

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

March 27, 2019

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Wednesday, March 27, 2019 in the SSVEC Benson Operations boardroom, 1557 Cooperative Way, Benson, Arizona.

President Barrera called the meeting to order at 9:39 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. Crenden W. Huber, Chief Executive Officer, Chris Hitchcock, General Counsel, and the following SSVEC employees were also present: Jack Blair, Daniel Wilson, Orson Garnsey, Jason Bowling, Ron Lee, Nathan Hodges, and Char Bennett. Also present were Sierra Vista members Tom Kennedy, Judy Smith, Ross Lampert, Dennis Ehrenberger and Ron Faulkner.

President Barrera announced there was a quorum.

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

The agenda for this March 27, 2019 meeting was presented.

*APPROVAL OF
AGENDA*

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

The minutes of the regular meeting held February 20, 2019 were presented.

*APPROVAL OF
MINUTES*

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

The agenda for the April 18, 2019 special meeting was presented.

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

The agenda for the April 18, 2019 regular meeting agenda was presented.

Mr. Nolan made a motion to approve the regular meeting agenda as presented. Mr. Goodman 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 and addressed the Board.

Mr. Faulkner expressed appreciation for the *Currents* content and thanked SSVEC for allowing an employee to speak at a meeting of the Sierra Vista Environmental Affairs Committee.

Mr. Lampert read a letter and discussed the response to his previous letter. He distributed copies of the letter signed by Mr. Kennedy, Mr. Faulkner, Mr. Ehrenberger and himself.

Mr. Ehrenberger echoed the appreciation for *Currents*.

Mr. Kennedy also complimented staff on *Currents* and a read a letter on renewables and battery storage.

Under the Call to Directors, Mr. Goodman expressed appreciation for SSVEC's and AEPCO's donation of dirt to complete the St. David baseball field. *Call to Directors*

Mr. Redmond requested the use of his district's membership list for the purpose of introducing himself as their appointed director and providing his contact information.

Mr. Redmond requested permission to participate in the June and July board meetings telephonically.

The Board deferred decisions on Mr. Redmond's requests until later in the meeting.

The Committee of the Whole reviewed the board meeting agenda, policies and financials.

*GOVERNANCE
COMMITTEE
REPORTS*

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

Policies

Additional changes to Policy E-29 were recommended by the Committee.

After full discussion, Mr. Redmond made a motion to approve Policies E-28 and E-30 as presented and Policy E-29 as further amended. Ms. Thatcher seconded the motion, which carried.

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

*Policies E-28, E-29
& E-30 Readopted*

Policies F-1, Licensing Agreement; F-2, SSVEC Vehicles; F-3, Power Procurement Policy; and F-5, Annexations, were included in the board report and were reviewed by the Committee of the Whole for Board action in April.

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

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

The Committee presented the January 2019 Form 7.

Finance

Ms. Thatcher made a motion to accept the January 2019 Form 7. Mr. Goodman seconded the motion, which carried.

The Committee presented vouchers submitted by a director and the CEO in the amount of \$6,292.44.

Mr. Nolan stated that this amount covered expenses for the 2019 NRECA Annual Meeting and director training.

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

Mr. Nolan reported on the training he attended prior to the NRECA Annual Meeting.

Mr. Kennedy and Ms. Smith left the meeting.

The Committee presented the 2019-20 Bolinger, Segars, Gilbert & Moss audit agreement letter.

After full discussion, Mr. English made a motion to accept the audit agreement letter. Mr. Manning seconded the motion, which carried.

The Committee presented an executive summary and a proposed resolution regarding SSVEC's line of credit with CFC and CoBank, which were included in the board report. Supporting documents were included in the iPad agenda.

Line of Credit

*Resolution
2019-02*

After full discussion, Ms. Thatcher made a motion to adopt Resolution 2019-02. Mr. Redmond 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:

(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, or an amendment to an existing Revolving Line of Credit Agreement, 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, or an amendment to an existing Supplement or Amended and Restated Supplement, 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 Board discussed the NRECA Electric Cooperative Governance Task Force Report on Board of Directors Meetings, which was included in the iPad report.

The Board reviewed the 2019 SSVEC Annual Meeting agenda, which was included in the board report.

*Annual Meeting
Agenda*

Mr. Faulkner, Mr. Ehrenberger and Mr. Lampert left the meeting. Employee Annie Tyndall joined the meeting.

Ms. Tyndall updated the Board on SSVEC's 2018 year-end corporate scorecard and discussed member, financial, internal business, talent-technology and corporate citizenship perspectives, goals and accomplishments. Her presentation was included in the iPad report.

2018 Scorecard

At year-end, SSVEC's system average outage duration was 73 minutes, bettering the goal of 107 minutes. Equity was 43.56 percent, exceeding the goal of 40 percent. The DART rate target was 1.5 days, with actual at .6 days. Employee satisfaction increased. Work order closings continue to improve.

Employee David Bane joined the meeting.

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

CEO Report

Mr. Huber reported on electric vehicle infrastructure and his plans to visit with the ACC on various issues along with other Arizona cooperatives.

The Board revisited the Call to Members to provide Cascabel member Amy Foreman the opportunity to address the board via phone regarding "smart meters". Mr. Blair distributed copies of a map to identify the Cascabel area she was focusing on.

*Call to Members
revisited*

With no objections, the Board entered into executive session at 12:24 p.m.

The regular meeting reconvened at 1:33 p.m.

Mr. Bane did not return to the regular meeting.

President Barrera brought executive session discussion to the regular meeting.

The Board granted Mr. Redmond's request to notify his district's membership of his appointment by including a statement in the next billing cycle.

Written staff reports were included in the board report.

REPORTS

Staff responded to questions asked by directors.

Staff

President Barrera ask Ms. Thatcher to begin the AEPCO Report. The summary of the March 7, 2019 board meeting was included in the board report.

AEPCO

The AEPCO Board was updated on risk management, finance, generation, and environmental issues and the addition of car-charging stations to their system.

AEPCO will hold its 2019 annual meeting on May 8 in Benson, Arizona.

Information regarding the designation of an AEPCO director was included in the board report. President Barrera stated that his term on the AEPCO board of directors will expire May 8 and asked directors to vote by secret ballot to fill the seat.

The Board re-elected Mr. Barrera to serve a two-year term on the AEPCO board.

President Barrera referred to information regarding voting delegates, which was included in the board report. He stated that SSVEC has traditionally appointed the representative to the AEPCO board as voting delegates.

Mr. Nolan made a motion to appoint Directors Thatcher and Barrera as voting delegates to AEPCO's annual and special meetings for the coming year.

President Barrera appointed Directors Nolan and Redmond as alternate voting delegates.

Information regarding Distinguished Service Award nominations was included in the board report. The SSVEC Board did not make a nomination.

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

Other Business

No petitions were received. Final nomination results were:

Director Elections

District 6 – Dan Barrera
District 8 – Peter Gillespie
District 10 – Joseph Beam, David Luna and Gary Payne

Elections will not be held in Districts 6 and 8.

Ballots for the District 10 election were mailed March 26. The Election & Credentials Committee will meet on Wednesday, April 17, to count ballots cast in the election.

The Board reviewed the 2019 NRECA calendar and schedules for 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 Board addressed Mr. Redmond's request to attend the June and July board meetings telephonically.

Mr. Nolan made a motion to approve Mr. Redmond's request. Ms. Thatcher seconded the motion, which carried.

Mr. Nolan made a motion to adjourn the meeting. The motion was seconded and carried.

There being no further business, President Barrera adjourned the meeting at 2:16 p.m.

Respectfully submitted,

Secretary

Approved:

President