

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

April 20, 2016

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

President English called the meeting to order at 9:32 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 Manning

All directors were present. Creden W. Huber, Chief Executive Officer, and the following SSVEC employees were also present: Jack Blair, Kirby Chapman, Daniel Wilson, Ricardo Garcia, Orson Garnsey, Jason Bowling, and Lainie Keltner. Also present was District 8 director-elect Peter Gillespie. General Counsel Chris Hitchcock would join the meeting upon completion of the director election ballot count.

President English announced there was a quorum.

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

Employee Char Bennett joined the meeting.

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

*APPROVAL OF
AGENDA*

Mr. Huber asked that his proposed letter regarding time-of-use be discussed in executive session and made an action item.

Mr. Luna made a motion to approve the agenda as amended. Mr. Molina seconded the motion, which carried.

The minutes of the regular meeting held March 23, 2016 were presented.

*APPROVAL OF
MINUTES*

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

The agendas for the April 21, 2016 special and regular meetings, which were approved in March, were included in the board report.

Under the Call to Members, President English welcomed Mr. Gillespie to the meeting.

*CALL TO
MEMBERS*

Under the Call to Directors, Mr. Kyte expressed gratitude to all for the friendships he made during his 21 years of service on the SSVEC board of directors.

*Call to
Directors*

Mr. Manring commented on a recent article in the *Sierra Vista Herald* regarding solar installations.

Mr. Nolan asked permission the Board's permission to attend the 2016 NRECA Summer School West. Mr. Molina also noted an interest in attending but withdrew his request after some discussion.

Mr. Barrera made a motion to authorize Mr. Nolan to attend the summer school. Mr. Luna seconded the motion. After further discussion, consensus was to defer the vote until after the Board discussed Policy A-10 in executive session.

The Executive Committee discussed the board meeting agenda and the 2016 Affirmative Action Plan.

*GOVERNANCE
COMMITTEE
REPORTS
Executive
Committee*

President English referred to an executive summary and a narrative on the 2016 Affirmative Action Plan, which were included in the iPad report.

*2016
Affirmative
Action Plan
Adopted*

After full discussion, Ms. Thatcher made a motion to adopt the 2016 Affirmative Action Plan. Mr. Molina seconded the motion, which carried.

The Policy Committee presented Policies B-1, Cash Management Program; C-3, Availability of Board Agendas, Minutes and Other Reports & Information; E-27, Employee Drivers Policy; and E-28, Employee Class Assignment, which were included in the board report.

*Policy
Committee

Policies B-1,
C-3, E-27 &
E-28
Readopted*

After full discussion and with the Committee's recommendation, Mr. Molina made a motion to approve Policy B-1 as presented. The motion carried.

With the Committee's recommendation, Mr. Molina made a motion to approve Policy C-3 as presented. The motion carried.

The revised Policy C-3 now provides for the addition of regular board meeting minutes to the SSVEC website and eliminates the form to request copies.

With the Committee's recommendation, Mr. Molina made a motion to approve Policy E-27 as presented. The motion carried.

With the Committee's recommendation, Mr. Molina made a motion to approve Policy E-28 as presented. The motion carried.

Revisions to Policy E-28 were in made to comply with requirements of the Affordable Care Act.

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

The Committee reviewed Policies E-25, Sexual & Other Harassment; E-29, Employee Complaint Resolution; and E-30, HIPAA Privacy Policies and Procedures for the Sulphur Springs Valley Electric Cooperative, Inc. Health Care Flexible Spending Account, Health Reimbursement Arrangement, Long-Term Disability, and Paid Time Off Policy, and will present them for Board consideration in May.

The Finance Committee presented the Schedule of Write-offs totaling \$15,991.86.

*Finance
Committee*

With the Committee's recommendation, Mr. Barrera made a motion to accept the Schedule of Write-offs as presented. The motion carried.

The Committee presented the February 2016 Form 7, which was included in the board report.

With the Committee's recommendation, Mr. Barrera made a motion to accept the February 2016 Form 7 as presented. The motion carried.

The Committee reviewed vouchers presented by directors and the CEO.

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

The Employee & Customer Relations Committee reviewed the 2016 Annual Meeting agenda, which was included in the board report.

*Employee &
Customer
Relations
Committee*

The Committee discussed CoBank's matching donation program.

