

*Official  
Notice of the...*

**78<sup>th</sup>**

**ANNUAL  
MEMBERSHIP  
MEETING**



This is your '**OFFICIAL NOTICE**' that the **Annual Meeting** of the members of the Otero County Electric Cooperative, Inc. will be held on **Saturday, August 5, 2017** beginning at 10:00 A.M. at the Cludcroft High School in Cludcroft, New Mexico to take action on the following matters:

- 1) Reports of Officers, Trustees, and Committees
- 2) The election of two (2) Trustees
- 3) Consideration of proposed by law changes
- 4) All other business which may come before the meeting  
or any adjournments thereof

Fred Hansen, Secretary

*Registration begins at 8:30 a.m.*

## *Election of Trustees*

Pursuant to Article IV Section 3 of Otero County Electric Cooperative's (OCEC) Bylaws, the following candidates were nominated by petition:

SOUTHWEST DISTRICT ..... NO PETITIONS SUBMITTED, TO BE APPOINTED

NORTHEAST DISTRICT ..... BILL BIRD

CENTRAL DISTRICT..... MATT FLOTTE

# Welcome to the...

# 78th

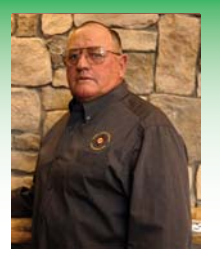


A Touchstone Energy® Cooperative 

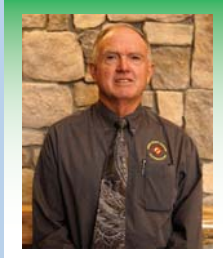
## Annual Membership Meeting, Saturday, August 5, 2017

Cloudcroft High School, Cloudcroft, New Mexico  
Registration Begins at 8:30 A.M.

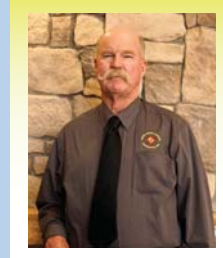
## Otero County Electric Cooperative, Inc. Trustees and Service Area



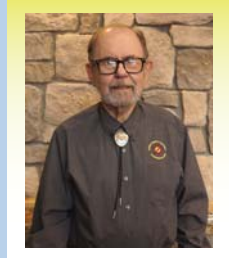
Preston Stone  
Northwest District  
Term Expires on August 4, 2018



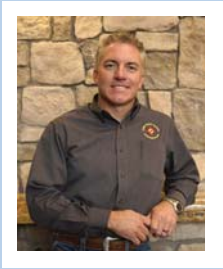
Scott Shafer  
Northwest District  
Term Expires on August 4, 2018



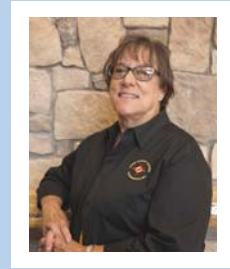
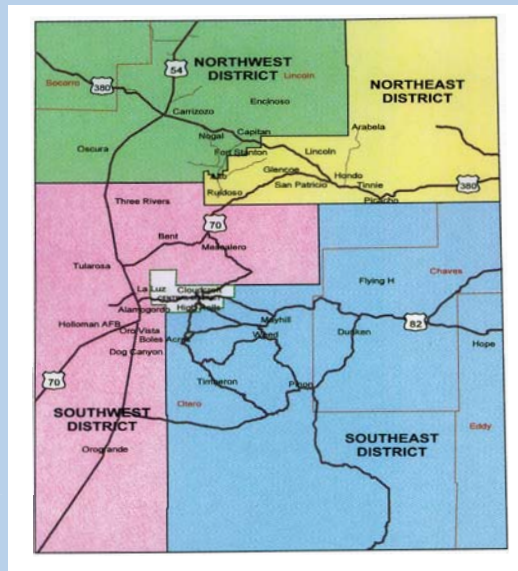
Bill Bird  
Northeast District  
Term Expires on August 5, 2017



Fred Hansen  
Northeast District  
Term Expires on August 3, 2019



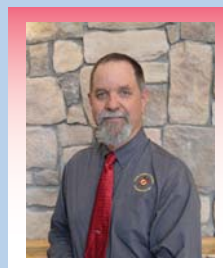
Matt Flotte  
Central District  
Term Expires on August 5, 2017



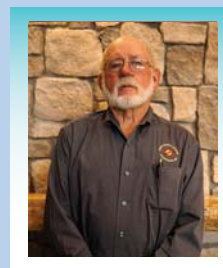
Marty Mills  
Central District  
Term Expires on August 3, 2019



