

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

July 27, 2016

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Wednesday, July 27, 2016 in the SSVEC Willcox Headquarters Boardroom, 350 North Haskell Avenue, Willcox, Arizona.

President English called the meeting to order at 9:31 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 - Peter Gillespie             |
| 2 - Curtis Nolan - Treasurer   | 9 - Lex Herron                  |
| 3 - Pat English - President    | 10 - Gary Payne                 |
| 4 - Tom Goodman                | 11 - Ed Molina – Vice President |
| 6 - Dan Barrera                | 13 - Gene Manning               |

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

President English announced there was a quorum.

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

The agenda for this July 27, 2016 meeting was presented.

*APPROVAL OF  
AGENDA*

Mr. Huber noted that Item 10.b.2) would be an executive session item.

Mr. Barrera made a motion to approve the agenda as amended. Mr. Herron seconded the motion, which carried.

The minutes of the regular meeting held June 22, 2016 were presented.

*APPROVAL OF  
MINUTES*

Mr. Nolan made a motion to approve the minutes as presented. Mr. Herron seconded the motion, which carried.

No members were present for the Call to Members.

*CALL TO  
MEMBERS*

Under the Call to Directors, Mr. Manning and the Board recognized Mr. Chapman on his birthday.

*Call to  
Directors*

The Executive Committee discussed the board meeting agenda, AEPCO's strategic planning session and topics for SSVEC's upcoming strategic planning session.

*GOVERNANCE  
COMMITTEE  
REPORTS  
Executive  
Committee  
Policy  
Committee*

The Policy Committee presented Policies F-3, Power Procurement Procedures; F-4, Sale of Materials and Supplies; and F-5, Annexations, which were included in the board report.

*Policies F-3 &  
F-5 Readopted;  
F-4 Rescinded*

Additional changes to Policy F-3 were suggested.

After full discussion and with the Committee's recommendation, Mr. Molina made a motion to approve Policy F-3 as further amended. The motion carried.

With the Committee's recommendation, Mr. Molina made a motion to rescind Policy F-4. The motion carried. The intent of the policy will be rewritten as an employee procedure.

With the Committee's recommendation, Mr. Molina made a motion to approve Policy F-5 as presented. The motion carried.

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

The Committee reviewed Policies F-6, No Smoking Policy; F-7, Board Policy on Offers to Acquire All or Substantially All of the Cooperative Assets; and F-8, Record Retention, and will present them for Board consideration in August.

Employees Lainie Keltner and Orson Garnsey joined the meeting.

The Finance Committee presented the Schedule of Writeoffs totaling \$15,151.79.

*Finance  
Committee*

After full discussion and with the Committee's recommendation, Mr. Nolan made a motion to accept the schedule of writeoffs as presented. The motion carried.

Ms. Keltner stated that SSVEC's collection company and current deposit requirements have helped to lower writeoff amounts. Additionally, capital credit refunds help to lower the writeoff amounts over time.

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

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

The Committee reviewed vouchers presented by directors and the CEO.

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

The Committee set a pre-audit meeting with auditors for 7:00 a.m. on August 17, 2016, prior to the board meeting, in Sierra Vista.

The June 2016 S&P Report for SSVEC was included in the iPad report. Discussion was held regarding the value of the rating.

The Employee & Customer Relations Committee discussed potential strategic planning topics and set their annual meetings with employees for Monday, September 19, 2016.

*Employee &  
Customer  
Relations  
Committee  
CEO Report*

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

Mr. Huber discussed the finalized City of Sierra Vista - Hoover Power agreement, which was included in the iPad report.

Mr. Huber reported on the proposed contract with the Arizona Power Authority, which was included in the iPad report. The contract will be presented for Board consideration at the August board meeting.

A letter explaining the SSVEC rate case will be mailed to members within the next week.

Employee David Bryan joined the meeting.

Written staff reports were included in the board report.

*STAFF  
REPORTS*

Staff responded to questions asked by directors.

Ms. Keltner left the meeting.

President English asked Mr. Bryan for the Power Requirement Study (Study) report. The PowerPoint presentation, executive summary and proposed resolution were included in the board report.

*Power  
Requirement  
Study*

Mr. Bryan discussed the purpose of the Study and its components.

After full discussion, Mr. Nolan made a motion to adopt Resolution 2016-05. Mr. Barrera seconded the motion, which carried.

