

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

August 22, 2018

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Wednesday, August 22, 2018 in the SSVEC Sierra Vista boardroom, 311 East Wilcox Drive, Sierra Vista, Arizona.

President Barrera called the meeting to order at 9:33 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	8 - Peter Gillespie
2 - Curtis Nolan – Treasurer	9 - James Johnson
3 - Pat English	10 - Gary Payne
4 - Tom Goodman - Secretary	11 - vacant
6 - Dan Barrera - President	13 - Gene Manring – Vice President

All directors were present. District 11 was vacant due to Ed Molina's resignation. Creden W. Huber, Chief Executive Officer, Chris Hitchcock, General Counsel, and the following SSVEC employees were also present: Ricardo Garcia, Orson Garnsey, Daniel Wilson, Jason Bowling, Ron Lee, David Bane, and Char Bennett. Sierra Vista members Tom Kennedy and Dennis Ehrenberger were also present.

President Barrera announced there was a quorum.

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

The agenda for this August 22, 2018 meeting was presented.

*APPROVAL OF
AGENDA*

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

The minutes of the regular meeting held July 18, 2018 were presented.

*APPROVAL OF
MINUTES*

Mr. English made a motion to approve the minutes as presented. The motion was seconded and carried.

Under the Call to Members, Mr. Kennedy asked about cybersecurity and the power grid.

*CALL TO
MEMBERS*

Mr. Ehrenberger discussed the recent power conservation notice. He distributed copies of his letter that included his comments.

Under the Call to Directors, no comments were made.

Call to Directors

Mr. Kennedy and Mr. Ehrenberger left the meeting.

With no objections stated, the Board entered into executive session at 9:43 a.m.

The regular meeting reconvened at 11:43 a.m.

Employees David Johnson, Mohamed Mohamed, Shannon Shadrick and Logan Troutman joined the meeting and introduced themselves. They joined the Board for lunch and then left the meeting.

The Executive Committee reviewed the board meeting agenda and discussed the suggested agenda items for the 2018 board retreat.

*GOVERNANCE
COMMITTEE
REPORTS
Executive
Committee*

The Board considered recommendations for the District 11 Director Search Committee to fill the vacancy created by Ed Molina's resignation. Recommendations were District 11 members Phil Wralstadt, Mike Cline and Steve Conroy, pending verification of memberships and their acceptance of the assignment, and Directors Thatcher, Barrera and Manning.

*District 11 Search
Committee*

Mr. Nolan made a motion to accept the District 11 Search Committee as proposed. Mr. English seconded the motion, which carried.

The Committee of the Whole presented Policies E-10, Whistleblower Policy; E-11, Family and Medical Leave; and E-12, Legal Work Status, which were included in the board report.

*Committee of the
Whole
Policies*

After full discussion, a motion was made, seconded and carried to approve Policy E-10 as presented.

Ms. Thatcher made a motion to approve Policy E-11 as presented. Mr. English seconded the motion, which carried.

*Policies E-10, E-11
& E-12 Readopted*

Mr. Payne made a motion to approve Policy E-12 as presented. Mr. English seconded the motion, which carried.

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

The Committee reviewed Policies E-13, Drug and Alcohol Testing Policy; E-14, Safety Equipment and Apparel; and E-15, Safety Bonus, and will present them for consideration in September.

The Committee of the Whole reviewed the unaudited June 2018 Form 7, which was included in the board report. Approval will be considered at a future meeting.

Finance

The Committee presented vouchers submitted by directors and the CEO in the amount of \$26,707.60. This amount included expenses for the GCSECA Summer Meeting and Summer School East.

After full discussion and with the Committee's recommendation, Mr. Nolan made a motion to accept the vouchers. The motion carried.

The Committee held their pre-audit meeting with the auditor.

The Board reviewed the draft 2019 board retreat agenda and will consider approval in September.

The Board deferred review of the NRECA Electric Cooperative Governance Task Force Report (Report), Director Nominations, until September.

*Governance Task
Force Report*

President Barrera referred to a letter of concern regarding the Report, which was included in the iPad report. Various cooperatives had signed the group letter to question the Report's methods and resources and asked other cooperatives to join them.

After full discussion, Board consensus was to not sign the letter of concern.

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

CEO Report

Mr. Huber reported that an employee's discrimination claim had been dismissed.

Mr. Huber discussed the recent AEPCO power supply issues and reported that the Landis & Gyr agreement for AMI meters had been signed. In September, the Board will be asked to review a new AMI policy.

Written staff reports were included in the board report.

STAFF REPORTS

Staff responded to questions asked by directors.

Mr. Wilson referred to an executive summary, agreement and proposed resolution regarding the Boothill and Palominas memorandum of understanding (MOU), which were included in the iPad report.

MOU Boothill & Palominas

Mr. Wilson discussed the MOU, which is a three-way agreement with AEPCO and Arizona Public Service. All SSVEC projects in the MOU were included in the SSVEC Work Plan.

After full discussion, Mr. Manring made a motion to accept the executive summary and adopt Resolution 2018-06. Ms. Thatcher seconded the motion, which carried.

BE IT RESOLVED that, upon reviewing the Boothill and Palominas Memorandum of Understanding (MOU), as presented by the SSVEC Engineering Division, this MOU is hereby accepted and approved by the Board of Directors.

*Resolution
2018-06 Adopted*

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby directs Management to negotiate and execute required Definitive Agreements as defined in this MOU.

President Barrera asked Ms. Thatcher for the AEPCO Report on the August 8, 2018 meeting.

AEPCO

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

AEPCO will hold a new director orientation October 9, 2018. The preliminary agenda was included in the board report.

President Barrera asked Mr. English and Mr. Huber for the GCSECA Report.

GCSECA

Participants reported on the summer meeting and director training.

GCSECA will hold their 2019 summer meeting in Flagstaff.

President Barrera appointed Curtis Nolan as the SSVEC alternate board representative to GCSECA meetings.

The Board reviewed schedules for the 2018 and 2019 NRECA conferences, and 2018 NRECA Regions 8 – 10 Meeting, which were included in the board report.

Other Business

Ms. Thatcher reported on NRECA's Summer School East, which she recently attended, and thanked the Board for the opportunity to attend.

With no objections stated, the Board entered to executive session at 1:24 p.m.

The regular meeting reconvened at 2:04 p.m.

There being no further business and no objections stated, President Barrera adjourned the meeting at 2:04 p.m.

Respectfully submitted,

Secretary

Approved:

President