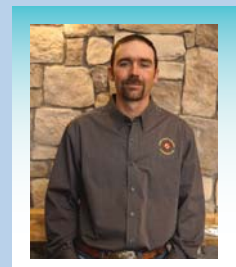
Shawn Bell  
Southwest District  
Term Expires on August 5, 2017



Tim Rabon  
Southwest District  
Term Expires on August 3, 2019



Charlie Mulcock  
Southeast District  
Term Expires on August 4, 2018



Denny Burnett  
Southeast District  
Term Expires on August 3, 2019

# Balance Sheet

## What We Own / December 31, 2016

Net Utility Plant	\$	77,185,666
Other Property & Investments	\$	10,920,495
Current Assets	\$	6,153,533
Deferred Charges	\$	4,266,593
<b>Total</b>	<b>\$</b>	<b><u><u>98,526,287</u></u></b>

## What We Owe / December 31, 2016

Patronage Capital & Other Equity	\$	34,083,808
Long Term Debt	\$	54,564,939
Long Term Liabilities	\$	2,217,843
Current Liabilities	\$	6,697,784
Deferred Credits	\$	961,913
<b>Total</b>	<b>\$</b>	<b><u><u>98,526,287</u></u></b>

# Statement of Income and Patronage Capital

<b>Total Operating Revenue</b>	\$	<b>31,239,826</b>
Purchased Power Expense	\$	(15,166,852)
Operating Expenses	\$	(9,419,655)
Depreciation and Amortization	\$	(2,858,399)
Interest Expenses	\$	(2,773,854)
<b>Total Expenses</b>	<b>\$</b>	<b><u><u>(30,218,760)</u></u></b>
Operating Margin	\$	1,021,066
Non-operating Margin	\$	422,800
Realized Margin	\$	<u><u>1,443,866</u></u>
<b>Extraordinary Events</b>		
Tri-State G&T Capital Credit Allocation	\$	424,844
Other Capital Credits and Patronage Dividends	\$	573,287
Reportable Margin	\$	<u><u>2,441,997</u></u>

OTERO COUNTY ELECTRIC COOPERATIVE, INC.  
78<sup>th</sup> ANNUAL MEETING  
August 5, 2017

AGENDA

- ❖ 8:30 AM - Registration
- ❖ 10:00 AM – Call to Order – Charlie Mulcock, President
- ❖ Flag Presentation
- ❖ Invocation – Pastor Judy Shema, Cloudcroft United Methodist Church, Cloudcroft, NM
- ❖ Welcome to Cloudcroft – Mayor, Dave Venable
- ❖ Introduction of Directors and Employee Video
- ❖ Videos of Officer and Manager Reports
- ❖ Recognition of Scholarship Recipients
- ❖ Recognition of Employee Service Awards
- ❖ Report Existence of a Quorum
- ❖ Reading of the Notice of the 78<sup>th</sup> Annual Meeting of the Members of Otero County Electric Cooperative, Inc. – Fred Hansen
- ❖ Consideration of the Minutes from the 77<sup>th</sup> Annual Meeting (In Bag)
- ❖ Election of Trustees by Petition

**District**

**Nomination**

NE (Yellow)

Bill Bird

CENTRAL (White)

Matt Flotte

- ❖ Consideration and vote on proposed bylaw changes.
- ❖ Scheduled Speakers–Keven Groenewold–NMRECA; Joel Bladow – Tri-State G&T
- ❖ Old Business
- ❖ New Business
- ❖ Adjournment
- ❖ Door Prizes
- ❖ Barbecue Lunch

# OTERO COUNTY ELECTRIC COOPERATIVE, INC.

## SUMMARY OF PROPOSED BYLAW AMENDMENTS AUGUST 5<sup>TH</sup>, 2017

Bylaws in its entirety with proposed changes are available at [www.ocec-inc.com](http://www.ocec-inc.com)

The Board of Trustees propose and recommend the following Bylaw Amendments for consideration at Otero County Electric Cooperative's 78th Annual Meeting of the Members. The primary driver for these proposed amendments is the reduction of quorum to address a concern raised by one of our Member's at last year's Annual Meeting. While attendance remains high, it is not keeping up proportionally to Member growth and this action is necessary to ensure we can continue to conduct business and elections at future Annual Meetings. Additional changes are proposed as general housekeeping items to clarify outdated bylaws.

### ARTICLE III- Meetings of Members

SECTION 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting or an annual meeting at which business other than that listed in SECTION 6 of this article is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than twenty-five (25) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in the duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. Quorum. ~~Two~~ ~~Three~~ percent of all members present in person shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without further notice.

