

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

February 20, 2019

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Wednesday, February 20, 2019 in the SSVEC Sierra Vista boardroom, 311 East Wilcox Drive, Sierra Vista, Arizona.

President Barrera called the meeting to order at 9:38 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 - Randy Redmond                 |
| 6 - Dan Barrera - President  | 13 - Gene Manring – Vice President |

All directors were present. Creden W. Huber, Chief Executive Officer, Chris Hitchcock, General Counsel, and the following SSVEC employees were also present: Jack Blair, Daniel Wilson, Orson Garnsey, Ron Lee, Nathan Hodges, and Char Bennett. Also present were Sierra Vista members Tom Kennedy, Ross Lampert, Dennis Ehrenberger and Alfredo Acuña and director candidates Joseph Beam and David Luna.

President Barrera announced there was a quorum.

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

The agenda for this February 20, 2019 meeting was presented.

*APPROVAL OF  
AGENDA*

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

The minutes of the regular meeting held January 23, 2019 were presented.

*APPROVAL OF  
MINUTES*

Mr. Goodman made a motion to approve the minutes as presented. Mr. English seconded the motion, which carried.

Under the Call to Members, President Barrera welcomed the members and thanked them for attending the meeting.

*CALL TO  
MEMBERS*

The members introduced themselves.

Mr. Acuna discussed transparency regarding the organization, salaries and asked the Board to consider a rate for low income members.

Mr. Huber noted the information he requested was on SSVEC's website and that SSVEC's annual report includes the financial statement and salaries are included on the Form 990. SSVEC's rates are regulated by the Arizona Corporation (ACC), which would need to be approached regarding a new rate.

Mr. Lampert thanked Mr. Huber for his response to letters presented by Mr. Ehrenberger, Mr. Kennedy, Mr. Faulkner, and himself during the January board meeting.

Under the Call to Directors, no comments were made.

*Call to Directors*

The Executive Committee reviewed the board meeting agenda.

*GOVERNANCE  
COMMITTEE  
REPORTS  
Executive  
Committee*

Beginning March 27, 2019, the executive committee will merge its meeting with the committee of the whole meeting.

AEPCO Chief Executive Officer Patrick Ledger joined the meeting.

The Committee of the Whole presented Policies E-3, Paid Time Off; E-25, Sexual and Other Harassment; E-26, Continuation of Group Coverage for Retired, Disabled, Terminated & Divorced Employees; and E-27 Employee Drivers Policy, which were included in the board report.

*Committee of the  
Whole*

*Policies*

After full discussion, Ms. Thatcher made a motion to approve Policy E-25 as presented. Mr. Redmond seconded the motion, which carried.

*Policies E-3, E-25,  
E-26 & E-27  
Readopted*

Mr. Goodman made a motion to approve Policy E-26 as presented. Mr. Payne seconded the motion, which carried.

Ms. Thatcher made a motion to approve Policy E-27 as presented. Mr. Goodman seconded the motion, which carried.

The Committee recommended an additional revision to Policy E-3.

Mr. Gillespie made a motion to approve Policy E-3 with the additional revision. Mr. Payne seconded the motion, which carried.

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

Policies E-28, Employee Class Assignment; E-29, Employee Complaint Resolution; and E-30, HIPAA Privacy Policies and Procedures for the Sulphur Springs Valley Electric Cooperative, Inc. Health Care Flexible Spending Account, Long-Term Disability, and Employee Assistance Plan, were included in the board report and were reviewed by the Committee of the Whole for Board action in March.

The Committee of the Whole presented the December 2018 Form 7, which was included in the board report.

*Finance*

Mr. Goodman made a motion to accept the December 2018 Form 7 as presented. Mr. Nolan seconded the motion, which carried.

The Committee presented vouchers submitted by directors and the CEO in the amount of \$47,758.38. Mr. Nolan noted that this amount covered expenses from the GCSECA Winter meeting and legislative conference and the NRECA directors conference.

Mr. Nolan asked directors to share their reports on the meeting and conference.

Mr. Manring made a motion to accept the vouchers. Ms. Thatcher seconded the motion, which carried.

President Barrera referred to an executive summary regarding the request to increase SSVEC's commercial credit card line from \$500,000 to \$1,000,000, which was included in the board report.

*Wells Fargo  
Commercial  
Credit Card Line  
Increase*

Mr. Lee discussed the need for the increase was due to the success of the Wells Fargo E-Payment Program. This will not affect the SSVEC budget or cause additional costs. SSVEC will share in credit card fee earnings, estimated at approximately \$30,000 per year.

