

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

January 18, 2017

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Wednesday, January 18, 2017 in the Willcox headquarters board meeting room, 350 North Haskell Avenue, Willcox, Arizona.

President English called the meeting to order at 9:23 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 - absent |
| 4 - Tom Goodman | 11 - Ed Molina – Vice President |
| 6 - Dan Barrera | 13 - Gene Manring |

All directors were present except Gary Payne, who was necessarily absent and excused. Creden W. Huber, Chief Executive Officer, Chris Hitchcock, General Counsel, and the following SSVEC employees were also present: Ron Lee, Daniel Wilson, Ricardo Garcia, Orson Garnsey, Lainie Keltner, 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 January 18, 2017 meeting was presented.

*APPROVAL OF
AGENDA*

Mr. Manring made a motion to approve the agenda as presented. Mr. Molina seconded the motion, which carried.

The minutes of the regular meeting held December 21, 2016 were presented.

*APPROVAL OF
MINUTES*

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

J.D. Wallace, Arizona G&T Communications, Social Media & Marketing Administrator, joined the meeting.

No members were present for the Call to Members.

*CALL TO
MEMBERS*

Under the Call to Directors, Mr. Herron discussed the SSVEC annual meeting format and a platform for communicating with members.

*Call to
Directors*

With no objections, President English moved up agenda item 10.b.2) Benson Hospital REDL&G Loan and asked Mr. Wallace for his presentation. The loan document and a proposed resolution were included in the iPad report.

*AEPCO
REDL&G
Application –
Benson
Hospital*

Mr. Wallace discussed the hospital's REDL&G (Rural Economic Development Loan & Grant) application for \$75,000 to renovate space for a primary care physician and staff.

Geoff Oldfather, Arizona G&T Cooperative Communications and Public Relations Manager, joined the meeting telephonically and further explained the application.

Mr. Oldfather stated that REDL&G loan applications require the approval of distribution cooperatives. Neither the G&T nor distribution cooperatives are liable in the case of default.

Mr. Huber referred to proposed Resolution 2017-01. After full discussion Ms. Thatcher made a motion to approve the Benson Hospital REDL&G application and adopt Resolution 2017-01. Mr. Goodman seconded the motion, which carried.

*Resolution
2017-01
Adopted*

WHEREAS, The United States Department of Agriculture, Office of Rural Economic Development has a loan financing program to encourage economic development and create jobs in rural areas served primarily by rural electric utility cooperatives, and;

WHEREAS, this program, called the Rural Economic Development Loans and Grants (REDLG) program, provides grant money to rural electric generation and transmission cooperatives which can then use the funds to make loans to qualified businesses and individuals in its member cooperatives service territories, and;

WHEREAS, the loan process established by the USDA calls for applications to be reviewed by the member cooperatives' board of directors before being forwarded to the generation and transmission cooperatives for approval or denial by its board of directors, and;

WHEREAS, Benson Hospital in Benson, Arizona, has submitted an Application to Arizona Electric Power Cooperative, Inc., (AEPCO) for a Rural Economic Development Loans and Grants (REDLG) loan of not less than \$75,000 and not more than \$100,000 for improvements and renovation of existing space at the Benson Hospital, for the purpose of providing facilities for a primary care physician and staff of six to eight employees, including the physician, physician assistant, nursing, and office personnel.

WHEREAS, This loan, should it be approved after review by the AEPCO Board of directors, will directly benefit a major health facility and residents who live in the SSVEC service territory, and;

WHEREAS, the SSVEC board of directors believes this loan, should it be approved by the AEPCO board of directors, is in the best interests of its members, and;

WHEREAS, SSVEC assumes no liability for the loan and is solely intent on reviewing the loan application as part of the process established by the USDA;

BE IT RESOLVED, that the SSVEC board of directors, after review of the Benson Hospital loan application, recommends that it be forwarded to the AEPCO Board of directors for its consideration and approval or denial of the loan.