### ARTICLE IV- Board of Trustees

SECTION 3. Nominations. Nominations for Trustees to be elected shall be by Petition signed by fifteen or more members acting together, and who are bona fide residents of the

district for which the nomination is made. The Petition shall be filed not less than ~~twenty~~ ~~twenty-five (20)~~ (25) days or more than ~~forty~~ ~~forty-five (40)~~ (45) days before the date of the Meeting of the Members in which Trustees are to be elected. Nominations for the position of Trustee from the floor, at the annual Meeting of the Members, is not allowed.

The secretary shall ~~include mail~~ with the notice of the meeting, ~~but~~ at least ten (10) ~~seven~~ days before the date of the meeting, a statement of the number of Trustees to be elected and the names and addresses of the candidates. Notwithstanding anything contained in this SECTION, failure to comply with any of the provisions of this SECTION shall not affect in any manner whatsoever the validity of any election of Trustee.

SECTION 6. Compensation. Trustees as such shall not receive any salary for their services, but by resolution of the Board of Trustees a fixed sum and expenses of attendance, if any, may be allowed for attendance at each ~~Board approved~~ meeting ~~attended as a member~~ of the Board of Trustees. No Trustee shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Trustee receive compensation for serving the Cooperative, unless specifically authorized by a vote of the members or by two-thirds vote of the Board of Trustees voting and participating other than the Trustee affected. However, the Cooperative shall provide Trustees and their dependents the same medical, health and hospitalization insurance benefits furnished to other Cooperative



# OTERO COUNTY ELECTRIC COOPERATIVE, INC.

## SUMMARY OF PROPOSED BYLAW AMENDMENTS AUGUST 5<sup>TH</sup>, 2017

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employees, provided that the Cooperative may only furnish such benefits to the Trustees during the terms in office.

### ARTICLE V- Meetings of Trustees

SECTION 3. Notice of Trustees Meetings. Written notice of the time, place and purpose of any special meeting of the Board of Trustees shall be delivered not less than five (5) days previous thereto, either personally, by mail, or by electronic mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President of the Trustees calling the meeting, to each Trustee. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Trustee at his address as it appears on the records of the Cooperative, with postage thereon prepaid.

SECTION 4. Quorum. A majority of the Board of Trustees shall constitute a quorum, provided, that if less than such majority of the Trustees is present at said 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 Trustee of the time and place of such adjourned meeting. The act of the majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees. **For the purpose of this SECTION, Trustees are considered present if physically present or participating orally via telecommunications.**

### ARTICLE VI- Officers

SECTION 6. Secretary. The Secretary shall be responsible for:

(a) keeping the minutes of the meetings of the members and of the Board of Trustees ~~in books provided for that purpose;~~

(b) seeing that all notices are duly given in accordance with these Bylaws or as required by law;

(c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws.

(d) keeping **records** ~~a register~~ of the names and post office addresses of all members;

(e) keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and, at the expense of the Cooperative, furnishing a copy of the Bylaws and of all amendments thereto to any member upon request; and

(f) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Trustees.

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property **may shall** be bonded in such sum and with such surety as the Board of Trustees **may shall** determine. The Board of Trustees in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with surety as it shall determine.

**Otero County Electric Cooperative, Inc.  
Annual Meeting of Members  
August 6, 2016**

The 77<sup>th</sup> Annual Meeting of the Members of the Otero County Electric Cooperative, Inc. (OCEC) was held on August 6, 2016, at the Cloudcroft High School Gym starting at 10:00 a.m.

The Boy Scout Troop and Cub Scout Pack # 958 presented the colors to the stage area and the National Anthem was sung by Carson Denney and Kristian Leathers both of Cloudcroft.

Pastor Larry Evans of the First Baptist Church of Cloudcroft led the invocation.

Mr. Mario Romero, General Manager, welcomed members and guests to the 77th Annual Meeting of the Members.

Cloudcroft Mayor Pro Tempore Bruce Smaga welcomed everyone to the Village of Cloudcroft and encouraged all to patronize the local businesses while in town.

Mr. Romero thanked Mr. Travis Dempsey, Superintendent of Cloudcroft Schools, and his staff for the use of the facilities for the Annual Meeting. Mr. Romero also thanked the Cloudcroft Culinary Program for the barbeque lunch that was being prepared for attendees.

Mr. Romero then directed everyone's attention to the screen for a welcome video by the OCEC Trustees and the introduction of OCEC Employees.

Mr. Denny Burnett, Trustee for the Southeast District, was introduced to the membership. Mr. Burnett was appointed by the Board to fill the vacancy left by Mr. Cody Harwell in August of 2015.

