

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

April 17, 2019

A regular meeting of the Board of Directors of the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) was held Wednesday, April 17, 2019 in the SSVEC Willcox headquarters boardroom, 350 North Haskell Avenue, Willcox, Arizona.

President Barrera called the meeting to order at 9:30 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, and the following SSVEC employees were also present: Jack Blair, Daniel Wilson, Orson Garnsey, Jason Bowling, Ron Lee, Nathan Hodges, David Bane, and Char Bennett. Also present were Sierra Vista members Ross Lampert and Tom Kennedy, irrigation member Justin Crownover and his guests Nicolas Kenny, Cameron Gruhlkey and Bill Gruhlkey. General counsel Chris Hitchcock was in attendance but was monitoring the District 10 director election ballot count.

President Barrera announced there was a quorum.

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

The agenda for this April 17, 2019 meeting was presented.

*APPROVAL OF
AGENDA*

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

The minutes of the regular meeting held March 27, 2019 were presented.

*APPROVAL OF
MINUTES*

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

The Board reviewed the agenda for the April 18, 2019 special meeting, which was approved in March.

The Board reviewed the agenda for the April 18, 2019 regular meeting agenda, which was approved in March.

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

*CALL TO
MEMBERS*

Mr. Lampert thanked President Barrera and Mr. Huber for their latest response to issues he had raised.

Mr. Kennedy thanked Mr. Huber for his response.

President Barrera thanked Mr. Lampert and Mr. Kennedy for their participation and interest in the cooperative.

Mr. Crownover stated that he had been reviewing irrigation rates and comparing SSVEC's rates for his farm to the rates for his operation in Texas. Mr. Kenny provided a PowerPoint presentation and discussed how rates affect operations.

Mr. Crownover thanked the Board for their time. President Barrera thanked the group for their presentation as they, Mr. Blair and Mr. Bane left the meeting.

Under the Call to Directors, President Barrera asked directors for their comments on the recent Arizona CFC Workshop.

Call to Directors

The Committee of the Whole reviewed the board meeting agenda, the proposed 2019 Affirmative Action Plan, the liability insurance renewal proposal, policies, and financials.

*GOVERNANCE
COMMITTEE
REPORTS*

An executive summary and a narrative regarding the 2019 Affirmative Action Program (Program) were included in the board report.

*2019 Affirmative
Action Plan
Accepted*

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

The Program is adopted annually to comply with rules and regulations of the Office of Federal Contract Compliance Programs. The objective is equal employment opportunity.

After full discussion, Mr. Nolan made a motion to adopt the 2019 Affirmative Action Program as presented. Ms. Thatcher seconded the motion, which carried.

Mr. Bowling referred to an executive summary regarding the corporate insurance renewal, which was included in the board report. A PowerPoint presentation was included in the iPad report.

Mr. Hitchcock joined the meeting.

After full discussion, Mr. Redmond made a motion to approve the executive summary as presented. Mr. Payne seconded the motion, which carried.

*Corporate
Insurance*

SSVEC will continue corporate insurance coverage with Federated Rural Electric Insurance Exchange for \$385,784 for the 2019-2020 term. An increase to the Directors, Officers, Managers portion of policy is attributed to SSVEC's decision to provide loss control services to other Arizona cooperatives and will be shared by participating cooperatives.

Information regarding a proposal to conduct a board self-evaluation was included in the board report. The proposal was in response to a board assessment presentation that followed the recent Arizona CFC Workshop.

After full discussion, Mr. Nolan made a motion to accept the proposal and complete a board self-assessment. The motion was seconded and carried.

*Board Self-
Evaluation*

Members Joseph and Janice Beam and David Luna joined the meeting.

Mr. Hitchcock reported that the Election & Credentials Committee had completed their count of District 10 director election ballots and announced Mr. Beam as the winning candidate. He stated that the election results would be canvassed and certified during the April 18, 2019 special meeting prior to the annual meeting.

President Barrera congratulated Mr. Beam and thanked Mr. Payne for his service on the board.

Mr. Blair returned to the meeting. Mr. Ross and Mr. Kennedy left the meeting.

The Committee presented Policies F-1, Licensing Agreement; F-2, SSVEC Vehicles; F-3, Power Procurement Policy; and F-5, Annexations, which were included in the board report.

Policies

After full discussion, Mr. Nolan made a motion to approve Policy F-1 as presented. The motion was seconded and carried.

*Policies F-1, F-2,
F-3 & F-5
Readopted*

Mr. Manring made a motion to approve Policy F-2 as presented. Ms. Thatcher seconded the motion, which carried.

Mr. Manring made a motion to approve Policy F-3 as presented. Ms. Thatcher seconded the motion, which carried.

Mr. Manring made a motion to approve Policy F-5 as presented. Mr. Gillespie seconded the motion, which carried.

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

Policies F-6, No Smoking Policy; F-7, Board Policy on Offers to Acquire All or Substantially All of Cooperative Assets; and F-8, Record Retention, were included in the board report and were reviewed by the Committee of the Whole for Board action in May.