Mr. Wallace and Mr. Oldfather left the meeting.

The Executive Committee reviewed the board meeting agenda.

The Policy Committee presented Policies A-10, Directors' Fees, Travel and Expenses; A-11, Board Meetings, Reports and Agendas; and A-12, Vacancies on the Board of Directors, which were included in the board report.

*GOVERNANCE
COMMITTEE
REPORTS
Executive
Committee
Policy
Committee*

*Policies A-10,
A-11 & A-12
Readopted*

Mr. Molina stated a request for in-depth discussion of Policy A-10.

After full discussion, Mr. Nolan made a motion to approve Policy A-10 as presented. Mr. Barrera seconded the motion, which carried.

An additional change to Policy A-11 was suggested.

After full discussion and with the Committee's recommendation, Mr. Molina made a motion to approve Policy A-11 as further amended. The motion carried.

With the Committee's recommendation, Mr. Molina made a motion to approve Policy A-12 as presented. The motion carried.

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

The Committee reviewed Policies A-13, Relationships with Other Organizations; A-14, Director and Attorney Insurance and Deferred Compensation; and A-15, Director & Employee Participation in Election of Directors, and will present them for Board consideration in February.

Employee Wayne Crane joined the meeting and shared a press release regarding the 2016 Scholarship Committee members.

*2017
Scholarship
Committee
Appointed*

After full discussion, Mr. Barrera made a motion to appoint Jody Klein, Shelley Michaels, Gail Size, Char Brown Stockton and Mindy Sherman to serve on the 2017 Scholarship Committee. Ms. Thatcher seconded the motion, which carried.

Mr. Crane left the meeting.

The Finance Committee presented the Schedule of Writeoffs in the amount of \$28,696.35.

*Finance
Committee*

Ms. Keltner explained the process leading to an account being written off.

After full discussion and with the Committee's recommendation, Mr. Nolan made a motion to accept the Schedule of Writeoffs. The motion carried.

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

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

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.

Mr. Nolan stated that in February and March the Committee will review construction history of the past 10 years.

Ms. Keltner left the meeting.

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

CEO Report

Mr. Huber reported on the ACC swearing-in ceremony, the SSVEC rate case and the value of solar docket.

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 January 5, 2017 was included in the board report.

AEPCO Report

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

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

Other Business

Nominating committees for Director Districts 2, 3, 4 and 11 had been appointed in December and were subsequently updated. A revised, proposed list was included in the board report.

*Director
Elections*

After full discussion, Mr. Nolan made a motion to appoint the nominating committees as updated and presented in the board report. Mr. Barrera seconded the motion, which carried.

*Nominating
Committee
Appointments
Updated*

District 2

Nan Cambern, temporary chair
Luis Nava
Steve Grimes
Jackie Lee

District 3

Gilbert Zamudio, temporary chair
John (J.D.) Vaughn
Ron Bemis
Ed Curry
Nathan Watkins

District 4

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

District 11

Phil Wralstad, temporary chair
Mike Cline
H. Steve Conroy

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

President English appointed voting delegates and alternates to be held scheduled during the 2017 NRECA Annual Meeting schedule.

*2017 NRECA
Annual
Meeting Voting
Delegates
Appointed*

Meeting

NRECA
CFC
NRTC
NISC

Delegate

Curtis Nolan
Dan Barrera
Creden Huber
Creden Huber

Alternate

Kathy Thatcher
Pat English

With no objections stated, the Board entered into executive session at 11:28 a.m.

The regular meeting reconvened at 11:34 a.m.

Discussion continued from the executive session regarding director participation in a board meeting during a disaster. Mr. Huber noted that the Board could adopt a resolution to change the date and location of a board meeting. In addition, SSVEC's bylaws have a provision for attendance telephonically or electronically, with prior Board permission.

There being no further business and no objections, President English adjourned the meeting at 11:37 a.m.

Respectfully submitted,

Secretary

Approved:

President