

Minutes of the Board of Directors of the  
Sulphur Springs Valley Electric Cooperative, Inc.

January 20, 2016

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Wednesday, January 20, 2016 in the SSVEC Headquarters Boardroom, 350 North Haskell Avenue, Willcox, Arizona.

President English called the meeting to order at 9:20 a.m. Members arriving at any time during the meeting would be recognized. The following directors were present:

*CALL TO ORDER*

District

- |                                |                                 |
|--------------------------------|---------------------------------|
| 1 - Kathy Thatcher – Secretary | 8 - Don Kyte                    |
| 2 - Curtis Nolan               | 9 - Lex Herron                  |
| 3 - Pat English - President    | 10 - David Luna                 |
| 4 - Tom Goodman                | 11 - Ed Molina – Vice President |
| 6 - Dan Barrera - Treasurer    | 13 - Gene Manring               |

All directors were present. Creden W. Huber, Chief Executive Officer, Chris Hitchcock, General Counsel, and the following SSVEC employees were also present: Jack Blair, Kirby Chapman, Daniel Wilson, Ricardo Garcia, Lainie Keltner and Char Bennett.

President English announced there was a quorum.

Mr. Manring gave the invocation and led the Pledge of Allegiance.

Mr. Huber introduced Ricardo Garcia as the Chief Operations Officer and Daniel Wilson as the Director of Engineering.

The agenda for this January 20, 2016 meeting was presented.

*APPROVAL OF  
AGENDA*

A motion was made, seconded and carried to approve the agenda as presented.

The minutes of the regular meeting held December 21, 2015 were presented.

*APPROVAL OF  
MINUTES*

A motion was made, seconded and carried to approve the minutes as presented.

No members were present for the Call to Members.

*CALL TO  
MEMBERS*

Under the Call to Directors, Mr. Nolan informed the Board that his father-in-law, Orland Hatch, passed away January 19. Condolences were expressed.

*Call to  
Directors*

The Executive Committee discussed the board meeting agenda.

*GOVERNANCE  
COMMITTEE  
REPORTS  
Executive  
Committee  
Policy  
Committee*

The Policy Committee presented Policies E-18, Pay Dates; E-19, Employee Participation in Drawings; and E-20, Fellow-Employee Litigation Claims, which were included in the board report.

With the Committee's recommendation, Mr. Molina made a motion to approve Policy E-18 as presented. The motion carried.

*Policies E-18,  
E-19 & E-20  
Readopted*

With the Committee's recommendation, Mr. Molina made a motion to approve Policy E-19 as presented. The motion carried.

With the Committee's recommendation, Mr. Molina made a motion to approve Policy E-20 as presented. The motion carried.

The approved policies are attached to and made a part of these minutes.

The Committee reviewed Policies E-21, Deferred Compensation; E-22, Nepotism; and E-23, Continuation of Group Insurance Coverage for Retired, Disabled, Terminated & Divorced Employees, and will present them for Board consideration in February.

The Finance Committee presented the Schedule of Writeoffs totaling \$21,643.90, which was included in the iPad report.

*Finance  
Committee*

After full discussion and with the Committee's recommendation, Mr. Barrera made a motion to accept the Schedule of Writeoffs as presented. The motion carried.

The Committee presented the November 2015 Form 7, which was included in the board report.

With the Committee's recommendation, Mr. Barrera made a motion to accept the November 2015 Form 7 as presented. The motion carried.

The Committee reviewed a voucher presented by the CEO.

With the Committee's recommendation, Mr. Barrera made a motion to accept the voucher. The motion carried.

The Committee discussed strategic issues and will report on them after they review additional information.

The Employee & Customer Relations Committee reviewed one Operation RoundUp application that had been approved by staff.

*Employee &  
Customer  
Relations  
Committee*

The Committee presented the proposed 2016 Scholarship Committee, which was included in the board report.

With the Committee's recommendation, Ms. Thatcher made a motion to appoint the Scholarship Committee as presented. The motion carried.

*2016  
Scholarship  
Committee  
Appointed*

Jody Klein, Shelley Michaels, Gail Size, Char Brown Stockton and Mindy Sherman will serve on the committee.

The Committee discussed the upcoming director elections.

President English asked Mr. Huber for his CEO Report. A written report was included in the board report.

*CEO Report*

Mr. Huber shared a note from GCSECA that thanked SSVEC for use of the Benson Operations training facility for the October linemen's rodeo. He thanked Mr. Garcia for his work to ready the facilities for the event.

Mr. Huber reported that he took part in the 2016 CEO Close-Up Conference exchange about rates. He discussed the ACC staff suggestion on a solar demand charge with the Board. Mr. Huber, Mr. Chapman and Mr. Blair will meet with the ACC utilities director during the GCSECA legislative conference schedule.

Mr. Huber presented Director Gold certificates and pins to Directors Thatcher, English, Barrera, Luna and Manning to mark their achievement of a new level of NRECA director certification.

Ms. Keltner left the meeting.

Written staff reports were included in the board report.

*STAFF  
REPORTS*

Staff responded to questions asked by directors.

President English asked Ms. Thatcher and Mr. Barrera for the AEPCO Report. The summary of the January 6, 2016 board meeting was included in the board report.

*AEPCO Report*

The AEPCO Board was updated on environmental regulations, well monitoring, and generation compliance issues.

A special member meeting of the Arizona G&Ts will be held February 10, 2016 to finalize the merger with SWTC. A letter regarding the designation of voting delegates for the member meeting was included in the iPad report. The planned merger is expected to be complete by March 1, 2016.

After full discussion, Mr. Nolan made a motion to reaffirm Kathy Thatcher and Dan Barrera as voting delegates for the member meeting. The motion was seconded and carried.

Mr. Molina made a motion to instruct SSVEC's appointees to vote in support of the merger. The motion was seconded and carried.

The calendar for the 2016 Director Elections and Annual Meeting was included in the board report.

*OTHER  
BUSINESS*

*Director  
Elections*

The Board reviewed schedules for the 2016 GCSECA Winter Meeting, 2016 NRECA Conferences and training, the 2016 NRECA Annual Meeting, the 2016 NRECA Director Conference, the 2016 CFC/NRECA New Director Conference, and the 2016 CFC Forum.

Directors declared their intent to attend the 2016 CFC Forum.

Mr. Barrera made a motion to enter into executive session. The motion was seconded and carried. The Board entered into executive session at 10:36 a.m.

The regular meeting reconvened at 10:57 a.m.

Mr. Huber suggested that the Board tour the SSVEC SCADA system facility before returning to the boardroom for lunch. Employees Larry Glenn, Jacob Shull, Dylan Layton, Danny Regnier and Manny Gonzales were scheduled to join the Board at that time.

A motion was made, seconded and carried to adjourn the meeting.

There being no further business, President English adjourned the meeting at 10:58 a.m.

Respectfully submitted,

Secretary

Approved:

President