Mr. Romero introduced the video that included the President's Report, Treasurer's Report, and the General Manager's Report.

Mr. Mulcock's video of the President's Report explained the challenges of keeping electricity affordable with the anti-coal regulation and legislation that was being implemented. Mr. Mulcock stated the OCEC Board and the Management Team were capable of minimizing these effects to the cooperative. Mr. Mulcock reported the cooperative had installed an auto meter outage response system, which has improved outage response and decreased lengths of outages. Mr. Mulcock reported Operation Round Up has funded many community organizations and individuals. In five years the Energy Efficiency Fund has returned over a half a million dollars to members that have installed energy efficient appliances and bulbs. The Touchstone Energy Coop Connections Card offers savings on prescriptions, restaurants and motels. Mr. Mulcock stated the Otero County Electric Education Foundation has provided over \$640,000.00

to over 200 students in scholarships. Currently, there are 51 recipients receiving \$1,000.00 per semester for eight consecutive semesters. Mr. Mulcock spoke about the new Headquarters Building in Cloudcroft. The previous headquarters was over 50 years old. The new Headquarters is upgraded and built for future growth. The new building will generate revenue by leasing the unused office space. The Headquarters offers meeting rooms, outdoor tables and chairs and parking to the public.

Mr. Shafer's video of the Treasurer's Report covered the Balance Sheet and the Statement of Income and Patronage Capital as of December 31, 2015. Mr. Shafer stated assets had grown 14% to \$98 million. Mr. Shafer reported \$695,798.00 was returned to members in 2016 and represented allocations from 1991. Mr. Shafer reported the financial status of the new Headquarters building. Construction was 75% financed with short term investments and sale of real estate. The balance will be funded from operating revenue and short-term borrowings. Mr. Shafer stated the rate adjustment implemented in November 2015 had accomplished the goal of meeting financial lender requirements to keep the cooperative strong and in sound financial condition.

Mr. Romero's video of the General Manager's report covered the rate adjustment that went into effect November 2015. The 6% overall increase was the first since 2010 and increased the monthly member charge from \$16.00 to \$25.00. The new rate recovers more fixed costs, which based on a cost of service study, should be \$36.00 per month per meter. Energy sales have been declining and continue to trend downward with energy efficiency efforts and mild weather as factors. The new rate reduces subsidies between rate classes and creates revenue stability for the cooperative. Mr. Romero also discussed the member meetings that were held to address concerns of the rate adjustment. Mr. Romero reported the Energy Efficiency Program and Operation Round UP support the membership and communities. Mr. Romero reported the new Headquarters building in Cloudcroft was complete, replacing the 55-year-old headquarters. The new building will serve the cooperative's needs for decades to come. Mr. Romero invited all to the Headquarters Open House on August 25, 2016. Mr. Romero detailed OCEC's procedures during high fire danger. In addition to Right of Way maintenance and vegetation management, the circuits are set to "non-reclose" which makes a blink on the line into an outage. Crews then survey the entire line before closing in the circuits. This reduces the chance of starting a fire with the downside of longer outage times.

Mr. Romero returned to the stage and provided additional comments regarding solar renewable projects, which in the past, did not make economic sense and would increase electric rates. OCEC has entered into an agreement with other New Mexico cooperatives to build 3MW solar sites in 3 locations. Once implemented, the new solar installations will save the membership \$6 million dollars in purchase power costs over 25 years.

Mr. Charlie Mulcock, President of the Board of Trustees, returned to the stage and spoke about the Otero County Electric Education Foundation. The funds from the



program are generated from unclaimed and donated patronage capital credits. Mr. Mulcock reported the foundation has given over 220 scholarships and over \$640,000 since its inception in 1989. The current scholarship amount is \$1,000.00 per semester for eight consecutive semesters. The fifty-one current recipients were called to the stage and congratulated and recognized with a video slideshow. The 2016 – 2017 recipients are:

Karlee Alvord	Shania Gililland	Jessica Price
Cirsten Barela	Alyssa Gomez	Regan Pruett
Patrick Barela	Casey Green	Whitney Richardson
Michael Bennett	Jacob Griego	Cayman Rogers
Anthony Bernino	Taylor Hamill	Johnathan Smith
Julia Bertrand	Kalyn Hazen	Wade Stearns
Madison Buechter	Joseph Hibbard	Keely Studdard
Skyler Burks	Keene Chee-House	Mary Swanson
Amanda Carrell	Mason Huston	Albert Valez
Mark Denney	Jordan Johnston	Victoria Ventura
Kayla Derrick	Luke King	Maria Villegas
Dylan Derrick	Alexander Kazhe-Kirgan	Promise Walker
Jake Devine	Paolo Lanucara	Charles Williams
Kiashelle Dolan	Cotton Lewis	Dalton Wright
Molly Evans	Brianna MacDonald	Wyatt Wright
Cash Ficke	Valerie Mendez	
Adriana Gandarilla	Alix Miller	
Morgan Gardner	Amy Powell	

