

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

July 19, 2017

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

President English called the meeting to order at 9:34 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 - absent
6 - Dan Barrera - Vice President	13 - Gene Manring

All directors were present except Peter Gillespie and Ed Molina, 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, Lainie Keltner, David Bane, 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 July 19, 2017 meeting was presented.

*APPROVAL OF
AGENDA*

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

The minutes of the regular meeting held June 21, 2017 were presented.

*APPROVAL OF
MINUTES*

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

The minutes of the SSVEC Foundation (Foundation) meeting held June 21, 2017 were presented for review.

*REVIEW
FOUNDATION
MINUTES*

No changes were suggested.

The minutes will be presented for consideration by the Foundation Board of Trustees at a future meeting of that Board.

The minutes of the SSVEC Charitable Trust (Trust) meeting held June 21, 2017 were presented for review.

*REVIEW TRUST
MINUTES*

No changes were suggested.

The minutes will be presented for consideration by the Trust Board of Trustees at a future meeting of that Board.

No members were present for the Call to Members.

CALL TO MEMBERS

Under the Call to Directors, President English shared thank you notes from Washington Youth Tour participants.

Call to Directors

Mr. Manring asked for guidance on the correct procedure for making motions as a Committee of the Whole (COW).

After full discussion, with recommendations, Board consensus was to request a motion and a second following a recommendation by the COW.

Mr. Nolan informed the Board of his intention to seek re-election as Arizona's representative on the NRECA board of directors.

The Executive Committee reviewed the board meeting agenda and draft board retreat agenda.

GOVERNANCE COMMITTEE REPORTS

The Board reviewed the draft retreat agenda and suggested updates. The agenda will be presented for Board consideration in August.

Executive Committee

The Committee of the Whole presented Policies A-29, Conflicts of Interest; A-30, Cooperative Attorney Policy; and E-3, Paid Time Off, which were included in the board report.

Policies

Additional changes to Policy A-29 were recommended during the Committee's meeting.

After full discussion, Mr. Payne made a motion to approve Policy A-29 as presented with the additional changes. The motion was seconded and carried.

Policies A-29 & A-30 & E-3 Readopted

Additional changes to Policy A-30 were recommended during the Committee's meeting.

Mr. Manring made a motion to adopt Policy A-30 as presented with the additional changes. The motion was seconded and carried.

Ms. Thatcher made a motion to adopt Policy E-3 as presented. The motion was seconded and carried.

The changes to Policy E-3 comply with the new Arizona Sick Leave mandate that became effective July 1, 2017. The mandate affects Class 3 and Class 4 employees, mostly temporary workers and interns.

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

The Committee will present Policies B-1, Cash Management Program, and B-2, Annual Audit, for Board consideration in August.

The Committee of the Whole presented the Schedule of Writeoffs in the amount of \$20,045.12, which was included in the iPad report.

Finance

Mr. Manring made a motion to accept the Schedule of Writeoffs. Mr. Goodman seconded the motion, which carried.

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

Ms. Thatcher made a motion to accept the May 2017 Form 7. Mr. Herron seconded the motion, which carried.

Ms. Keltner left the meeting.

No vouchers were presented for Board consideration.

President English appointed Directors Nolan, Manring and Thatcher to serve on the finance ad hoc committee to hold a pre-audit meeting with auditors. The Committee will meet in Sierra Vista on Monday, August 21, 2017 at 10:00 a.m.

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 upcoming phase 2 of the rate hearing. He discussed the value of solar docket, which includes grandfathering, distributed generation and net export rates.

Written staff reports were included in the board report.

*STAFF
REPORTS*

Staff responded to questions asked by directors.

Mr. Bane made a PowerPoint presentation on the proposed 2018 REST Plan. The presentation, an executive summary, and a proposed resolution were included in the board report.

*2018 REST
Plan*

Mr. Bane reviewed the REST Plan's background and proposed budget. The proposed 2018 program has no changes in incentives or REST surcharge. It requests elimination of reporting to AZ Goes Solar and to, once again, set aside funds for a future photovoltaic project. The proposed budget totals \$2.99 million.

After full discussion, Ms. Thatcher made a motion to adopt Resolution 2017-07. Mr. Manring seconded the motion, which carried.

