

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

April 19, 2017

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Wednesday, April 19, 2017 in the Willcox headquarters boardroom, 350 North Haskell Avenue, Willcox, Arizona.

President English called the meeting to order at 9:35 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 - absent
2 - Curtis Nolan – Treasurer	9 - Lex Herron
3 - Pat English - President	10 - Gary Payne
4 - Tom Goodman	11 - Ed Molina
6 - Dan Barrera - Vice President	13 - Gene Manring

All directors were present except Peter Gillespie, who was necessarily absent and excused. Creden W. Huber, Chief Executive Officer, and the following SSVEC employees were also present: Kirby Chapman, Jack Blair, Ricardo Garcia, Orson Garnsey, Daniel Wilson, Lainie Keltner, and Char Bennett. Chris Hitchcock, General Counsel, was in attendance but monitoring the director election ballot counts.

President English announced there was a quorum.

Ms. Thatcher gave the invocation and led the Pledge of Allegiance.

The agenda for this April 19, 2017 meeting was presented.

*APPROVAL OF  
AGENDA*

Mr. Huber noted that AEPCO Solar Planning and Subscription Agreement agenda item should be noted as an action item.

Mr. Barrera made a motion to approve the agenda as amended. The motion was seconded and carried.

The minutes of the regular meeting held March 22, 2017 were presented.

*APPROVAL OF  
MINUTES*

Mr. Herron recommended a correction to the date for making additional declarations of directors seeking office.

Mr. Molina made a motion to approve the minutes as amended. The motion was seconded and carried. Mr. Nolan abstained, as he was absent from the March meeting.

The agendas for the April 20, 2017 special and regular meetings, which were approved in March, were included in the board report.

No members were present for the Call to Members. However, several non-incumbent candidates were observing the ballot count.

*CALL TO  
MEMBERS*

Under the Call to Directors, Mr. Nolan stated that he would not attend the 2017 NRECA Legislative Conference as previously requested. He would, however, attend the NRECA Board meeting, which was scheduled prior to the Conference.

*Call to  
Directors*

The Executive Committee reviewed the board meeting agenda, liability renewal information and the Affirmative Action Plan.

*GOVERNANCE  
COMMITTEE  
REPORTS  
Executive  
Committee*

Mr. Huber referred to an executive summary and narrative regarding the 2017 Affirmative Action Plan (Plan), which were included in the board report. He discussed the goals and intent of the Plan.

After full discussion, Mr. Herron made a motion to accept the 2017 Affirmative Action Plan. Mr. Molina seconded the motion, which carried.

*Affirmative  
Action Plan  
Accepted*

Mr. Huber referred to a presentation regarding SSVEC's liability insurance coverage for May 2015 – May 2017, which was included in the iPad report. He discussed renewal costs and options and stated that Federated Rural Electric Insurance Exchange (Federated) presented the only viable bid.

After full discussion, Mr. Barrera made a motion accept Federated's bid and to increase the 2017 – 2018 UMB limit to \$20 million. Ms. Thatcher seconded the motion, which carried.

Board consensus was to defer a decision on a proposed capital credit rider until later in the meeting.

*Liability  
Insurance  
Renewal  
Policy  
Committee*

The Policy Committee presented Policies A-20, Designation of Executive Vice President; A-21, Insurance and Indemnification; and A-22, Preference of Businesses Served by SSVEC, which were included in the board report.

*Policies A-20 &  
A-21  
Readopted*

Mr. Molina recommended a correction to Policy A-20.

After full discussion and with the Committee's recommendation, Mr. Molina made a motion to approve Policy A-20 as further amended. The motion carried.

Mr. Molina recommended a correction to Policy A-21.

After full discussion and with the Committee's recommendation, Mr. Molina made a motion to approve Policy A-21 as further amended. The motion carried.

Policy A-22 will be renumbered and considered in May.

