

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

February 22, 2017

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Wednesday, February 22, 2017 in the Sierra Vista office boardroom, 311 East Wilcox Drive, Sierra Vista, Arizona.

President English called the meeting to order at 9:40 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 was District 2 director candidate James Fusco.

President English announced there was a quorum.

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

The agenda for this February 22, 2017 meeting was presented.

*APPROVAL OF  
AGENDA*

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

The minutes of the regular meeting held January 18, 2017 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. Fusco introduced himself.

*CALL TO  
MEMBERS*

Under the Call to Directors, Ms. Thatcher and Mr. English reported that they had received compliments from a member with a high bill complaint and an irrigator regarding Tim Charley's handling of their requests.

*Call to  
Directors*

Mr. Barrera asked for an update on a previous intermittent power complaint from a Benson member. Staff will follow up.

The Executive Committee reviewed the board meeting agenda.

*GOVERNANCE  
COMMITTEE  
REPORTS*

President English asked Mr. Herron if he had additional discussion on member engagement. The Board discussed the outline previously provided by Mr. Herron regarding this subject.

*Executive  
Committee*

Mr. Blair reported that a new member survey is being planned and will be followed by an action plan.

Mr. Huber led discussion on board committee meetings.

After full discussion, Mr. Payne made a motion to hold committee-of-the-whole meetings prior to the board meetings for the next three months. Mr. Manring seconded the motion, which carried.

*Committee-of-the-Whole*

In May the Board will decide on whether to continue the practice. The executive committee will meet at 7:30 a.m. and the committee-of-the-whole at 8:00 a.m. The board meeting starting time will remain 9:30 a.m.

The Policy Committee presented 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, which were included in the board report.

*Policy Committee*

*Policies A-13, A-14 & A-15 Readopted*

After full discussion and with the Committee's recommendation, Mr. Molina made a motion to approve Policy A-13 as presented. The motion carried.

An additional change to Policy A-14 was suggested.

After full discussion and with the Committee's recommendation, Mr. Molina made a motion to approve Policy A-14 as further amended. The motion carried.

With the Committee's recommendation, Mr. Molina made a motion to approve Policy A-15 as presented. The motion carried.

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

The Committee reviewed Policies A-17, Policy Manuals; A-18, Biographical Information of Candidates for Board of Directors; and A-19, Collection of Director's Delinquent SSVEC Bills, and will present them for Board consideration in March.

The Committee presented the draft 2017 Annual Meeting agenda, which was included in the board report. This year's Annual Meeting will be held on Thursday, April 20, at the Benson High School gymnasium.

*Annual Meeting Agenda Approved*

Additions and corrections were requested.

Ms. Thatcher made a motion to accept the 2017 Annual Meeting agenda as amended. Mr. Herron seconded the motion, which carried.

The Finance Committee presented December 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 December 2016 Form 7. 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 presented letters of agreement from Bolinger, Segars, Gilbert & Moss to conduct July 2017 – June 2018 audits for SSVEC, the SSVEC Foundation and the SSVEC Charitable Trust. An executive summary was included in the board report.

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

*BSG&M Letters  
of Agreement*

Foundation and Charitable Trust agreement letters will be considered at future meetings of those Boards of Trustees.

The Committee reviewed construction work in progress for the years 2006 – 2021 and equity history and projections from 2006 – 2021.

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

*CEO Report*

Mr. Huber reported on SSVEC's rate case and value of solar docket and the outcome of Trico Electric Cooperative's rate case.

Mr. Huber explained the unique circumstances for a request from Tucson Electric Power (TEP) to serve a solar farm that is located in SSVEC's service territory.

After full discussion, Mr. Nolan made a motion to authorize the filing of a borderline agreement between SSVEC and TEP to serve TEP's solar farm in SSVEC's service territory and to authorize Mr. Huber to sign the agreement upon ACC approval.

*TEP-SSVEC  
Borderline  
Agreement*

Mr. Huber presented a video, "History of Climate Change in Greenland".

Employees Carlos Cabral, Gabriel Ramirez, Cindy Murphy and LaRae Means joined the meeting.

Written staff reports were included in the board report.

*STAFF  
REPORTS*

Staff responded to questions asked by directors.

The employees introduced themselves and joined the Board for lunch. They left the meeting following lunch.

Mr. Molina left the meeting during the lunch break.

