

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

May 17, 2017

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Wednesday, May 17, 2017 in the SSVEC Sierra Vista boardroom, 311 East Wilcox Drive, Sierra Vista, 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        |
| 2 - Curtis Nolan – Treasurer     | 9 - Lex Herron             |
| 3 - Pat English - President      | 10 - Gary Payne            |
| 4 - Tom Goodman                  | 11 - Ed Molina - absent    |
| 6 - Dan Barrera - Vice President | 13 - Gene Manring - absent |

All directors were present except Ed Molina and Gene Manring, who were 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, Ricardo Garcia, Orson Garnsey, Daniel Wilson, David Bane, and Char Bennett. Member and former SSVEC director, Harold Hinkley, was also present.

President English announced there was a quorum.

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

The agenda for this May 17, 2017 meeting was presented.

*APPROVAL OF  
AGENDA*

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

The minutes of the regular meeting held April 19, 2017 were presented.

*APPROVAL OF  
MINUTES*

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

The minutes of the April 20, 2017 special meeting were presented.

A motion was made to approve the minutes as presented. The motion was seconded and carried.

The Board reviewed the April 20, 2017 annual meeting minutes, which will presented to members for consideration during the 2018 annual meeting.

The minutes of the April 20, 2017 regular meeting were presented.

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

Under the Call to Members, President English welcomed Mr. Hinkley.

CALL TO MEMBERS

Under the Call to Directors, Mr. Nolan stated that he did not attend the 2017 NRECA Legislative Conference as previously requested and would like to attend the 2017 CFC IBES Conference scheduled in November.

Call to Directors

Mr. Herron discussed a May 7, 2017 Tucson newspaper article regarding Tucson Electric Power, Southern California and other battery storage projects.

The Executive Committee reviewed the board meeting agenda, Policy A-29, Conflicts of Interest, and a resolution for the NRECA Retirement Plan Restatement.

GOVERNANCE COMMITTEE REPORTS  
Executive Committee

Directors and key staff reviewed Policy A-29 and signed the related form.

Mr. Huber referred to the proposed resolution regarding an NRECA Retirement Plan (Plan) Restatement, which was included in the board report. He stated that NRECA occasionally asks cooperatives to sign a restatement of their retirement plan and that the proposed resolution does not include changes to the Plan or benefits.

Policy A-29 Reviewed; Form Signed

After full discussion, Ms. Thatcher made a motion to adopt Resolution 2017-05. Mr. Herron seconded the motion, which carried.

**WHEREAS**, SSVEC is a participating employer in the NRECA-sponsored:

- Retirement Security (RS) Plan
  - 401(k) Pension (401(k)) Plan
- Plan(s): elect one or both, as applicable*

**WHEREAS** the Board of Directors of SSVEC is aware that the Plan(s) must periodically be amended to comply with new or changed regulations, rulings, legislation and plan operations, and that this restatement will be effective July 1, 2017.

Resolution 2017-05: Retirement Plan Restatement

**THEREFORE BE IT RESOLVED** that this Board authorizes the July 1, 2017 amendment, restatement and continuance of the Plan(s) to conform in its (their) entirety with all the provisions of the governing plan document(s) of the Plan(s), through the execution of the Adoption Agreement(s), which includes all of the provisions of the Cooperative's most recently executed Adoption Agreement(s) and any compliance clarifications needed to conform with plan operations; and

**BE IT FURTHER RESOLVED**, in the event that the timing of the restatement does not correspond with regularly scheduled meetings of the Board of Directors, the Board does hereby authorize and direct Creden W. Huber, CEO to execute all necessary documents and to take any and all further actions necessary to carry out the July 1, 2017 amendment and restatement of the Plan(s).

The Committee of the Whole presented Policies A-22, Preference of Businesses Served by SSVEC; A-23, Safety; A-24, Government Relations; and A-25, Director Conduct and Ethical Standards, which were included in the board report.

Policy Committee

After full discussion and with the recommendation of the Committee, Mr. Barrera made a motion to approve Policies A-23, A-24 and A-25 as presented, renumber Policy A-22 to C-5 as presented and rescind Policy A-19. The motion carried.

Policies A-23, A-24 & A-25 Readopted

Mr. Barrera noted that Policy A-19 is now a part of Policy A-25.

Policy A-22 Moved to C-5  
Policy A-19

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

*Rescinded -  
Combined with  
Policy A-25*

The Committee will present Policy A-26, Board of Directors Employee & Customer Relations Committee for consideration in June.

