

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

February 24, 2016

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Wednesday, February 24, 2016 in the SSVEC Sierra Vista Office Boardroom, 311 East Wilcox Drive, Sierra Vista, Arizona.

President English called the meeting to order at 9:35 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, Orson Garnsey and Lorie Zamora. Also present were members Jerry and Anita Busha.

President English announced there was a quorum.

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

The agenda for this February 24, 2016 meeting was presented.

*APPROVAL OF
AGENDA*

Mr. Luna made a motion to approve the agenda as presented. Mr. Kyte seconded the motion, which carried.

The minutes of the regular meeting held January 20, 2016 were presented.

*APPROVAL OF
MINUTES*

Ms. Thatcher made a motion to approve the minutes as presented. Mr. Manring seconded the motion, which carried.

Under the Call to Members, Mr. Busha, Sierra Vista Leisure Services, thanked SSVEC for being a sponsor of his archery team's participation in the world-wide competition held in Las Vegas and demonstrated archery equipment. Mr. Busha presented the Board with a photo of the archery team along with a new request for sponsorship.

*CALL TO
MEMBERS*

President English thanked Mr. and Mrs. Busha for attending the meeting and for the presentation as they left the meeting.

Under the Call to Directors, Mr. Herron thanked the Board for the opportunity to attend the 2016 NRECA Annual Meeting and director training.

*Call to
Directors*

The Executive Committee discussed the board meeting agenda.

*GOVERNANCE
COMMITTEE
REPORTS*

The Committee presented proposed Resolution 2016-01 regarding a request to reschedule the May 2016 board meeting.

*Executive
Committee*

After full discussion, Mr. Barrera made a motion to adopt Resolution 2016-01. Mr. Luna seconded the motion, which carried.

*Resolution
2016-01 May
Board Meeting
Rescheduled*

WHEREAS, the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) Bylaws Section 5.01, "Regular Meetings", requires the Board of Directors to set monthly meeting dates and sites by resolution;

AND, WHEREAS, SSVEC Board Policy A-11, "Board Meetings, Reports and Agendas", governs the scheduling of meetings of the Board of Directors;

AND, WHEREAS, the Board of Directors has fully discussed the suggested schedule of meeting dates and meeting sites for 2016;

BE IT RESOLVED THAT, the Board of Directors of Sulphur Springs Valley Electric, Inc., hereby adopts the following revised 2016 Schedule of Board Meetings:

January 20 - Willcox, February 24 - Sierra Vista, March 23 - Benson, April 20 - Willcox, May 25 - Sierra Vista, June 22 - Benson, July 27 - Willcox, August 17 - Sierra Vista, September 21 - Benson, October 19 - Willcox, November 22 - Sierra Vista, and December 21 - Benson.

BE IT FURTHER RESOLVED THAT, the Board of Directors hereby adopts a meeting date and site for the 2016 Annual Meeting:

April 21, 2016 - Sierra Vista

BE IT FURTHER RESOLVED THAT, all regular board meetings will be scheduled to commence at 9:30 a.m. and that these are the dates, places, and time set for the SSVEC Board of Directors' regular meetings for 2016.

The Policy Committee presented Policies E-21, Deferred Compensation; E-22, Nepotism; and E-23, Continuation of Group Insurance Coverage for Retired, Disabled, Terminated & Divorced Employees, which were included in the board report.

*Policy
Committee*

*Policies E-21,
E-22 & E-23
Readopted*

After full discussion and with the Committee's recommendation, Mr. Molina made a motion to approve Policy E-21 as presented. The motion carried.

A change was recommended to Policy E-22.

With the Committee's recommendation, Mr. Molina made a motion to approve Policy E-22 as further amended. The motion carried.

With the Committee's recommendation, Mr. Molina made a motion to approve Policy E-23 as presented. The motion carried.

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

The Committee reviewed Policies E-24, Rehabilitative Duty; E-25, Sexual and Other Harassment; and E-26, Drug and Alcohol Testing - CDL, and will present them for Board consideration in March.