The Committee presented the Schedule of Writeoffs totaling \$14,734.15, which was included in the iPad report.

Finance

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

The Committee presented the February 2019 Form 7.

A motion was made, seconded and carried to accept the February 2019 Form 7.

The Committee presented vouchers submitted by directors and the CEO in the amount of \$17,059.56.

A motion was made, seconded and carried to accept the vouchers.

Discussion on the NRECA Task Force Report on Member Access to Information was deferred until the executive session.

The Board reviewed the annual meeting agenda, which had been approved in February and was included in the board report.

*Annual Meeting
Agenda*

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

CEO Report

Mr. Huber reported on TEP's proposed new rate increase and reviewed the five-year history of SSVEC's statement of operations.

The ACC will consider the construction work plan and revisions the week of April 22.

Written staff reports were included in the board report.

REPORTS

Staff responded to questions asked by directors.

Staff

Mr. Bowling made a PowerPoint presentation on his Management Internship Program project on payment kiosks. The presentation and project were included in the iPad report.

Mr. Bane returned to the meeting and gave a presentation on the proposed 2020 REST Plan. An executive summary and proposed resolution were included in the board report. The implementation plan and PowerPoint presentation were included in the iPad report.

2020 REST Plan

Mr. Bane reviewed the proposed REST Plan budget of \$3.1 million and stated that the plan's budget would not impact general funds.

After full discussion, Ms. Thatcher made a motion to approve the 2020 REST Plan and adopt Resolution 2019-03. Mr. Payne seconded the motion, which carried.

WHEREAS, Sulphur Springs Valley Electric Cooperative (SSVEC), an electric cooperative company in Arizona, is required to submit annual updates to the REST program and tariff, in the course of normal operations.

*Resolution
2019-03*

BE IT RESOLVED that the Board of Directors of SSVEC has reviewed the 2020 REST program presented by the SSVEC Management and Staff and fully supports the 2020 REST plan to be submitted to the ACC for approval.

President Barrera asked Ms. Thatcher to begin the AEPCO Report. They reported on the April 10, 2019 board meeting.

AEPCO

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

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

An executive summary, a proposed resolution and agreements regarding Cochise County projects were included in the board report and in the iPad report.

Mr. Huber related staff's recommendation to approve the executive summary on the Joint Participation, Interconnection and Construction Agreement (PA Agreement) and the Mutual Standby Transmission Service Agreement (Backup Agreement) between SSVEC, AEPCO, and APS.

After full discussion, Mr. English made a motion to approve the PA Agreement and the Backup Agreement and adopt Resolution 2019-04. Mr. Manring seconded the motion, which carried.

WHEREAS, Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) Arizona Electric Power Cooperative, Inc. (AEPCO), and Arizona Public Service Company (APS) (collectively, the Parties) have negotiated and agreed to several inter-related subprojects to provide the parties with backup capacity to support Cochise County loads through a combination of the Palominas - Hereford 69 kV Tie Line, the McNeal 69 kV Tie Line and the Boothill Interconnection (Cochise County Project); and

*Resolution
2019-04*

WHEREAS, this Cochise County Project addresses reliability concerns expressed by the Parties at a much lower cost than any single party solution; and

WHEREAS, the Parties have agreed to cost sharing responsibilities and in-service dates of the subprojects; and

WHEREAS, the Parties have negotiated definitive agreements to include the Cochise County Joint Participation, Interconnection, and Construction Agreement and the Cochise County Mutual Standby Transmission Service Agreement.

NOW, THEREFORE BE IT RESOLVED, the Board of Directors of Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) hereby authorizes Management to execute the successive definitive agreements with Arizona Public Service Company (APS) and Arizona Electric Power Cooperative, Inc. (AEPCO) for the joint development, operation and maintenance of the Schieffelin/Tombstone Junction/ Boothill Project and the Palominas – Hereford Project.

President Barrera asked Mr. English and Mr. Huber for the GCSECA Report. They reported on the April 3, 2019 board meeting. GCSECA

The GCSECA Board hired Dave Lock as their new chief executive officer. Mr. Lock will start on April 15, 2019.

Katy Reno left GCSECA; the position's duties will be shifted to other employees.

AEPCO will handle GCSECA's human resources duties and Trico Electric Cooperative will handle accounting duties.

SSVEC's loss control specialist will provide the loss control program for AEPCO, Mohave Electric Cooperative and Navopache Electric Cooperative. Trico Electric Cooperative is considering participation in the program.

The GCSECA 2019 summer meeting and director training will be held in Flagstaff, Arizona July 22 – 25.

Information regarding 2019 NRECA Award nominations was included in the board report. The SSVEC Board did not provide a nomination for 2019.

The Board reviewed the 2019 NRECA calendar and schedules for the NRECA Legislative Conference and NRECA Summer Schools and the 2019 CFC Forum. Other Business

With no objections, the Board entered executive session at 12:48 p.m.

The regular meeting reconvened at 1:51 p.m.

The Board discussed the NRECA Task Force Report regarding member access to information, which completes the review of the report.

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 2:03 p.m.

Respectfully submitted,

Secretary

Approved:

President