Policies A-4, Board of Director Committees; A-29, Conflicts of Interest; and A-30, Cooperative Attorney Policy, will be reviewed by the Committee in June.

Policies A-27, Nomination Committee, and A-28, Qualifications to Serve or to be Elected or Appointed to Serve of the Board of Directors, will be further reviewed and presented at a later date.

The Board reviewed the 2017 annual meeting member survey, which was included in the board report. Overall, members' comments were favorable of the annual meeting format, prizes and duration.

The Committee of the Whole presented the March 2017 Form 7, which was included in the board report.

*Finance*

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

Mr. Nolan referred to information regarding CFC's request for a donation to the Cooperative System Integrity Fund (Integrity Fund). The Integrity Fund supports systems that are facing threats to their service territory.

After full discussion, Mr. Barrera made a motion to donate \$5,000 to the Cooperative System Integrity Fund. Mr. Herron seconded the motion, which carried.

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 2017 NRECA Legislative Conference he recently attended and on problems with the San Simon solar array.

Mr. Huber included information in his report on utility-scale solar cost trends, SSVEC's rate history 1970 – 2016, and margins provided for rate increases since 1989 and the Sierra Southwest board meeting summary.

*PPAs - Cost-  
Savings*

Mr. Huber noted the cost-savings afforded by Purchase Power Agreements.

Written staff reports were included in the board report.

*STAFF  
REPORTS*

Staff responded to questions asked by directors.

Mr. Bane referred to an executive summary and a proposed resolution regarding the 2018 - 2019 Demand-Side Management/Electric Energy Efficiency Standards program (DSM/EEE), which were included in the board report.

*DSM Plan  
Resolution  
2017-06  
Adopted*

Mr. Bane discussed program changes and additions and continuing programs. The program is fully funded by the DSM surcharge.

After full discussion, Ms. Thatcher made a motion to authorize the filing of the DSM/EEE program with the Arizona Corporation Commission. Mr. Nolan seconded the motion, which carried. Resolution 2017-06 was adopted.

WHEREAS, Sulphur Springs Valley Electric Cooperative (SSVEC), an electric cooperative company in Arizona, is required to submit a Demand Side Management / Electric Energy Efficiency Program (DSM Plan), in the course of normal operations.

BE IT RESOLVED that the Board of Directors of SSVEC has reviewed the 2018/2019 DSM plan presented by the SSVEC Management and Staff and fully supports the plan to be submitted to the ACC for approval.

President English asked Ms. Thatcher and Mr. Barrera for the AEPCO Report. They reported on the board meeting held May 9, 2017 and the annual meeting held May 20, 2017. *AEPCO Report*

The AEPCO Board was updated on environmental and transmission issues.

AEPCO's 2017 annual meeting was held on May 10 at Kartchner Caverns.

Former SSVEC director, Don Kyte, joined the meeting.

The Board reviewed schedules for the 2017 NRECA conferences, 2017 GCSECA summer meeting, 2017 CFC Forum, 2017 NRECA Regions 8 & 10 Meeting, and 2018 NRECA conferences. *Other Business*

President English referred to information regarding the 2017 NCSC Annual Meeting to be held during the CFC Forum schedule. He appointed Mr. Goodman as SSVEC's voting delegate and Mr. Payne as alternate.

Mr. Kyte was unable to attend AEPCO's annual meeting to receive his Distinguished Service Award plaque. On behalf of AEPCO, President English presented the plaque to Mr. Kyte. Mr. Kyte thanked the Board for nominating him.

Employees Michele McCollum, Sean Ruddy, Mr. Clark, Jorge Lara and Buster Foster arrived and joined the Board for lunch.

With no objections stated, President English recessed the meeting at 11:15 a.m. to conduct Foundation and Charitable Trust meetings.

The Board returned to the regular meeting at 12:18 p.m., following the lunch break.

Mr. Kyte, Mr. Hinkley, Mr. Nolan, Mr. Bane, Ms. McCollum, Mr. Ruddy, Mr. Clark, Mr. Lara and Mr. Foster left the meeting.

With no objections stated, the Board entered into executive session and 12:18 p.m.

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

Discussion regarding the structure of the Board's committees was brought from the executive session. Board consensus was to continue meeting as a committee of the whole to review policies and financials.

There being no further business and no objections, President English adjourned the meeting at 12:54 p.m.

Respectfully submitted,

Secretary

Approved:

President