming of any video services using Cooperative electronic communication devices at any time.
- H. These electronic communication devices remain the property of the Cooperative and shall be returned at the conclusion of service as a director.

#### IV. RESPONSIBILITY

- A. It shall be the responsibility of the Board of Trustees to carry out this policy.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 02/18/2015

REVISED DATE: 11/16/2022

REVIEWED DATE: 11/16/2022

## **POLICY NO. 132**

### **SUBJECT: MEMBER ACCESS TO COOPERATIVE'S FINANCIAL & MANAGEMENT INFORMATION POLICY**

#### **I. PURPOSE**

To establish a policy that clarifies and defines a member's right to access to the financial and management information of The Socorro Electric Cooperative, Inc. (SEC) pursuant to Section 10.13 of the SEC Bylaws.

#### **II. ACCOUNTABILITY**

The General Manager and the Standing Committee are accountable for ensuring the implementation of and adherence to this policy.

#### **III. SCOPE**

The members of the Cooperative have a right to be adequately informed about the Cooperative's operations and financial condition.

Members shall have the right to inspect corporate records at reasonable times and places, for proper purposes reasonably related to the Member's interest in the Cooperative, but not for any purpose that would be harmful to the Cooperative or other Members. (Bylaw Section 10.13).

- A. This policy establishes the types of information routinely available to members without restriction or condition;
- B. This policy establishes the types of information which must, in the best interest of the trustees, employees, and the members, be maintained as confidential information, and therefore, will not be made available to members.

#### **IV. POLICY CONTENT**

The SEC Board of Trustees will strive to keep the members adequately informed about the Cooperative's operations and financial conditions, while appropriately protecting privileged, confidential, or proprietary information.

#### **V. PROVISIONS**

- A. The SEC will provide information in various ways, including;

1. Its newsletter;
  2. Website;
  3. Public filings such as the Public Regulation Commission (PRC);
  4. Information available at the Cooperative's offices and through its staff, and
  5. Reports presented at trustee meetings and membership meetings; and
  6. Written request submitted to the Cooperative's offices.
- B. The SEC will provide paper and/or scanned copies of the following records at a reasonable charge not to exceed the actual cost of labor and materials by more than 10% and within a reasonable time period. Members are not permitted to photograph corporate records during inspection with their personal electronic device.
1. The Cooperative's Articles of Incorporation, bylaws, rates, charges and fees, service rules and regulations, annual reports, contracts, and awarded bids with third parties.
  2. Any publication the Cooperative may have for general distribution relating to the efficient or safe use of electric energy, the Cooperative's energy use and conservation programs, and the like;
  3. The monthly board meeting "book" prepared for the trustees and containing the meeting agenda and copies of reports distributed to the trustees in connection with the meeting, including the monthly financial reports with the exception of documents containing confidential member and/or employee data or information in accordance with Board Policy 121- Securing Confidential Member and Employee Data While Retaining and Destroying Records.
  4. Year-end operating or other financial reports, for SEC's current and prior fiscal year, that are annually made to the Rural Utilities Service (RUS), and Internal Revenue Service (IRS) tax returns;
  5. Formal audit reports rendered annually by independent auditors;
  6. Approved minutes of any Regular, Annual, or Special Meeting.
  7. Trustee expense vouchers.
  8. Member names and addresses, providing a proper purpose.

## VI. PROTECTED INFORMATION

The following information will be considered protected and may not be disclosed:

1. The unapproved minutes of any prior meeting of the Board of Trustees;
2. Confidential communications and advice between the Cooperative and the Cooperative's attorneys, including invoices for services that contain certain protected communications.
3. Information concerning matters under negotiation with third parties until such time as the matter is concluded;
4. Confidential personnel records or confidential identifying information as defined in Policy No. 121 and;
5. Trade secrets or other information that is privileged, confidential, or proprietary.

The Cooperative disclaims any liability resulting from the improper and harmful publication of information disclosed under the provisions of this policy and may recall any information provided hereunder.