President English asked Ms. Thatcher and Mr. Barrera for the AEPCO Report. The summary of the meeting held February 8, 2017 was included in the board report.

*AEPCO Report*

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

Mr. Chapman referred to an executive summary and proposed resolution regarding the AEPCO-SSVEC Membership Supplemental Services Agreement (MSSA), which were included in the board report. Supporting documents were included in the iPad report.

*SSVEC-AEPCO  
MSSA  
Resolution  
2017-02  
Adopted*

The 2013 MSSA provided guidelines for AEPCO and SSVEC for various power supply activities. Since 2013, changes have been initiated by Trico upon their rejoining the AEPCO control area. Mr. Chapman reviewed schedules, an authority matrix, contract comparison and base resource figures.

After full discussion, Mr. Manning made a motion to adopt Resolution 2017-02. Ms. Thatcher seconded the motion, which carried.

**WHEREAS**, the July, 2013 Master Supplemental Services Agreement (MSSA) between SSVEC and AEPCO provides procedures that AEPCO and SSVEC will follow for several power supply activities, and

**WHEREAS**, other AEPCO cooperatives have requested these procedures be revised and clarified; and

**WHEREAS**, AEPCO's Agent, Alliance for Cooperative Energy Services Power Marketing, LLC (ACES) has audited the Authority Matrix which is a part of the MSSA and has recommended the following modifications to the Exhibits: (i) change of terminology from "Maximum Exposure" to "Aggregate Limits" reflecting a difference whereby Aggregate Limits exclude non-paid completed activity; (ii) change in footnote notation to describe how Aggregate Limits are represented and removal of Maximum Exposure references; (iii) change in terminology from "APM" to "ACES"; and

**WHEREAS**, the upper portion of the SSVEC Authority Matrix defines the SSVEC authorization and changes in that portion are subject to approval by SSVEC's Board of Directors; and

**WHEREAS**, The Strike Price governing the sales of AEPCO resources has been updated; and

**WHEREAS**, The Base Resource Buy-Down Price needs to be added to the MSSA, and

**WHEREAS**, SSVEC management has reviewed and is in agreement with the proposed changes to the SSVEC Authority Matrix and Exhibits, and

**WHEREAS**, AEPCO has requested that SSVEC approve the revised Authority Matrix.

**NOW, THEREFORE BE IT RESOLVED**, the Board of Directors of SSVEC hereby authorizes Management to execute the SSVEC Power Trading Authority Matrix reflecting these modifications effective February 22, 2017.

Information regarding the request for 2017 Distinguished Service Award nominations was included in the board report.

After full discussion, Mr. Gillespie made a motion to nominate former SSVEC director Don Kyte for this year's Distinguished Service Award. Mr. Payne seconded the motion, which carried.

The AEPCO Board will select a recipient(s) during their March board meeting.

President English and participants commented on the 2017 GCSECA Winter Meeting and Legislative Conference and the director training course that followed. *GCSECA Report*

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

Nominating committee results for Director Districts 2, 3, 4 and 11 were posted on February 17, 2017. *Director Elections*

District 2  
James Fusco  
Curtis Nolan

District 4  
Nelson Daley  
Tom Goodman  
Kimber Trejo

*Nominating  
Committee  
Results*

District 3  
Pat English  
David Pinar

District 11  
Wayne Gregan  
Ed Molina

The deadline for filing a petition is March 6, 2017. Ballots will be mailed by March 29, 2017.

President English appointed Directors Thatcher, Barrera and Gillespie to the biographical statement review committee.

An election committee will be appointed in March.

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

The 2017 NRECA Legislative Conference will be held April 23 - 25 in Washington, DC. The tentative schedule and the list of past conference participants were included in the board report.

*2017 NRECA  
Legislative  
Conference*

President English appointed Mr. Gillespie to serve as SSVEC's director representative to the 2017 NRECA Legislative Conference. Mr. Huber will also attend. Mr. Nolan expressed intent to attend the conference as his annual NRECA event if re-elected.

Directors expressed their intent to attend the CFC Forum to be held June 11 – 14, 2017.

With no objections stated, the Board entered into executive session at 12:30 p.m.

The regular meeting reconvened at 12:43 p.m.

There being no further business and no objections, President English adjourned the meeting at 12:43 p.m.

Respectfully submitted,

Secretary

Approved:

President