

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

August 23, 2017

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Wednesday, August 23, 2017 in the SSVEC Sierra Vista boardroom, 311 East Wilcox Drive, Sierra Vista, Arizona.

President English called the meeting to order at 9:26 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      |
| 6 - Dan Barrera - Vice President | 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, Ricardo Garcia, Orson Garnsey, Daniel Wilson, David Bane, Jason Bowling, and Char Bennett. Sierra Vista member, Steve Scheumann, was also present.

President English announced there was a quorum.

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

The agenda for this August 23, 2017 meeting was presented.

*APPROVAL OF  
AGENDA*

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

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

*APPROVAL OF  
MINUTES*

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

Under the Call to Members, Mr. Scheumann asked the Board to reconsider proposed changes to the solar rate before the Arizona Corporation Commission (ACC) commissioners make their decision on phase 2 of the rate case.

*CALL TO  
MEMBERS*

President English thanked Mr. Scheumann for his presentation as he left the meeting.

Under the Call to Directors, Director Nolan reported that NRECA changed the ACRE membership year to the calendar year.

*Call to  
Directors*

Director Payne led discussion on charging stations for electric cars.

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

*GOVERNANCE  
COMMITTEE  
REPORTS*

The Board discussed the board retreat agenda and will finalize it in September.

*Executive  
Committee*

The Committee of the Whole presented Policies B-1, Cash Management Program, and B-2, Annual Audit, which were included in the board report.

*Policies*

After full discussion, Mr. Manring made a motion to approve Policy B-1 as presented. Mr. Goodman seconded the motion, which carried.

*Policies B-1 & B-2 Readopted*

Ms. Thatcher made a motion to approve Policy B-2 as presented. Mr. Molina seconded, which carried.

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

The Committee will present Policies B-3, Equity Management; B-4, Capital Credits; and B-5, Capital Credit Retirements - Estates, for Board consideration in September.

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

*Finance*

Mr. Molina made a motion to accept the June 2017 Form 7. Mr. Manring seconded the motion, which carried.

The Committee reviewed vouchers submitted by directors and the CEO in the amount of \$24,760.20 and presented them for Board consideration.

Ms. Thatcher made a motion to accept the vouchers. The motion was seconded and carried.

Directors Nolan, Manring and Thatcher reported on their ad hoc committee's August 21, 2017 pre-audit meeting with auditors.

With no objections stated, the Board entered into Executive Session at 10:16 a.m.

The regular meeting reconvened at 11:06 a.m.

Mr. Bowling 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 Phase Two hearing and the value of solar, which is expected to be on the ACC's November open hearing agenda.

The ACC re-approved the Net Metering avoided cost tariff for September 1, 2017 implementation.

Written staff reports were included in the board report.

*STAFF REPORTS*

Staff responded to questions asked by directors.

Employee Marcus Harston joined the meeting.

Mr. Chapman presented an executive summary regarding a proposed budget amendment for the Patagonia office remodel. The summary requested an additional \$2,000, raising the budgeted amount to \$9,500, to make the workspace more secure.

*Budget Amendment: Patagonia Office*

After full discussion, Mr. Payne made a motion to accept the executive summary. Ms. Thatcher seconded the motion, which carried.

Mr. Garnsey presented an executive summary regarding a proposed budget amendment for the virtual desktop infrastructure project. The summary requested a \$14,000 increase to the current project budget of \$99,000 for a total of \$113,000. The additional funds would cover the three-year licensing period.

*Budget  
Amendment:  
Virtual  
Desktop  
Infrastructure*

After full discussion, Mr. Herron made a motion to approve the additional \$14,000 for the project. Mr. Molina seconded the motion, which carried.

Employees Wayne Flissar and Arturo Droguett joined the meeting and introduced themselves.

Mr. Harston demonstrated a kiosk that will be used at home shows, annual meetings and other events. The kiosk provides information on SSVEC's programs and services and contains all of SSVEC's website information.

Mr. Harston, Mr. Flissar and Mr. Droguett left the meeting following the lunch break.

President English asked Ms. Thatcher and Mr. Barrera for the AEPCO Report. They reported on the August 9, 2017 board meeting. A summary of the meeting was included in the board report.

*AEPCO*

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

Mr. Huber presented an executive summary and agreement regarding AEPCO Dynamic Signal Management-Ancillary Services.

SSVEC and AEPCO previously entered into an agreement that includes trading, ancillary services and scheduling services. The proposed agreement would provide AEPCO with control of SSVEC's portion of the Hoover dynamic signal.

After full discussion, Mr. Manring made a motion to accept the executive summary and authorize Mr. Huber to sign the agreement. Ms. Thatcher seconded the motion, which carried.

President English started the GCSECA Report. He reported on the board meeting held July 25, 2017 and the summer meeting. Participants reported on the director training held following the summer meeting.

*GCSECA*

President English asked the SSVEC Board to vote on their preferred venue for the 2018 GCSECA Summer Meeting. The vote was taken by a show of hands. Flagstaff received 6 votes and Marana 3 votes.

Due to time constraints, while attending the GCSECA summer meeting and in the presence of SSVEC board members, President English had appointed voting delegates for the upcoming NRECA Arizona Director Election. Subsequently, he officially appointed the voting delegates at this board meeting: delegate - Gene Manring, and alternate, Lex Herron. To date, Curtis Nolan is the only candidate for the Arizona director seat on the NRECA board of directors.

2018 NRECA proposed resolutions were included in the board report. NRECA Annual Meeting voting delegates asked for direction on the resolutions. Direction will be provided during the September board meeting.

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

With no objections stated, the Board returned to executive session at 1:03 p.m.

The regular meeting reconvened at 1:36 p.m.

There being no further business and no objections stated, President English adjourned the meeting at 1:36 p.m.

Respectfully submitted,

Secretary

Approved:

President