With the Committee's recommendation, Ms. Thatcher made a motion to make a \$5,000 donation to the Forgach House in Sierra Vista. The motion carried.

This donation will be matched by CoBank.

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

CEO Report

Mr. Huber discussed his proposed letter regarding the rate case and time of use (TOU) rates. He stated that SSVEC has approximately 60 participants in the TOU rates. These rates do not work well with AEPCO's rate structure, which does not differentiate the time of day. He asked the Board to authorize requesting the ACC to allow SSVEC to freeze the TOU rates. Standard rates would likely benefit current TOU members, but they would be allowed to stay on their TOU rate, if they prefer.

After full discussion, Mr. Kyte made a motion to accept the letter and request the ACC to freeze SSVEC's TOU rates. Mr. Barrera seconded the motion, which carried.

Written staff reports were included in the board report.

*STAFF
REPORTS*

Staff responded to questions asked by directors.

Mr. Manring suggested a future Board tour of the Riverview Dairy located in Kansas Settlement. Ms. Thatcher noted that tours of the dairy are available and that a short video of the operation is on their website.

Ms. Keltner left the meeting.

Mr. Garnsey referred to an executive summary regarding a proposed budget amendment for the Mobile Information Management System (MIMS) Maintenance Job Management.

*Budget
Amendment:
MIIMS*

Mr. Garnsey explained the proposed additional expenditure and the increased scope and the benefits of the project. The additional funding would help to achieve integrated electronic systems and promote efficiency goals.

After full discussion, Mr. Barrera made a motion to approve the additional cost of \$21,000 to bring the total cost of the MIMS project to \$98,400. Mr. Herron seconded the motion, which carried.

President English asked Ms. Thatcher and Mr. Barrera for the AEPCO Report. They reported on the April 13, 2016 board meeting.

AEPCO Report

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

The AEPCO, SWTC and Sierra 2015 external audit reports were approved.

AEPCO will present a Distinguished Service Award to former SSVEC director, Harold Hinkley, and to former Mohave Electric Cooperative director, Jim Ennes, during their 2016 annual meeting.

President English asked Mr. Luna to begin the GCSECA Report. He reported on the April 7, 2016 board meeting.

GCSECA Report

GCSECA will hold its 2016 summer meeting in Flagstaff July 18 – 21 and their 2017 winter meeting & legislative conference in Tempe on January 23 - 25.

Employees Timmi Hunt, Josh Davidson, Cory Thompson and Stanley Post joined the meeting and introduced themselves.

Attorney Chris Hitchcock joined the meeting and announced that Gary Payne had won the District 10 election. Mr. Payne, Mr. Barrera (District 6) and Mr. Gillespie (District 8) will be sworn in during the April 21, 2016 annual meeting.

President English stated that Ms. Thatcher's term on the AEPCO Board would expire in June and asked directors to vote by secret ballot to fill the seat.

The Board re-elected Ms. Thatcher to serve a two-year term on the AEPCO Board of Directors.

Directors declared their intention to seek office during the April 21, 2016 reorganizational meeting that will follow the annual meeting. Additional declarations may be made at that meeting.

*OTHER
BUSINESS*

Mr. Nolan and Mr. Molina reported on the 2016 NRECA Directors Conference they recently attended.

The Board reviewed schedules for 2016 NRECA Conferences and training, the 2016 NRECA Legislative Conference, the 2016 CFC Forum, 2016 Summer Schools and the 2016 CoBank Directors Conference.

Mr. Gillespie, Ms. Hunt, Mr. Davidson, Mr. Thompson and Mr. Post left the meeting following the lunch break.

With no objections, the Board entered into executive session at 12:15 p.m.

The regular meeting reconvened at 1:58 p.m.

President English brought forth a matter discussed in Executive Session.

*Policy A-10
Revised*

Mr. Nolan made a motion to amend Policy A-10, Directors' Fees, Travel and Expenses, to raise the director fee to \$725 with a travel rate of \$800 (which includes a \$75 per diem) to be effective May 1, 2016 to bring the director fee up to the national median of such fees for cooperatives of similar size to SSVEC. Mr. Molina seconded the motion, which carried. Mr. Luna and Mr. Herron voted no.

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

There being no further business, President English adjourned the meeting at 2:05 p.m.

Respectfully submitted,

Secretary

Approved:

President