

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
August 22nd, 2017**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on August 22nd, 2017 commencing at 8:30 a.m. at Sioux Valley Energy headquarters, Colman, SD.

The meeting was called to order by President Rodney DeMent who presided and Mr. Rogen, was appointed and acted as Secretary.

Roll call showed the following members present:

Rodney DeMent	Gary Drost	Dave Daniel
Henning Hansen	Arlyn Zylstra	Bruce Martinson
Mark Rogen	Allan Weinacht	Gregg Johnson
Gary Fish	Allan Kooima	

All directors were present. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Betty VanDerWerff, Debra Biever, and Carrie Law, along with Staff Assistant and Communications Specialist Amy Voelker.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. Items added to the agenda were proposed district meeting schedule and designation of delegate for district 2 caucus for L&O. A motion to approve the amended agenda was made by Mr. Martinson, seconded by Mr. Kooima. The motion carried.

REVIEW AND CONSIDERATION OF MINUTES

A motion to approve the minutes of the regular board meeting of July 25th, 2017 was made by Mr. Hanson, seconded by Mr. Johnson. The motion carried.

INTRODUCTION OF NEW EMPLOYEES

Chinelle Christensen introduced Jace Martens and Matt Behlings, our new journey lineworkers.

EMPOWER YOUTH OVERVIEW FROM STUDENTS

Jennie Patrick along with the seven 2017-18 Advisory Council members from the Youth EmPower Leadership program shared their overview from the past 2016-17 sessions. The students shared comments about each session and trips they took part in.

REVIEW AND CONSIDERATION OF ANNUAL MEETING WAIVER FOR SIOUX VALLEY ENERGY CUSTOMER TRUST AND APPOINTMENTS OF OPERATION ROUNDUP BOARD OF TRUSTEES

The Board of Directors considered and executed a unanimous consent in writing in lieu of an annual meeting of the Sioux Valley Energy Customer Trust. The reappointments of Alvina Harvey, representing "at-large", and Joyce DeClerk, representing Moody County, to the Customer Trust board of Trustees were approved.

REVIEW AND CONSIDERATION FOR RESOLUTION OF THE BOARD OF DIRECTORS AUTHORIZING THE AMENDMENT AND RESTATEMENT OF THE RETIREMENT SECURITY AND/OR 401(K) PENSION PLAN

Manager McCarthy called upon Debra Biever to present the resolution for the amendment and restatement of the retirement security and/or 401(K) pension plan. Mr. Rogen made a motion to approve the resolution, seconded by Mr. Martinson. The motion carried.

REVIEW AND CONSIDERATION OF RURAL ELECTRIC ECONOMIC DEVELOPMENT, INC (REED) LOAN

Manager McCarthy called upon Betty VanDerWerff who reported that South Dakota Agricultural, LLC, (SD Ag Labs) was requesting a \$213,500 REED loan. This loan would partially fund the land purchase and a 10,000 square foot facility located in Aurora, SD. Betty stated that the total project estimated cost would be \$1,000,000. Following review and discussion, a motion to approve the South Dakota Agricultural,

LLC for REED funding in the amount of \$213,500 was made by Mr. Rogen, seconded by Mr. Kooima. The motion carried.

REVIEW AND CONSIDERATION FOR RURAL ECONOMIC DEVELOPMENT LOAN/GRANT (REDLG) RESOLUTION

Manager McCarthy called upon Betty VanDerWerff to present a resolution to affirm Sioux Valley Energy’s participation in the REED fund. This resolution is a requirement of the \$300,000 Rural Economic Development Grant which was approved by the USDA to be loaned to SDSU Growth Partnership, Ltd at zero percent interest. SDSU will repay the loan to REED and the \$300,000 will be used for other Economic Development projects. Mr. Kooima made a motion to approve the resolution, seconded by Mr. Daniel. The motion carried.

REVIEW AND CONSIDERATION OF THE 2018 DISTRICT MEETING SCHEDULE

The proposed schedule of dates and locations for the 2018 district meetings was reviewed. Mr. Kooima made a motion to approve the 2018 proposed district meeting schedule, seconded by Mr. Weinacht. The motion carried.

