

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

March 21, 2018

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Wednesday, March 21, 2018 in the SSVEC Benson Operations boardroom, 1557 Cooperative Way, Benson, 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, Jack Blair, Ricardo Garcia, Orson Garnsey, Jason Bowling, and Char Bennett. Also present was District 13 director candidate Ed Moskalonek.

President English announced there was a quorum.

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

The agenda for this March 21, 2018 meeting was presented.

*APPROVAL OF
AGENDA*

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

The minutes of the regular meeting held February 21, 2018 were presented.

*APPROVAL OF
MINUTES*

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

The agenda for the April 19, 2018 special meeting agenda was presented.

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

The agenda for the April 19, 2018 regular meeting agenda was presented.

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

Under the Call to Members, Mr. Moskalonek was welcomed to the meeting.

*CALL TO
MEMBERS*

Under the Call to Directors, no comments were made.

Call to Directors

The Executive Committee discussed the board meeting agenda.

*GOVERNANCE
COMMITTEE
REPORTS
Executive
Committee*

The Committee of the Whole reviewed the year-end 2017 and the January 2018 Form 7 financial statements, vouchers, policies and the 2018 SSVEC Annual Meeting agenda.

Committee of the Whole

The Committee presented vouchers submitted by directors and the CEO in the amount of \$3,337.47.

Finance

After full discussion, Mr. Molina made a motion to accept the vouchers. The motion was seconded and carried.

The Committee presented the year-end 2017 Form 7, which was included in the board report.

After full discussion, Mr. Barrera made a motion to accept the year-end 2017 Form 7. Ms. Thatcher seconded the motion, which carried.

The Committee presented the January 2018 Form 7, which was included in the board book.

After full discussion, Mr. Molina made a motion to accept the January 2018 Form 7. Ms. Thatcher seconded the motion, which carried.

Mr. Nolan referred to an executive summary and a proposed resolution regarding SSVEC's lines of credit with CFC and CoBank, which were included in the board report. Supporting documents were included in the iPad agenda.

After full discussion, Mr. Herron made a motion to adopt Resolution 2018-01. Mr. Payne seconded the motion, which carried.

WHEREAS, the management of Sulphur Springs Valley Electric Cooperative, Inc., an Arizona corporation (the "Corporation"), has determined that it would be in the interest of the Corporation to enter into certain new revolving loans with each of National Rural Utilities Cooperative Finance Corporation ("CFC") and CoBank, ACB ("CoBank" and together with CFC, the "Lenders"), in each case as further described below:

Resolution 2018-01

CFC & CoBank Lines of Credit

(1) An unsecured revolving credit facility with CFC with a maximum principal amount outstanding at any one time not to exceed \$9,500,000 and a final maturity date no later than 12 months after the effective date of such facility (the "CFC Revolving Facility"); and

(2) An unsecured revolving credit facility with CoBank with a maximum principal amount outstanding at any one time not to exceed \$9,500,000 and a final maturity date no later than 12 months after the effective date of such facility (the "CoBank Revolving Facility," and together with the CFC Revolving Facility, the "Revolving Credit Facilities"); and

WHEREAS, the Board of Directors of the Corporation desires to authorize certain officers and staff to pursue, negotiate, execute and deliver all documents, instruments or certificates necessary to effect or evidence each of the Revolving Credit Facilities or for the Corporation to perform its obligations or exercise its rights under the Revolving Credit Facilities (including making advances from time to time) (collectively, such documents, instruments or certificates, the "Transaction Documents").

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby authorize and empower the Corporation to enter into, and make advances from time to time under, each of the Revolving Credit Facilities on the terms and conditions as are deemed advisable and in the interest of the Corporation by the President, Vice

President, Treasurer, Secretary, Chief Executive Officer or Chief Financial Officer of the Corporation (each of the foregoing, an "*Authorized Officer*"); provided that the terms and conditions of each Revolving Credit Facility must be consistent with the descriptions of such Revolving Credit Facility set forth above.