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

The Board deferred the review of the NRECA Electric Cooperative Governance Task Force Report on Board Meetings.

The Committee presented the proposed 2019 SSVEC Annual Meeting agenda, which was included in the board report.

*Annual Meeting  
Agenda Approved*

Additions were recommended.

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

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

*CEO Report*

Mr. Huber reported on the status of the GCSECA Chief Executive Officer position and the new SSVEC Loss Control Specialist I position that will serve SSVEC, Mohave Electric Cooperative, Navopache Electric Cooperative and AEPCO. He also discussed battery storage and costs and shared a note from recent SSVEC retiree, David Bryan.

A letter from Federated Rural Electric Exchange regarding the annual safety and loss prevention assessment was included in Mr. Huber's report.

A letter regarding the open District 5 director seat on the National Cooperative Services Corporation board of directors was previously e-mailed to directors. Mr. Huber stated that SSVEC directors are eligible to seek this position.

Mr. Acuña, Mr. Ehrenberger, Mr. Kennedy, Mr. Lampert, and Mr. Luna, left the meeting.

Written staff reports were included in the board report.

*REPORTS*

Staff responded to questions asked by directors.

*Staff*

Mr. Lee referred to an executive summary regarding the depreciation study, which was included in the board report. He discussed plant and meter equipment, financial considerations and alternatives.

*Depreciation  
Study Accepted*

SSVEC's audit firm, Bolinger, Segars, Gilbert & Moss, has reviewed and accepted the proposed depreciation rates. With Board approval, the study will be presented to the ACC for their consideration.

The study will not effect a rate case, and the deprecation rate will not affect member rates.

After full discussion, Mr. Nolan made a motion to accept the depreciation study and authorize staff to submit the study to the ACC. Mr. Manring seconded the motion, which carried.

President Barrera asked Mr. English and Mr. Huber for the GCSECA Report. They reported on the board meeting held January 28, 2019. *GCSECA*

Interviews for the GCSECA CEO position were held on February 14, 2019. The search committee made an offer and is awaiting the candidate's response.

SSVEC was recognized for 100 percent Board and key staff membership in ACRE and AzACRE.

President Barrera asked Mr. Ledger for his report. *AEPCO*

Mr. Ledger updated the Board on generation, transmission, and marketing issues. He noted that this was the seventh year that AEPCO has made patronage capital refunds to its member cooperatives and presented a patronage capital refund check in the amount of \$399,026.68 to President Barrera.

President Barrera thanked Mr. Ledger for his report and presentation.

Mr. Ledger and Mr. Beam left the meeting during the lunch break.

The 2019 Director Elections and Annual Meeting calendar was included in the board report. *Other Business*

President Barrera appointed Directors Thatcher, Nolan and Goodman to serve as the biographical statement review committee. Due to the timing of the March 27 board meeting and the March 27 deadline to mail ballots and statements, the Board authorized the committee to make the final decision on the statements. *Director Elections*

Nominating Committee results were posted February 15, 2019.

District 6  
Dan Barrera

District 8  
Peter Gillespie

District 10  
Joseph Beam  
David Luna  
Gary Payne

The deadline for filing a petition is March 4, 2019.

The proposed Credentials & Election Committee list was included in the board report.

Mr. Huber noted that the committee, per bylaws, should have only three to five members and requested that one of the six proposed members be removed.

After full discussion, Mr. Nolan made a motion to appoint Carol Dunagan, Kathy Klump, Fred Smith, Steve Grimes and Jackie Lee to the 2019 Credentials & Election Committee. Ms. Thatcher seconded the motion, which carried. *Credentials & Election Committee Appointed*

The Board reviewed the 2019 NRECA calendar and schedules for the NRECA Annual Meeting, the NRECA Legislative Conference and NRECA Summer Schools and the 2019 CFC Forum and CFC Arizona Workshop, which were included in the board report.

The 2019 NRECA Legislative Conference will be held April 28 – 30 in Washington, DC. The list of past participants was included in the board report.

President Barrera appointed Jim Johnson to serve as SSVEC's director representative to the Legislative Conference. Mr. Huber will also attend.

With no objections stated, the Board entered executive session at 12:39 p.m.

The regular meeting reconvened at 1:18 p.m.

Mr. English made a motion to adjourn the meeting. Mr. Goodman seconded the motion, which carried.

There being no further business, President Barrera adjourned the meeting at 1:18 p.m.

Respectfully submitted,

Secretary

Approved:

President