The Board discussed Policy C-3, Availability of Board Agendas, minutes and Other Reports & Information, and asked the Committee to include it in its policy review in March.

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

*Finance
Committee*

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

The Committee reviewed vouchers presented by directors and the CEO. These included expense reports from the 2016 GCSECA Winter Meeting and the 2016 NRECA Annual Meeting and director training.

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

The Employee & Customer Relations Committee discussed the upcoming director elections.

*Employee &
Customer
Relations
Committee*

The Committee presented the proposed 2016 Annual Meeting agenda, which was included in the board report.

Additions and corrections were requested.

With the Committee's recommendation, Ms. Thatcher made a motion to approve the Annual Meeting agenda as amended. The motion carried.

*2016 Annual
Meeting
Agenda
Approved*

The Committee discussed the AEPSCO Distinguished Service Award letter, which was included in the board report, and recommended former SSVEC director Harold Hinkley as SSVEC's nominee. The Board concurred.

The Committee reviewed two Operation RoundUp applications that had been approved by Staff.

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

CEO Report

Mr. Huber shared thank you notes and presented Director Nolan with his NRECA Director Gold certificate and pin that mark his achievement of a new level of NRECA director certification.

Mr. Huber led discussion on amendments to documents for SSVEC's solar generation plant.

*SunPower PPA
Amendment
Product
Testins*

An executive summary and a Testing and Evaluation Fee Agreement for a SunPower Purchased Power Agreement (PPA) amendment were included in the iPad report.

SunPower has proposed the testing of new solar panels for the solar substation. The proposal would increase total plant capacity from 20 MW to 20.5 MW. SSVEC would purchase the kWh's at the PPA rate and maximum delivery would still be 20 MW. Acceptance of the agreement would provide a larger and more valuable plant if purchased by SSVEC but it would be offset by the fee.

The fee agreement shows a \$55,000 per year payment by SunPower to SSVEC for six years.

After full discussion, Mr. Nolan made a motion to approve the Testing and Evaluation Fee Agreement and authorize the President to sign the Agreement. Mr. Luna seconded the motion, which carried.

An executive summary and the First Amendment of the Solar Energy Purchased Power Agreement were included in the iPad report.

*Solar Energy
Purchase 1st
Amendment*

Due to the Board's approval to the change in equipment and increased capacity of the solar substation, the first amendment of the solar energy purchase power agreement was presented for consideration.

After full discussion, Mr. Nolan made a motion to approve the First Amendment of Solar Energy Purchase Agreement. Mr. Herron seconded the motion, which carried.

An executive summary and site lease, sublease and non-disturbance documents were included in the iPad report.

*Site & Sublease
Amendments*

The generation plant layout and legal description have been finalized and now require amendments to the site lease and sublease.

After full discussion, Mr. Luna made a motion to approve the First Amendment to the Site Lease Agreement between AEPCO and SSVEC. Mr. Nolan seconded the motion, which carried.

After full discussion, Ms. Thatcher made a motion to approve the First Amendment to the Sublease Agreement between SSVEC and Solar Star LLC, a subsidiary of SunPower. Mr. Luna seconded the motion, which carried.

The Non-disturbance Attornment Agreement provides the assurance that the generation plant property will not be disturbed in the event of an RUS foreclosure on its lien on the property leased to SSVEC by AEPCO.

After full discussion, Ms. Thatcher made a motion to approve the Non-disturbance and Attornment Agreement. Mr. Luna seconded the motion, which carried.

Mr. Huber discussed a letter he sent to Senator John McCain and Representative Martha McSally regarding SSVEC's contract issues with Fort Huachuca.

Written staff reports were included in the board report.

*STAFF
REPORTS*

Staff responded to questions asked by directors.

Mr. Chapman reported that employee Derek Sorley was presented the Solon Bennett Award for Excellence in Materials Management during the 2016 NRECA Annual Meeting.

President English asked Ms. Thatcher and Mr. Barrera for the AEPCO Report. The summary of the February 10, 2016 board meeting was included in the board report.