BE IT FURTHER RESOLVED, that each of the Authorized Officers is authorized and empowered, for and on behalf of the Corporation and in its name, to negotiate, determine the form and content of (consistent with the authorizations set forth herein), enter into, execute and deliver (with or without attestation of the Secretary or an Assistant Secretary of the Corporation), and the Corporation is authorized and empowered to perform its obligations under, the Transaction Documents, which shall, without limitation, include:

(1) A Revolving Line of Credit Agreement with CFC with respect to the CFC Revolving Facility;

(2) A Supplement or Amended and Restated Supplement to the Corporation's Amended and Restated Master Loan Agreement with CoBank with respect to the CoBank Revolving Facility; and

(3) any promissory note made by the Corporation to evidence the Corporation's payment obligations under any Revolving Credit Facility.

Each of the Transaction Documents, including, without limitation, those referenced above, shall be in such form and have such terms and conditions as the Authorized Officers, or any one of them, shall determine to be in the interest of the Corporation and consistent with the authorizations herein.

BE IT FURTHER RESOLVED, that the Board of Directors hereby authorizes and empowers any Authorized Officer to execute, under the corporate seal if desired, and deliver on behalf of Corporation, the Transaction Documents, together with any and all other agreements, documents, instruments, certificates and other papers relating thereto or necessary or convenient in connection with the transactions approved in this Resolution (and to make any changes, amendments, or modifications to the Transaction Documents or other agreements, documents, instruments or certificates that are consistent with the authorizations herein), and to take such other actions and to do or cause to be done any and all other acts and things, including, without limitation, the expenditures of such funds, the delivery of pay down notices, the exercise of interest rate options and the making of selections and/or advance requests, and the obtaining of any required third party consent, all as may be determined to be advisable by an Authorized Officer in order to carry out and comply with the purposes and intent of this Resolution in all respects.

BE IT FURTHER RESOLVED, the Board of Directors also authorizes the Controller or, at the direction of the Controller, other Accounting staff members, to exercise interest rate options and make selections and/or advance requests in connection with either of the Revolving Credit Facilities.

BE IT FURTHER RESOLVED, that the final determination and approval of the form, terms and provisions of any Transaction Document or other agreement, document, instrument, certificate or other paper to be executed on behalf of the Corporation pursuant to this Resolution may be conclusively evidenced by the execution of the same by any Authorized Officer, and the final determination that the taking of any action or the causing of any action is in the interest of the Corporation or is appropriate or advisable shall be conclusively evidenced by the taking of such action or the causing of such action by any Authorized Officer.

BE IT FURTHER RESOLVED, that each and every action taken by any Authorized Officer prior to the date of the adoption of this Resolution which would have been authorized by this Resolution but for the fact that such actions were taken prior to such date are hereby ratified, approved, confirmed and adopted in all respects.

The Committee of the Whole presented Policies C-10, Heat Pump Loan Program; C-11, Vandalism and Theft of Cooperative Property, Electrical Facilities & Electrical Service; and C-13, Submission of Community Information Items to Be Included with Monthly Bills, which were included in the board report.

*Policies
Policies C-10,
C-11 & C-13
Readopted*

An additional change to Policy C-10 was recommended.

After full discussion, Mr. Barrera made a motion to approve Policy C-10 with the additional correction and Policies C-11 and C-13 as presented. Mr. Molina seconded the motion, which carried.

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

The Committee reviewed Policies D-1, Service Conditions & Extensions of Service Facilities; D-2, Recording Rights of Way; D-3, Main Feeder Lines; and D-4, Removing Obstructions from Easements and Tree Trimming, and will present them for consideration in April.

The Board reviewed the 2018 Annual Meeting program, which was included in the board report, and the draft 2017 Annual Report, which was previously distributed.

*Annual Meeting
Agenda*

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

CEO Report

Mr. Huber included the letter from the 2018 District 9 nominating committee, which was received at the February board meeting, in his report. He stated that he had responded to the letter. In addition, we will make adjustments to mailing dates for various documents in the election process next year, within the parameters set by our Bylaws.

Employees David Bryan and Guillermo Batt joined the meeting.

Written staff reports were included in the board report.

STAFF REPORTS

Staff responded to questions asked by directors.

