

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

December 21, 2016

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Wednesday, December 21, 2016 in the Arizona Electric Power Cooperative, Inc. Apache Plant meeting room, 3525 U.S. Highway 191, Cochise, Arizona.

President English called the meeting to order at 9:30 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 Manring |

All directors were present. 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, and Char Bennett. Also present were Tamra Reynolds and Jeff Bracker, CoBank.

President English announced there was a quorum.

President English gave the invocation and led the Pledge of Allegiance.

The agenda for this December 21, 2016 meeting was presented.

*APPROVAL OF
AGENDA*

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

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

*APPROVAL OF
MINUTES*

Ms. Thatcher made a motion to approve the minutes as presented. The motion was seconded and carried.

No members were present for the Call to Members.

*CALL TO
MEMBERS*

President English welcomed Ms. Reynolds and Mr. Bracker to the meeting.

Ms. Reynolds and Mr. Bracker updated the Board on patronage capital, interest rates and 2017 CoBank meeting dates.

Under the Call to Directors, Mr. Herron commented on training he has attended regarding cooperative principles and asked the Board to consider suggestions made during the various training programs. He emphasized the importance of communication with members and recommended the formation of a two- to three-member committee to review ideas and programs to further increase member engagement.

*Call to
Directors*

This will be a discussion item on the January 18, 2017 board meeting agenda.

The Executive Committee reviewed the board meeting agenda.

*GOVERNANCE
COMMITTEE
REPORTS
Executive
Committee*

The Policy Committee presented Policies A-6, Responsibilities/Evaluation of the Chief Executive Officer; A-7, Qualifications and Selection of the Chief Executive Officer; A-8, Chief Executive Officer Participation in National, Statewide, and Other Meetings and Training Conferences; and A-9, Board Consultants, which were included in the board report.

*Policy
Committee*

*Policies A-7,
A-8 & A-9
Readopted*

Suggested changes included the incorporation of portions of Policy A-6 into Policy A-7 and the subsequent deletion of Policy A-6. Additional changes to Policy A-7 were recommended, including the update of the title of President to Board President.

*Policy A-6
deleted*

*Policy A-9
Rescinded*

With the Committee's recommendation, Mr. Molina made a motion to approve Policy A-7 as further amended and to delete Policy A-6. The motion carried.

Policy A-7 was renamed Qualifications, Selection and Evaluation of Chief Executive Officer.

An additional change to Policy A-8 was suggested.

After full discussion and with the Committee's recommendation, Mr. Molina made a motion to approve Policy A-8 as further amended. The motion carried.

With the Committee's recommendation, Mr. Molina made a motion to rescind Policy A-9. The motion carried.

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

The Committee reviewed Policies A-10, Directors' Fees, Travel and Expenses; A-11, Board Meetings, Reports and Agendas; and A-12, Vacancies on the Board of Directors, and will present them for Board consideration in January.

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

*Finance
Committee*

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

The Committee reviewed vouchers presented by directors.

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

Directors Gillespie and Payne reported on the 2016 NRECA Winter School they recently attended and thanked the Board for the opportunity. With this training, both directors have achieved NRECA's Credentialed Cooperative Director (CCD) status.

*NRECA Winter
School Report*

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

CEO Report

Management's response to issues raised during the September 19, 2016 Employee & Customer Relations Committee's meetings with employees was attached to Mr. Huber's report.

Mr. Huber reviewed the schedule for the solar field ribbon-cutting ceremony to be held later in the day.

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 meeting held November 9, 2016 was included in the board report.

AEPCO Report

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

Attorney Jeff Crockett joined the meeting.

The Board reviewed schedules for the 2017 NRECA Conferences and training, 2017 NRECA Annual Meeting, and 2017 NRECA Directors Conference.

Other Business

The calendar for the 2017 Director Elections and Annual Meeting was included in the board report.

*Director
Elections*

The proposed list of nominating committees for Districts 2 (Nolan), 3 (English), 4 (Goodman) and 11 (Molina) was included in the board report.

After full discussion, Mr. Barrera made a motion to accept the list of nominating committees. Mr. Molina seconded the motion, which carried.

District 2

Nan Cambern, temporary chair
Luis Nava
Steve Grimes
Jackie Lee
Dee Rodriguez

District 3

Charles Brown, temporary chair
John (J.D.) Vaughn
Ron Bemis
Ed Curry
Mary Appel

District 4

Wayne Merrill, temporary chair
Miriam Gay Anderson
Brad Pollock
Jean Langi
Tammy Rogers

District 11

Phil Wralstad
Mike Cline
H. Steve Conroy

All incumbents intend to seek re-election.

The announcement for the 2017 GCSECA Winter Meeting and Legislative Conference was included in the board report.

*GCSECA Winter
Meeting &
SSVEC Board
Rep to GCSECA
Board*

President English referred to information regarding GCSECA Board representation and stated that his term would expire in February 2017.

An election was conducted by secret ballot. Mr. English was re-elected to serve a two-year term on the GCSECA board of directors.

President English shared a plaque from the organizers of Benson's Festival of Lights Parade that thanked SSVEC for their support and for employee volunteers.

With no objections stated, the Board entered into executive session at 10:27 a.m.

The regular meeting reconvened at 11:02 a.m. Mr. Blair did not return to the meeting.

There being no further business and no objections, President English adjourned the meeting at 11:02 a.m.

Respectfully submitted,

Secretary

Approved:

President