BE IT RESOLVED, that the 2016 Power Requirements Study, prepared jointly by Sulphur Springs Valley Electric Cooperative, Inc., and Arizona G&T Cooperatives staff, was reviewed by the Board of Directors.

*Resolution  
2016-05*

BE IT FURTHER RESOLVED, that after full consideration and discussion, a motion was made by Curtis Nolan, seconded by Dan Barrera, and passed that the 2016 Power Requirements Study is acceptable and considered as a reasonable forecast of the electric requirements for the Sulphur Springs Valley Electric Cooperative during the study period through 2037, and that it be submitted to Arizona G&T Cooperatives, for their forecasting, and that the study results be used by Sulphur Springs Valley Electric Cooperative, Inc., for load forecasting and budgeting needs.

BE IT FURTHER RESOLVED, the Power Requirements Study be deemed a document internal to Sulphur Springs Valley Electric Cooperative; further, that its use and purpose be and the same is hereby restricted to the internal purposes of satisfying Sulphur Springs Valley Electric Cooperative lender requirements; further, except for transmission planning, that there be no external release or use of the Study; further, that any use by a third party or any other entity for purposes of power supply generation, energy and/or capacity acquisition or requirements analysis without express Board Authorization is unauthorized and is prohibited, further, declaring, except for transmission planning, it is the intent of the Board no person or entity receive, rely upon, incorporate, or otherwise use the Study or its data without express Board authorization; further, that any release of the Study be accompanied by this restriction on use, which release shall not be deemed authorized without approval by the Board.

President English thanked Mr. Bryan for his report as he left the meeting.

President English asked Ms. Thatcher and Mr. Barrera for the AEPCO Report. The summary of the July 13, 2016 board meeting was included in the board report.

*AEPCO Report*

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

Officers were elected for the coming year: president – Brad DeSpain; vice president – Tyler Carlson; secretary – Reuben McBride; and treasurer – Kathy Thatcher.

The G&T held a strategic planning session on July 12, 2016 and will hold a director orientation on September 13, 2016.

President English started the GCSECA Report for the July 19, 2016 board meeting.

*GCSECA Report*

The GCSECA Board set their 2017 Summer Meeting for July 24 – 27 in Flagstaff. Mr. Huber reported that at the July 19 board meeting, he stated his request to hold the meeting in cooperative service territory instead of Flagstaff. After discussion, SSVEC Board consensus was to ask Mr. Huber to present a request during the September GCSECA Board meeting to hold the 2017 summer meeting in the Trico Electric Cooperative service area.

Participants reported on the summer meeting and director training.

The Board reviewed schedules for the 2016 and 2017 NRECA Conferences and training, 2016 Gettysburg Experience, 2016 NRECA Region 8-10 Meeting and 2016 NRECA Winter School.

*Other Business*

President English appointed voting delegates to the NRECA, CFC and NISC meetings that will be held during the 2016 NRECA Region 8-10 Meeting schedule.

NRECA	Dan Barrera
CFC	Curtis Nolan
NISC	Curtis Nolan

Employees Stephanie Johnston, Richie Ellis and Jesse Konrad joined the meeting and introduced themselves.

Employee Marcus Harston and youth program participants, family members and chaperones joined the meeting.

*Youth Programs*

International Science & Engineering Fair (ISEF) student Noah Bell and his mother Shannan Bell thanked the Board for their support of the program and reported on the ISEF event. Mr. Harston commented on prizes for ISEF provided by the community, which, this year, included scholarship awards from the University of Arizona and Arizona State University.

Washington Youth Tour (Tour) students Noah Bell, Steven Daley, Joshua Caputo, Victoria Howell, Samantha Fortner, Maria Galloway-Sprietsma, and Grady Butler thanked the Board for sponsoring the Tour and reported on their favorite events. Werner and Tina Neubauer complimented the students, Mr. Harston, and GCSECA Tour Coordinator Jim Donahue and thanked the Board for the opportunity to attend as chaperones. Mrs. Lee Ann Howell expressed her appreciation for the program and the opportunity provided to her daughter and the other students.

The student and employee groups joined the Board for lunch and then left the meeting.

The Board entered into executive session at 12:42 p.m.

The regular meeting reconvened at 1:38 p.m.

Mr. Herron made a motion to adjourn the meeting. The motion was seconded and carried.

There being no further business, President English adjourned the meeting at 1:38 p.m.

Respectfully submitted,

Secretary

Approved:

President