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

The Committee reviewed Policies A-23, Safety; A-24, Government Relations; and A-25, Director Conduct and Ethical Standards, and will present them, along with Policy A-22, for Board consideration in May.

The Finance Committee presented the Schedule of Writeoffs in the amount of \$33,920.78.

*Finance*

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

*Schedule of  
Writeoffs*

The Committee presented the February 2017 Form 7, which was included in the board report.

With the Committee's recommendation, Mr. Nolan made a motion to accept the February 2017 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.

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 will represent SSVEC at the 2017 NRECA Legislative Conference.

Written staff reports were included in the board report. *STAFF REPORTS*

Staff responded to questions asked by directors.

Mr. Wilson referred to an executive summary, narrative, and resolution regarding an amendment to the 2015 Construction Work Plan, which were included in the board report. *Amendment #4 to 2015 Construction Work Plan*

Two categories exceeded the 10 percent budget threshold. Therefore, per policy, Amendment #4 was brought to the Board for consideration.

After full discussion, Mr. Nolan made a motion to adopt Resolution 2017-04. Ms. Thatcher seconded the motion, which carried. *Resolution 2017-04 Adopted*

BE IT RESOLVED, that costs for a substation transformer failure resulted in an upgrade of the transformer, and costs for the amount of retirement of distribution facilities without replacement have both caused additional unexpected expenditures;

BE IT RESOLVED, that Management is directed to use general funds of \$233,405 for the following completed work orders:

WO Number	
88063	88504
88675	87702
86923	89042
88490	88389
89265	89389
89349	88397
88520	88984
89139	88087
89357	87671
88293	88739
	89317

BE IT FURTHER RESOLVED, that after full consideration and discussion, a motion was made by Curtis Nolan, seconded by Kathy Thatcher and passed that this RESOLUTION is approved.

President English asked Ms. Thatcher and Mr. Barrera for the AEPCO Report. They reported on the meeting held April 12, 2017. *AEPCO Report*

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

AEPCO's 2017 annual meeting will be held on May 10 at Kartchner Caverns. Distinguished Service Awards will be presented to former SSVEC director Don Kyte and former Graham County Electric Cooperative General Manager Steve Lines.

Mr. Huber referred to documents related to the Apache Solar Planning and Subscription Agreement (Subscription Agreement) and Purchase Power Agreement (PPA), which were included in the iPad report.

Approval of the Subscription Agreement and the PPA would allow the inclusion of Electrical District 2.

After full discussion, Mr. Manring made a motion to approve the amendment to the Subscription Agreement and PPA. Mr. Molina seconded the motion, which carried.

Mr. Hitchcock joined the meeting momentarily to announce that Pat English and Curtis Nolan had won re-election.

The 2017 GCSECA Summer Meeting will be held July 24 – 27 in Marana, Arizona. Director course 924.1, When Disaster Strikes – Continuity Management and Emergency Response Planning for Directors, will be offered on July 27.

*GCSECA Report*

Directors Herron and Molina reported on the 2017 NRECA Director Conference and training they recently attended

The Board reviewed schedules for the 2017 NRECA conferences, 2017 NRECA Legislative Conference, 2017 CFC Forum, and 2018 NRECA conferences.

*Other Business*

With no objections stated, the Board entered into executive session at 12:01 p.m.

The regular meeting reconvened at 12:48 p.m.

Discussion regarding the Federated insurance capital credit defense option was brought from the executive session to the regular meeting.

*Liability  
Insurance  
Capital Credit  
Defense  
Option*

Mr. Manring made a motion to add the option to add capital credit defense to the cooperative's coverage for an additional \$1,512 in premium. Mr. Payne seconded the motion, which carried, with Mr. Barrera voting no.

Results of the director elections for Districts 4 and 11 were not available before the close of this meeting.

There being no further business and no objections, President English adjourned the meeting at 12:49 p.m.

Respectfully submitted,

Secretary

Approved:

President