AEPCO Report

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

The AEPCO Board approved an Amended and Restated Member Agreement (Agreement) as did the AEPCO members at a special member meeting. The Agreement has been presented to member cooperatives for approval.

*Amended
Member
Agreement*

The Agreement was included in the SSVEC iPad report for Board consideration.

After full discussion, Mr. Manring made a motion to approve the Agreement. Ms. Thatcher seconded the motion, which carried.

President English referred to information regarding the request for 2016 Distinguished Service Award nominations, which was included in the board report.

*AEPCO DSA
Nomination:
Harold Hinkley*

After full discussion, Ms. Thatcher made a motion to nominate former SSVEC director, Harold Hinkley, for the 2016 Distinguished Serve Award. Mr. Barrera seconded the motion, which carried.

Mr. Blair will follow-up on submittal of the nomination.

President English asked Mr. Manring and Mr. Huber for the SWTC Report. The summary of the February 10, 2016 meeting was included in the board report.

SWTC Report

Mr. Manring noted that, due to the merger, the February 10 meeting was the last SWTC meeting to be held.

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

*OTHER
BUSINESS*

The Board reviewed schedules for 2016 NRECA Conferences and training, the 2016 NRECA Director Conference, and the 2016 CFC Forum.

Participants reported on the 2016 GCSECA Winter Meeting and Legislative Conference.

Participants reported on the 2016 NRECA Annual Meeting and director training.

President English asked Mr. Huber to begin the GCSECA Report. Minutes of the January 25, 2016 board meeting were included in the board report.

GCSECA Report

Will Barnow, Director of Federal Relations & Regulatory, has tendered his resignation.

Participants reported on the 2016 GCSECA annual meeting and legislative visits.

The GCSECA Board elected officers for the coming year: president – Frank Downs, Duncan Valley EC; vice president - Marsha Thompson – Trico EC; secretary – Pat English – Sulphur Springs Valley EC; and treasurer – Joel Carlisle – Anza EC.

The 2016 director elections and annual meeting calendar was included in the board report.

*Director
Elections -
Nominating
Committee
Results*

Nominating committee results for Districts 6, 8 and 10 were posted February 19, 2016.

District 6
Dan Barrera

District 8
Peter Gillespie

District 10
David Luna
Gary Payne

The deadline for petitions is March 7, 2016.

President English appointed Directors Thatcher, Nolan, Molina and Manring to the Bio Review Committee.

An election committee will be appointed in March.

Employees Christie Jensen, John Peebles, Diana Bak, Luis Montañó and Emile Brunelle joined the meeting.

The Board reviewed the schedules for 2016 NRECA Conferences and Training, the 2016 NRECA Legislative Conference and the 2016 CFC Forum, which were included in the board report.

The 2016 NRECA Legislative Conference will be held May 1 – 3 in Washington, DC. The list of past conference participants was included in the board report. Mr. Huber noted that Director Herron is next on the schedule to be SSVEC's director representative.

Mr. Molina made a motion to send Director Herron as SSVEC's representative to the 2016 NRECA Legislative Conference. Mr. Manring seconded the motion, which carried.

Mr. Huber will also attend.

A letter announcing the election for the National Cooperative Solutions Corporation (NCSC) District 5 director-director seat was included in the board report. Applications must be submitted by March 9. The NCSC election will be held during the 2016 CFC Forum schedule.

Following the lunch break, Mr. Nolan, Ms. Jensen, Mr. Peebles, Ms. Bak, Mr. Montañó and Mr. Brunelle left the meeting.

With no objections, the Board entered into executive session at 12:08 p.m.

The regular meeting reconvened at 12:40 p.m. Mr. Chapman did not return to the regular meeting.

Mr. Manring made a motion to adjourn the meeting. Mr. Goodman seconded the motion, which carried.

There being no further business, President English adjourned the meeting at 12:41 p.m.

Respectfully submitted,

Secretary

Approved:

President