## VII. REQUEST REVIEW

1. The General Manager will, within a reasonable period not to exceed thirty (30) days, review any written request for information and, after consideration, may provide the information in a manual, digital, electronic, or other formats acceptable to the general manager.
2. The General Manager may refer the request to the Standing Committee for consideration and action. The Standing Committee shall also consider member requests for information either not acted upon by the general manager within thirty (30) days or denied.
3. The Standing Committee may take such time as it deems necessary to fully evaluate and consider such request.

## VIII. REQUEST FOR MEMBER ACCOUNT INFORMATION

1. When members request the release of their own account information, the members must demonstrate their identities by providing reasonable and unique identification information to the SEC.
2. Such reasonable and unique identification information may include, but will not be limited to, SEC account number, member number, facsimile signature, social security



number, federal employer identification number, driver's license or other picture identification, or a combination of these items.

3. Once the member's identity has been confirmed, the member may request that SEC release specific member information to themselves, or other individuals or third parties.

#### IX. COST TO PROVIDE

1. The Cooperative will at a reasonable cost to the requesting party, and in a format it determines acceptable, provide true and correct copies of items permitted by this policy.

#### X. RESPONSIBILITY

- A. It shall be the responsibility of the General Manager to present the request to the Board of Trustees to carry out this policy.
- B. It shall be the responsibility of the requesting member to fully comply with this policy, and a member may be refused future request for non-compliance with this policy

APPROVED BY THE BOARD OF TRUSTEES

  
\_\_\_\_\_  
PRESIDENT

EFFECTIVE DATE: 10/28/2015

REVIEWED DATE: 11/16/2022

REVISED DATE: 11/16/2022

## REQUEST FOR INFORMATION OR DATA

I, the undersigned, hereby state that I am a member in good standing with the Cooperative. The information or data I hereby request is solely for my own use. I fully understand that my request complies with the current SEC Bylaws Section 10.13 and Policy 121. The specific information I am requesting is as follows:

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The purpose for which I request the foregoing information is specifically as follows:

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The sole use to which I will put the requested information is specifically as follows:

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I hereby covenant that I have read and understand Board of Trustees Policy 132 and shall not allow the information to be used in any way or for any purpose other than as set forth above and in accordance with the policy. I understand by signing this request that if I violate Policy 132 privileges, my future information request will be refused for non-compliance.

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Member Number

## **POLICY NO. 133**

SUBJECT: APPOINTMENT TO BOARD OF DIRECTORS OR MEMBERSHIP OF AN ORGANIZATION

### **I. PURPOSE**

To provide Cooperative representation to an organization that Socorro Electric Cooperative Board of Trustees deems to be in the Cooperative's best interests and/or the best interests of its members.

### **II. POLICY CONTENT**

The Cooperative shall appoint a Trustee or the General Manager to an organization's membership or governing board. The person so appointed will be reimbursed for the reasonable expenses of attending all meetings of that organization or any committee to which the representative may be appointed.

### **III. PROVISIONS**

- A. The Board shall, by resolution, appoint a Trustee or the General Manager to the organization's membership or governing board for a one (1) year term following the annual meeting. The Board may appoint a representative to consecutive terms.
- B. The Trustee or the General Manager appointed by the Board will be reimbursed for their reasonable expenses in accordance with Cooperative policies.
- C. To be eligible under this policy for appointment, the Trustee must have at a minimum Credentialed Cooperative Director Certificate; preferred Board Leadership Certificate from NRECA Director Education.

### **IV. RESPONSIBILITY**

- A. It will be the responsibility of the Trustee or General Manager so appointed to the organization's membership or governing board to attend all meetings of the organization's board or committee.
- B. It will be the responsibility of the Trustee or General Manager so appointed to make the appropriate arrangements to attend all such meetings.
- C. The Trustee appointed by the Board shall abide by the policies and bylaws of the organization.

APPROVED BY THE BOARD OF TRUSTEES

  
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PRESIDENT

EFFECTIVE DATE: 12/22/2021

REVISED DATE: 12/22/2021

REVIEWED DATE: 12/21/2022