

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

April 18, 2018

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Wednesday, April 18, 2018 in the SSVEC Willcox headquarters boardroom, 350 North Haskell Avenue, Willcox, Arizona.

President English called the meeting to order at 9:37 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, and the following SSVEC employees were also present: Kirby Chapman, Jack Blair, Ricardo Garcia, Orson Garnsey, Daniel Wilson, Jason Bowling, Curtiss Peterson, and Char Bennett. Chris Hitchcock, General Counsel, was in attendance but was monitoring the director election ballot counts.

President English announced there was a quorum.

Ms. Thatcher gave the invocation and led the Pledge of Allegiance.

The agenda for this April 18, 2018 meeting was presented.

*APPROVAL OF
AGENDA*

Mr. Huber requested the removal of the depreciation study from the agenda.

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

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

*APPROVAL OF
MINUTES*

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

The Board reviewed the agenda for the April 19, 2018 special meeting agenda, which was approved in March.

The Board reviewed the agenda for the April 19, 2018 regular meeting agenda, which was approved in March.

No members were present for the Call to Members.

*CALL TO
MEMBERS*

Under the Call to Directors, Ms. Thatcher asked permission to attend four days of training at Summer School East as her annual training allowance. Per Board Policy A-10, a director is allowed five training days per year. Ms. Thatcher asked how to account for the third day, which offered courses she had already taken. *Call to Directors*

After full discussion, Mr. Molina made a motion to cover costs for the entire travel and training. Mr. Payne seconded the motion, which carried.

The Executive Committee discussed the board meeting agenda and the 2018 Affirmative Action Plan (Plan).

*GOVERNANCE
COMMITTEE
REPORTS
Executive
Committee*

Mr. Bowling responded to questions asked by directors regarding the Plan.

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

*Affirmative
Action Plan
Accepted*

The Committee of the Whole reviewed the Schedule of Writeoffs, the February 2018 Form 7, vouchers, the Affirmative Action Plan, and board policies.

*Committee of the
Whole*

The Committee presented the Schedule of Writeoffs totaling \$25,086.02.

Finance

After full discussion, Mr. Barrera made a motion to accept the Schedule of Writeoffs as presented. Ms. Thatcher seconded the motion, which carried.

The Committee presented the February 2018 Form 7, which was included in the board report.

After full discussion, Mr. Manring made a motion to accept the February 2018 Form 7. Mr. Molina seconded the motion, which carried.

The Committee presented vouchers submitted by directors and the CEO in the amount of \$22,881.99. The vouchers included expenses incurred for the NRECA Directors Conference and the NRECA Legislative Conference.

After full discussion, Mr. Goodman made a motion to accept the vouchers. Ms. Thatcher seconded the motion, which carried.

Mr. Huber reported that the miles of line in Part B of the year-end 2017 Form 7 had been corrected.

The Committee presented 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, which were included in the board report.

*Policies
Policies D-1, D-2,
D-3 & D-4
Readopted*

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

Mr. Payne made a motion to approve Policy D-2 as presented. Mr. Molina seconded the motion, which carried.

An additional change to Policy D-3 was recommended. Mr. Herron made a motion to approve Policy D-3 as further amended. Mr. Molina seconded the motion, which carried.

Mr. Molina made a motion to approve Policy D-4 as presented. Ms. Thatcher seconded the motion, which carried.

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

The Committee reviewed Policies E-1, Equal Opportunity/Non-Discrimination Employment; E-2, Compensation and Job Evaluation; and E-3, Paid Time Off, and will present them for consideration in May.

The Board reviewed the 2018 Annual Meeting program, which was included in the board report.

*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 discussed the status of the proposed Energy Modernization Plan (EMP), which is in the review process. He also discussed the Arizona Public Service proposed clean energy initiative and a proposed amendment to exempt cooperatives from the Plan.

Mr. Huber reviewed his 2013 – 2017 Form 7 history report, which was included in the board report, and highlighted several statistics. Residential revenue increased by seven percent and irrigation revenue increased by 11 percent from 2016 to 2017. SSVEC's average rate increase over 30 years was .73 percent compared to the industry average of three percent.

Written staff reports were included in the board report.

STAFF REPORTS

Mr. Hitchcock joined the meeting momentarily to report that James Johnson had won the District 9 director election.

Staff responded to questions asked by directors.

Mr. Garnsey referred to an executive summary regarding the ESRI Small Utility Enterprise License, which was included in the board report.

*Budget
Amendment: ESRI
Small Utility
Enterprise
License*

Mr. Garnsey explained the request for a \$27,025 increase to the 2018 capital budget for GIS products and services. The three-year license agreement includes an annual option to cancel.

After full discussion, Mr. Nolan made a motion to accept the executive summary. Mr. Gillespie seconded the motion, which carried.

Mr. Chapman referred to an executive summary regarding the 2018 financial forecast and loan action, which was included in the board report.

*Financial
Forecast & Loan
Action*

Mr. Chapman discussed the financial forecast, which included funding from 2015-2017 construction work plan (CWP) carryover and special projects and the new 2019-2021 CWP. In addition, there are unspent funds that were previously approved by the ACC and the Banks that would need to be updated in the old CWP or transferred to the new one.

After full discussion, Ms. Thatcher made a motion to accept the financial forecast, approve the 2019-2021 CWP and authorize management to file a request with the ACC to move the last loan draw period from 2020 to 2024. Mr. Nolan seconded the motion, which carried.

Management will file requests with the ACC to approve the 2019-2021 CWP, to extend borrowing under SSVEC's current \$56.6 million loan period to 2020 – 2024, update the old CWP, and negotiate with bankers to extend the loan draw period.

Mr. Hitchcock joined the meeting momentarily to announce that Mr. Manring had won the District 13 director election.

President English asked Ms. Thatcher and Mr. Barrera for the AEPCO Report. They reported on the April 12, 2018 board meeting. *AEPCO*

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

AEPCO will hold its 2018 annual meeting on May 9 in Benson. The 2018 Distinguished Service Award recipients will be Lyn Borah, former Mohave Electric Cooperative director, and Richard Lunt, former Duncan Valley Electric Cooperative director.

Information regarding the designation of an AEPCO director was included in the board report. President English stated that Ms. Thatcher's term on the AEPCO Board of Directors will expire May 9 and asked directors to vote by secret ballot to fill the seat.

The Board re-elected Ms. Thatcher to serve a two-year term on the AEPCO Board.

President English referred to information regarding voting delegates, which was included in the board report. He stated that SSVEC has traditionally appointed the representatives to the AEPCO Board as voting delegates. He then appointed Directors Thatcher and Barrera as voting delegates to AEPCO's annual and special meetings for the coming year and appointed Directors Manning and English to serve as alternates.

GCSECA will hold its 2018 summer meeting in Tucson July 30 – August 1 and will host director training on August 2.

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. *Other Business*

Members Emily Nolan and Guy Nolan joined the board for lunch and left when the meeting reconvened.

With no objections stated, the Board entered into executive session at 12:16 p.m.

The regular meeting reconvened at 12:38 p.m.

Mr. Herron expressed his appreciation for the SSVEC board members.

There being no further business and no objections stated, President English adjourned the meeting at 12:39 p.m.

Respectfully submitted,

Secretary

Approved:

President