WHEREAS, Sulphur Springs Valley Electric Cooperative (SSVEC), an electric cooperative company in Arizona, is required to submit annual updates to the REST program and tariff, in the course of normal operations.

*Resolution
2017-07*

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

Mr. Bane made a PowerPoint presentation on the Key Account Review. The presentation was included in the board report.

*Key Accounts
Review*

SSVEC's largest members make up our key accounts and are on commercial and irrigation rates. Member Services has created an irrigation rate planner and maintains statistics on the Top Ten key accounts and monthly reports on each account's usage.

Mr. Bane presented two new television commercials that tout SSVEC's renewables. These will also be available on the Internet and Facebook.

*Touchstone
Energy
Commercials*

Mr. Bane left the meeting.

Mr. Garcia updated the Board on the recent wildfires that affected SSVEC territory and equipment. Mr. Huber noted that SSVEC delivered a \$1,500 check to each of the five members who lost their homes in the wildfire. Funds were made available through the Operation RoundUp program.

Employees Deidra Tulk and Cory East joined the meeting.

Employee Marcus Harston and Washington Youth Tour (Tour) students Marcus Reaves and his mother Carla and sister Keli, Eliza Mayberry, Anastasia Frattarole, and Sabrina Contreras and International Science & Engineering Fair (ISEF) student Taylor Benning and her parents Will and Kelly joined the meeting. Tour chaperones employee Rebecca Brin and her husband Ray also joined the meeting.

*YOUTH
PROGRAMS*

Tour students reported on their favorite parts of the Tour and thanked SSVEC for supporting the program.

Mrs. Reaves thanked SSVEC for the program and investing in the future of these students. She thanked Mr. Harston for his leadership and mentoring.

Mr. and Mrs. Brin thanked the Board for allowing them to participate in the Tour. They complimented the students, Mr. Harston, and GCSECA Tour director Jim Donahue.

ISEF student Taylor Benning reported on her participation in ISEF as well as Arizona Science & Engineering Fair and Southern Arizona Research, Science and Engineering Foundation events. At ISEF, she received four special awards including a four-year scholarship to the University of Arizona. Ms. Benning was also an SSVEC scholarship recipient.

Mrs. Benning served as a chaperone for ISEF and thanked the board for supporting the science fair programs. She thanked Mr. Harston for arranging practice interviews with Arizona State University to help prepare ISEF students for the event.

Employees Daniel Esqueda, Jason Lohoff, Adrian Fuentes and Blake Rhodes joined the meeting.

The employees introduced themselves. The student and employee groups joined the Board for lunch and then left the meeting.

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

AEPCO

The AEPCO Board was updated on risk management, finance, generation and environmental issues. They elected officers for the coming year: president – Tyler Carlson; vice president – Kathy Thatcher; secretary – Brad DeSpain; and treasurer – Reuben McBride.

Mr. Huber referred to an executive summary regarding the AEPCO Solar Purchase Power Agreement (PPA), which was included in the board report. The executive summary, the redlined agreement and the proposed, restated agreement were included in the iPad report.

*Restated Solar
PPA*

After counsel and tax consultants recommended corrections to the document, AEPCO requested that distribution members each sign a restated PPA.

After full discussion, Ms. Thatcher made a motion to accept the restated Solar Purchase Power Agreement. Mr. Herron seconded the motion, which carried.

The restated PPA supersedes both the original PPA and its First Amendment. There are no changes in price or estimated kilowatt-hours to be delivered. AEPSCO will file the revised PPAs with the Arizona Corporation Commission as information.

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

President English appointed voting delegates to the NRECA, CFC and Federated meetings that will be held during the 2017 NRECA Regions 8 - 10 Meeting schedule.

	<u>Delegate</u>	<u>Alternate</u>
NRECA	Gene Manring	Lex Herron
CFC	Kathy Thatcher	Curtis Nolan
Federated	Creden Huber	

With no objections stated, the Board entered into executive session at 1:05 p.m.

The regular meeting reconvened at 1:17 p.m.

There being no further business and no objections stated, President English adjourned the meeting at 1:17 p.m.

Respectfully submitted,

Secretary

Approved:

President