Mr. Mulcock and Mr. Romero presented service awards to the following employees:

Jessica Aguilar – 5 years	Gilbert Sanchez – 15 years
Matt Chavez – 5 years	Saben Lessentine – 20 years
Lee-Ann Connor – 5 years	Tommy Hernandez – 25 years
Valerie McCullough – 5 years	Barbara Langley – 25 years

Mr. Romero announced Barbara Langley had retired from OCEC as of July 2016 and Terry Buttram and Gilbert Sanchez were both retiring in December 2016. Mr. Romero thanked all three for their years of service to OCEC and its membership.

Mr. Mulcock announced the presence of a quorum and called the meeting to order at 11:05 a.m.

Mr. Fred Hansen, Secretary, read the Notice of the 77<sup>th</sup> Annual Meeting of the Members of Otero County Electric Cooperative Inc. and presented proof of the mailing of the notice to the members of record, as provided in the Bylaws.

Mr. Robert Rowe moved to dispense with the reading of the minutes from the 76th Annual Meeting and approve them, Ms. Yvonne Oliver seconded, motion carried.

Mr. Mulcock introduced Mr. Tom Overstreet, Attorney, to conduct the election of trustees by petition. Mr. Overstreet announced each candidate and their district. Mr. Robert Longwill made a motion to elect the petitioners by acclamation, Mr. James Evrage seconded, motion carried.

Mr. Fred Hansen from the Northeast district was elected.  
Ms. Marty Mills from the Central district was elected.  
Mr. Tim Rabon from the Southwest district was elected.  
Mr. Denny Burnett from the Southeast district was elected.

Mr. Romero introduced Mr. Pat Bridges, Senior Vice President and Chief Financial Officer of Tri-State Generation and Transmission, Inc., who spoke on Tri-State's commitment to renewable energy projects providing affordable power to its members.

Mr. Romero introduced Mr. Keven Groenewold, General Manager of New Mexico Rural Electric Cooperatives, Inc., who gave an update on the 2016 legislative session in Santa Fe and legislative activities in Washington D.C.

Mr. Mulcock called for any unfinished business, there being none, Mr. Mulcock called for any new business, there was none.

A question and answer session followed.

Mr. James Kalvelage questioned the rate adjustment that was implemented in November 2015, stating OCEC's rates were the highest in the State of New Mexico. Mr. Romero addressed the recent rate adjustment stating the new rate makes the cooperative less dependent on energy sales, which have been declining and the new rate reduces subsidies for low usage members.

Ms. Donna Haupt from Timberon thanked OCEC for their help during the Timberon Fire. Ms. Haupt stated the rates and service she receives from OCEC are quite acceptable.

Mr. Larry Walker stated costs in OCEC's service area were likely higher due to the difficult terrain and timber.

Mr. Paul Frerking asked how OCEC planned to reach the quorum requirement of 3% each annual meeting. Mr. Romero stated the Board would look into changing the quorum requirement and updating the Bylaws.

Mr. Joe Dobb asked if commercial electric rates were increased. Mr. Romero replied the same fixed fee adjustment applied to all rate classes.

Mr. David Sutherland commented a new fire station in Nogal was having issues getting power connected in a timely manner. Mr. Romero stated he would look into the issue to get it resolved.

Mr. John Phillips stated the current rates were acceptable. Mr. Phillips remembered a snowstorm in the 1990s that had power lines down for miles.

Ms. Carol Austin stated Timberon appreciates the hard work and dedication of the cooperative.

Ms. Liz Roberts asked what the opinion of the cooperative was on global warming. Mr. Mulcock answered stating he felt OCEC had been proactive and responsive implementing the Energy Efficiency Program, installing solar generation projects and the member net metering program.

Mr. Alfred LaPaz of Mescalero thanked the crews for working outages and restoring power in bad weather.

Ms. Donna Haupt made a motion to adjourn the business meeting at 12:07 p.m., Ms. Maria Luna seconded the motion. Motion carried.

Mr. Billy Massie began the ticket drawing and the distribution of door prizes. The membership enjoyed a barbeque lunch.

APPROVED:

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary