

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

November 21, 2017

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Tuesday, November 21, 2017 in the SSVEC Sierra Vista boardroom, 311 East Wilcox Drive, Sierra Vista, Arizona.

President English called the meeting to order at 9:30 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, Jack Blair, Ricardo Garcia, Orson Garnsey, Daniel Wilson, David Bane, and Char Bennett. Former SSVEC director Harold Hinkley was also present.

President English announced there was a quorum.

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

Mr. Bowling left the meeting temporarily.

The agenda for this November 21, 2017 meeting was presented.

*APPROVAL OF  
AGENDA*

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

The minutes of the regular meeting held October 18, 2017 were presented.

*APPROVAL OF  
MINUTES*

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

Under the Call to Members, President English welcomed Mr. Hinkley. Mr. Hinkley wished everyone a happy holiday season.

*CALL TO  
MEMBERS*

Under the Call to Directors, Mr. Goodman remarked on his 12-year-old granddaughter's second successful deer hunt.

*Call to  
Directors*

President English reported that his grandson had success on his first deer hunt.

The Executive Committee discussed the board meeting agenda, the updated 2018 SSVEC meetings calendar and the proposed 2018 Strategic Plan, which were included in the board report.

*GOVERNANCE  
COMMITTEE  
REPORTS  
Executive  
Committee*

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

*Committee of the Whole*

*Finance*

After full discussion, Mr. Molina made a motion to accept the September Form 7. Ms. Thatcher seconded the motion, which carried.

The Committee reviewed vouchers in the amount of \$37,084.98 submitted by directors and the CEO and presented them for Board consideration.

These expenses were incurred for the NRECA Region 8-10 Meeting. Because the meeting was held in Arizona, all directors were allowed the opportunity to attend.

Mr. Payne made a motion to accept the vouchers. The motion was seconded and carried.

The proposed 2018 Strategic Plan (Plan) PowerPoint presentation was included in the iPad report. Mr. Bowling had previously reviewed the proposed Plan during the 2017 board retreat.

*2018 Strategic Plan*

The Board discussed battery storage, the impact of electric cars and equity ratios.

The Board deferred a decision on the Plan until Mr. Bowling's return to the meeting.

The Committee of the Whole presented Policy A-27, Nomination Committee, and its related form, which were included in the board report.

*Policies*

After full discussion, Ms. Thatcher made a motion to approve Policy A-27 and its form as presented. Mr. Herron seconded the motion, which carried.

*PolicyA-27 Readopted*

The approved policy is attached to and made a part of these minutes.

The Committee reviewed Policies A-28, Qualifications for Eligibility to Be Elected or Appointed to Serve on the Board of Directors, B-9, Fraud, and C-1, Cooperative Mailing List, and will present them for consideration in December.

Mr. Blair discussed the annual TWN report. His presentation was included in the iPad report.

*Annual TWN Review*

As of October 31, 2017 there were 3,150 active customers, 458 new Internet customers, 40 new VoIP customers, with an average of 46 new Internet customers per month. Monthly revenues stand at \$20,000, with customers upgrading their plans. More robust equipment and new streaming plans are being added. Member Services will do target mailings to announce the enhancements.

Mr. Bowling returned to the meeting.

*Return to Executive Committee Report*

Equity and updates to the Strategic Plan document were noted.

After full discussion, Mr. Barrera made a motion to accept the 2018 Strategic Plan as presented. Mr. Herron seconded the motion, which carried.

*2018 Strategic Plan Accepted*

Mr. Bowling discussed the recent Employee Engagement survey results and planned follow-up. A PowerPoint presentation was included in the iPad report. The goal of the survey was to identify how SSVEC can make it a great place to work and what might need to be improved.

*Employee Engagement Survey*

SSVEC's statistics were benchmarked with companies worldwide. In many cases, SSVEC's numbers exceeded the benchmarks. Management will follow up with group meetings to give employees and supervisors the opportunity to communicate and share suggestions.

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

Mr. Huber reported that Phase II of the rate case is complete. The Arizona Corporation Commission (ACC) approved the export tariff for 2018 at 7.1 cents, which is scheduled to be reduced each year for six years, ending at 4.1 cents. Any member who signs up in each of the six years will receive that export tariff rate for ten years. It will then be adjusted by a formula set by the ACC. The ACC voted to continue net metering for commercial accounts.

On November 17, 2017, Line and Technical Services apprentice personnel voted on whether to unionize their groups. Unionization was defeated by a vote of 40 to 24.

Written staff reports were included in the board report.

*STAFF  
REPORTS*

Staff responded to questions asked by directors.

President English appointed an ad hoc committee to meet with staff to review the proposed 2018 budget, which will be presented to the Board in December. Directors Nolan, Molina, Barrera and Herron will meet with staff on December 11, 2017.

The slogan, "Owned by those we serve", will be added to SSVEC's logo to remind members that they are member-owners of the cooperative.

*"Owned by  
Those We  
Serve"*

Mr. Bane left the meeting.

President English asked Ms. Thatcher and Mr. Barrera for the AEPCO Report. They reported on the November 7, 2017 board meeting. A summary was included in the board report. *AEPCO*

The AEPCO Board was updated on risk management, finance, generation and environmental issues and heard a cyber presentation.

President English and Director Molina reported on the GCSECA November 9, 2017 board meeting. *GCSECA Report*

The GCSECA Board approved their 2018 budget, held a phone conference with Representative Gosar, and changed Arizona ACRE membership from the calendar year to match the NRECA ACRE membership year.

The 2018 GCSECA legislative conference, annual meeting and director training will be held January 22 – 25 in Tempe.

Communications & Member Services Director Jim Donahue will retire by year-end. Katy Reno has been hired to fill the position.

The Board reviewed schedules for the 2018 NRECA Annual Meeting and Directors Conference. *Other Business*

The 2018 director election process will start in December with the appointment of nominating committees for Director Districts 1 (Thatcher), 9 (Herron) and 13 (Manring).

With no objections, the Board entered into executive session at 11:32 a.m.

The regular meeting reconvened at 1:02 p.m.

There being no further business and no objections stated, President English adjourned the meeting at 1:03 p.m.

Respectfully submitted,

Secretary

Approved:

President