<u>DATE</u>	<u>DIRECTOR/DISTRICT</u>	<u>TOWN</u>	<u>LOCATION</u>
3/1/18	Fish (6) & Rogen (6)	Brandon, SD	Brandon Valley High School
3/5/18	Daniel (4)	Madison, SD	Madison HS Commons
3/8/18	Hansen (1)	White, SD	McKnight Hall
3/12/18	Kooima (2)	Volgan, SD	Sioux Valley Middle School Gym
3/13/18	DeMent (7)	Hartford, SD	West Central School
3/15/18	Martinson (3)	Flandreau, SD	William J Janklow Community Center
3/19/18	Weinacht (5)	Colton, SD	Taopi Hall
3/20/18	Zylstra (10)	Edgerton, MN	Edgerton Public School
3/26/18	Johnson (9)	Pipestone, MN	Pipestone High School
3/27/18	Drost (8)	Luverne, MN	Grand Prairie Events Center

ANNUAL MEETING DISUCUSSION

Discussion was held about the 2018 annual meeting. Mr. Drost made a motion to have the 2018 annual meeting at the Swiftel Center in Brookings, SD, seconded by Mr. Zylstra. The motion carried.

VARIABLE FREQUENCY DRIVE (VFD) REBATES

Manager McCarthy called upon Carrie Law to give an update on the variable frequency drive (VFD) rebates. The recommendation is to discontinue this rebate due the difficulties the average customer has in meeting program stipulations. Mr. Drost made a motion to pay out the rebates that we currently have and to discontinue the rebate, seconded by Mr. Kooima. The motion carried.

STRATEGIC ISSUE DISCUSSION

Manager McCarthy reviewed and summarized the strategic priorities established at the 2017 strategic thinking session that require attention over the next 3-5 years.

ACRE

Manager McCarthy called upon Carrie Law to provide an update on the ACRE program. Carrie gave an update on the plans for our upcoming ACRE events that will be called “Take Action” meetings.

MANAGER’S REPORT

Manager McCarthy reviewed key highlights of his written report including wholesale power purchases, sales, and revenue. He also reported on the East River MAC meeting.

Manager McCarthy gave an update from the Basin member manager's meeting. He mentioned scenarios that are being developed for consideration by the Basin Board of a potential shutdown of Leland Olds #1 and the sale of DGC. He reported that the engineering at the urea plant is 99% complete and construction is 88.2% complete with a potential operation date of January 11, 2018. He gave an end of year margin update and talked about the 2018-2027 financial forecast. He also commented on the rate component forecast, federal legislation, and Lincoln County wind vote.

Manager McCarthy gave updates from the East River MAC and REED meetings and shared that the long range financial forecast was presented.

Manager McCarthy reported that Debra Biever and Betty VanDerWerff attended the SMEC board meeting at People's Energy in Rochester.

Manager McCarthy called upon Carrie Law to give an update from the SDREA legislative committee meeting.

Manager McCarthy reported that our year to date accidents are down significantly.

ACCEPT MANAGER'S REPORT

A motion to accept the manager's report was made by Mr. Daniel, seconded by Mr. Zylstra. The motion carried.

REPORTS ON POWER SUPPLY MEETINGS

East River Board Meeting – Mr. Rogen reported on his attendance at the East River board meeting.

Basin Electric Board Meeting – Mr. Drost reported on his attendance at the Basin Electric board meeting.

L&O Board Meeting – Mr. Johnson reported on his attendance at the L&O board meeting.

REPORTS ON MEETING ATTENDED

SDREA Legal Seminar – Attorney Peterson reported on his attendance at the SDREA legal seminar held July 11th & 12th.

Energy Issues Summit – Directors Zylstra, Johnson, and Martinson reported on their attendance at the Energy Issues Summit held August 9th & 10th.

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

Mid-West Electric Consumers Association Annual Meeting – Mr. Zylstra made a motion to authorize DeMent, Weinacht, Hanson, Drost and Daniel to attend the Mid-West Consumers Association Annual Meeting December 12-14, in Denver, CO, seconded by Martinson. Mr. Weinacht was selected as delegate and Mr. Daniel was selected as alternate.

EXECUTIVE SESSION

Mr. Kooima made a motion to move into executive session, seconded by Mr. Zylstra at 11:45 a.m. for discussion of a member concern. Mr. Drost made a motion to adjourn executive session at 12:00 p.m., seconded by Mr. Daniel. The motion carried.

NEXT MEETING

The next regular board meeting will be held on September 26th & 27th, 2017 at Basin Electric in Bismark, ND.

ADJOURNMENT

Mr. Daniel made a motion, seconded by Mr. Martinson to adjourn the Sioux Valley Energy board meeting at 2:30 p.m. The motion carried.

Allan Kooima, Secretary

Approved: _____