Mr. Batt referred to an executive summary and proposed resolution, which were included in the board report and a narrative and PowerPoint presentation regarding the 2019-2021 Construction Work Plan (Work Plan), which were included in the iPad report.

*2019-2021
Construction
Work Plan*

Mr. Batt reviewed the PowerPoint presentation, which included the key projects and estimated costs of the Work Plan.

After full discussion, Mr. Manring made a motion to adopt Resolution 2018-02. Mr. Herron seconded the motion, which carried.

BE IT RESOLVED that, upon reviewing the Construction Work Plan 2019-21, as presented by the SSVEC Engineering Division, this Plan is hereby accepted and approved by the Board of Directors, for the period from January 2019 through December 2021;

*Resolution
2018-02*

BE IT FURTHER RESOLVED that projects included in this Work Plan and previously approved projects establish the construction and loan fund requirements for SSVEC for the above-mentioned period. The Board of Directors further recognizes that loan funds

presented in the Construction Work Plan are to be expended for those designated items and projects or as amended by the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby directs Management to seek loan funds as necessary and implement this Construction Work Plan 2019-21 as presented herein.

Mr. Bryan referred to an executive summary and proposed resolution, which were included in the board report, and a narrative and PowerPoint presentation regarding the 2017 Long Range Plan (Plan), which were included in the iPad report.

2017 Long-Range Plan

Mr. Bryan reviewed the PowerPoint presentation. He stated that the Plan provides guidance and a timeline for major facility improvements.

After full discussion, Mr. Herron made a motion to adopt Resolution 2018-03. Mr. Payne seconded the motion, which carried.

BE IT RESOLVED that, upon reviewing the 2017 Long Range Plan, as presented by the SSVEC Engineering Division, this Plan is hereby accepted by the Board of Directors;

Resolution 2018-03

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby directs Management to use the 2017 Long Range Plan for guidance as presented herein.

President English thanked Mr. Batt and Mr. Bryan for their presentations as they left the meeting.

Mr. Bowling updated the Board on 2017 year-end SSVEC scorecard goals and results. He discussed performance statistics for 2017 versus 2016, reliability, safety, and corporate citizenship.

SSVEC Scorecard Update

President English asked Ms. Thatcher and Mr. Barrera for the AEPCO Report. They reported on the March 13, 2018 board meeting.

AEPCO

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

The G&T will hold its 2018 annual meeting on May 9 in Benson.

The calendar for the 2018 Director Elections and Annual Meeting was included in the board report.

Other Business

Final results of the nomination process are:

Nomination Results

District 1 – Kathy Thatcher
District 9 – Lex Herron, James Johnson and Mary J. Renfro
District 13 – Gene Manring and Edward Moskalonek

Per SSVEC Bylaws, an election will not be held in District 1. Ballots for Districts 9 and 13 elections will be mailed no later than March 28, 2018.

The biographical statement review committee reported on candidates' statements, which were included in the iPad report.

Mr. Nolan made a motion to accept the statements as presented. Mr. Molina seconded the motion, which carried. The statements will be included with the ballots.

Directors Nolan and Barrera proposed that Jilene Hatch, Emily Rogers, Luis Nava, Albert Fernandez, Jim Thelander and Robert Rawls be appointed to serve as the 2018 Election and Credentials Committee (committee).

Mr. Barrera made a motion to appoint the committee as presented. Ms. Thatcher seconded the motion, which carried. Mr. Nolan stated that two of the committee members were related to him and, therefore, recused himself from the vote.

The committee will meet on Wednesday, April 18, 2018 to count the ballots cast in the two director elections.

The Board reviewed schedules for the 2018 NRECA Directors Conference, the 2018 NRECA Legislative Conference and the 2018 CFC Forum, which were included in the board report.

Mr. Moskalonek left the meeting.

With no objections stated, the Board entered into executive session at 1:00 p.m.

The regular meeting reconvened at 1:21 p.m.

There being no further business and no objections stated, President English adjourned the meeting at 1:22 p.m.

Respectfully submitted,

Secretary

Approved:

President