

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

August 17, 2016

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Wednesday, August 17, 2016 in the SSVEC Sierra Vista office boardroom, 311 East Wilcox Drive, Sierra Vista, Arizona.

President English called the meeting to order at 9:21 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 - absent |
| 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 except Lex Herron, who was necessarily absent and excused. Creden W. Huber, Chief Executive Officer, Chris Hitchcock, General Counsel, and the following SSVEC employees were also present: Kirby Chapman, Jack Blair, Daniel Wilson, Ricardo Garcia, Orson Garnsey, Jason Bowling, and Char Bennett. Also present were members David Grieshop and Kevin Peterson and GDS consultant David Brian.

President English announced there was a quorum.

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

The agenda for this August 17, 2016 meeting was presented.

*APPROVAL OF
AGENDA*

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

The minutes of the regular meeting held July 27, 2016 were presented.

*APPROVAL OF
MINUTES*

Mr. Nolan made a motion to approve the minutes as presented. The motion was seconded and carried.

Under the Call to Members, Mr. Grieshop asked the Board to consider holding their strategic planning sessions in SSVEC territory.

*CALL TO
MEMBERS*

Mr. Peterson made a presentation on behalf of the Huachuca 50. He thanked SSVEC for supporting the group's efforts to maintain and continue development of the Fort and reported on the Fort's economic impact on the Sierra Vista community and the state.

Mr. Grieshop left the meeting. Member Bonnie Buer joined the meeting.

Ms. Buer stated that she was attending the meeting for informational purposes.

Mr. Peterson left the meeting.

Under the Call to Directors, Mr. Molina reported that he was no longer fully retired as he had accepted the position of Director of Arizona Veterans Outreach. The program's mission covers the state of Arizona and assists veterans and spouses in starting businesses.

*Call to
Directors*

Mr. Barrera stated that, in recognition of Co-op Month, SSVEC would be recognized during the October 21, 2016 Benson High School football game and asked for Board representation at the game.

The Executive Committee discussed the board meeting and the strategic planning agendas.

*GOVERNANCE
COMMITTEE
REPORTS
Executive
Committee*

The Policy Committee presented Policies F-6, No Smoking Policy, and F-7, Board Policy on Offers to Acquire All or Substantially All of the Cooperative Assets, which were included in the board report.

*Policy
Committee*

*Policies F-6&
F-7 Readopted*

After full discussion and with the Committee's recommendation, Mr. Molina made a motion to approve Policy F-6 as presented. The motion carried.

Additional revisions to Policy F-7 were requested.

With the Committee's recommendation, Mr. Molina made a motion to approve Policy F-7 as further amended. The motion carried.

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

The Committee reviewed Policies F-8, Record Retention; G-1, Environmental Compliance; G-2, Hazards Communications Program, PCB Spills Containment Program; Spill Prevention & Control Countermeasure Plan; and G-3, Recycling, and will present them for Board consideration in September.

The Finance Committee presented the pre-audit version of the June 2016 Form 7, which will be presented for Board consideration in September.

*Finance
Committee*

Mr. Nolan reported on the pre-audit meeting with auditors, which was held prior to this board meeting.

The Committee reviewed a voucher presented by the CEO.

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

Ms. Buer left the meeting.

The Employee and Customer Relations Committee heard the 2017 wage and salary presentation, which would be presented during the executive session.

*Employee &
Customer
Relations
Committee*

Ms. Thatcher asked permission to enter into executive session. No objections were stated.

The Board entered into executive session at 10:14 a.m.

The regular meeting reconvened at 12:36 p.m.

Directors Molina and Manring did not return to the regular meeting. Former Director Don Kyte joined the meeting. Employees John Reid and Dakota Watson joined the meeting. They introduced themselves and joined the Board for lunch.

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

CEO Report

Mr. Huber commented on the recent Fort Huachuca contract deposition.

*Hoover
Allocation: APA
Contract*

Mr. Huber referred to an executive summary and documents regarding a proposed contract with the Arizona Power Authority (APA) for Hoover power. The contract would provide a small portion of Hoover power that has previously not been available to cooperatives. The contract would be effective October 1, 2017 for a 50-year term. It provides for 2.7 megawatts from Western Area Power Authority and one megawatt from APA. The costs would be included in purchase power costs, which would be a pass-through to members.

After full discussion, Mr. Nolan made a motion to authorize Mr. Huber to sign the contract. Ms. Thatcher seconded the motion, which carried.

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 August 10, 2016 board meeting was included in the board report.

AEPCO Report

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

The Board reviewed the July 19, 2016 GCSECA board meeting minutes, which were included in the board report.

GCSECA

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

The Board returned to executive session at 1:11 p.m.

The regular meeting reconvened at 2:29 p.m.

Mr. Brian did not return to the regular meeting.

There being no further business, President English adjourned the meeting at 2:29 p.m.

Respectfully submitted,

Secretary

Approved:

President