

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
November 28th, 2017**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on November 28, 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 Allan Kooima, Secretary, 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
Allan Kooima	Gary Fish	

All directors were present. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Betty VanDerWerff, Debra Biever, Ted Smith and Carrie Law, along with Staff Assistant and Communications Specialist Amy Voelker and Jay Buchholz, Key Account & Community Relations Executive.

EXECUTIVE SESSION

Mr. Zylstra made a motion to move into executive session, seconded by Mr. Weinacht at 8:30 a.m. for the purpose of discussing personnel issues. Mr. Zylstra made a motion to adjourn executive session at 9:06 a.m., seconded by Mr. Martinson. The motion carried.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. A motion to approve the agenda was made by Mr. Drost, seconded by Mr. Hansen. The motion carried.

REVIEW AND CONSIDERATION OF MINUTES

A motion to approve the minutes of the regular board meeting of October 24th, 2017 was made by Mr. Daniel, seconded by Mr. Kooima. The motion carried.

REVIEW AND CONSIDERATION OF THE GENERAL RETIREMENT AND FORFEITURE OF UNCLAIMED CAPITAL CREDIT

Betty VanDerWerff presented a proposed resolution for the 2017 general capital credit retirement and declaration of forfeiture. The resolution included a \$1,515,000 general retirement of capital credits along with forfeiture of unclaimed capital credits retired in 2011. Mr. Rogan made a motion to adopt the following resolution, seconded by Mr. Fish.

WHEREAS, the Cooperative bylaws provide for the retirement of capital credits to members and former members of the Cooperative; and

WHEREAS, the Cooperative bylaws also provide that any unclaimed retired capital credits be irrevocably assigned and retained by the Cooperative.

THEREFORE, BE IT RESOLVED; that the Board of Directors of Sioux Valley Energy does hereby approve a general retirement of capital credits for 2017 in the amount of \$1,515,000,

AND BE IT FURTHER RESOLVED; that the Board of Directors of Sioux Valley Energy declares the forfeiture of unclaimed capital credits retired in 2011 to South Dakota accounts unless claimed within six months from the date of this resolution or notification required by the state.

2018 RATE PICTURE/CAPITAL CREDIT OVERVIEW

Tim McCarthy and Betty VanDerWerff presented the 2018 rate picture and capital credit overview with a 3% growth factor figured into this projection. They presented a 2-year projection showing the board different options.

EMPLOYEE TURNOVER COSTS

Tim McCarthy called upon Debra Biever to present employee turnover costs to the board. Debra showed the Board cost of losing an employee. This analysis included tangible and intangible costs along with best practices on employee retention

CUSTOMER SATISFATION SURVEY

Tim McCarthy called upon Debra Biever to present the customer satisfaction survey. Debra gave an overview from 2017. She reviewed the highlights from each section with the board on the attitudes and satisfaction, monthly satisfaction trends, and demographics.

REVIEW OF MN LOCAL DEMOCRACY

Manager McCarthy called upon Ted Smith to update the board on the review of the material Sioux Valley Energy needs to publish for the membership and indicated staff is working on getting the Sioux Valley Energy website updated.

MN LEGISLATIVE UPDATE

Tim McCarthy called upon Carrie Law to give a Minnesota legislative update. Carrie updated the board on what legislative issues might be brought forward in this year's legislative session.

REVIEW OF MAC AGENDA

Manager McCarthy reviewed the MAC agenda with the board for the upcoming meeting in December.

REVIEW AND CONSIDERATION OF ALTERNATIVE DATE FOR FEBRUARY BOARD MEETING

Due to a conflict with the February board meeting date, a motion was made by Mr. Zylstra to reschedule the February board meeting date to Wednesday, February 21st, 2018, seconded by Mr. Kooima. The motion carried.

REVIEW AND CONSIDERATION OF BOARD COMPENSATION

The format of BOG 8-7 Director Compensation and Benefits was revised with a change to add \$50 to the \$300 retainer fee for a total retainer of \$350. A motion was made by Mr. Rogen to approve the above recommended changes, seconded by Mr. Zylstra. The motion carried by majority vote.

REVIEW AND CONSIDERATION OF BOARD MEETING LOCATIONS

Mr. Kooima made a motion to hold the February 21st, 2018 board meeting in Pipestone, MN, seconded by Mr. Zylstra. Mr. Drost made a motion to hold the March 27th, 2108 board meeting in Brandon at our service center, seconded by Mr. Zylstra.

ATTORNEY PETERSON'S YEARLY OVERVIEW

Manager McCarthy called upon Attorney Peterson to present to the board a review of his duties and tasks completed for Sioux Valley Energy the past year.

MANAGER'S REPORT

Manager McCarthy reviewed key highlights of his written report including wholesale power purchases, sales and revenue.

Manager McCarthy reported on many topics from the East River MAC meeting, including Basin's analysis of possibly moving DGC coal handling facilities to Basin Electric, Basin's revenue deferral, the refinancing of Federal Financing Bank (FFB) loans pilot program, and regulatory, legislative and legal topics.

Manager McCarthy reported that Jay Buchholz was elected to the Brandon Foundation board.

Manager McCarthy reported that Terry Ebright and Debra Biever met with Federated and reviewed a three-year history of claims for Sioux Valley Energy. We are performing

well. They also inspected our Brandon facility and they were very pleased with the conditions.

Manager McCarthy had Debra Biever report that our Worklete program has been very successful and the participation has been great thus far.

Manager McCarthy reported that our Energy Makeover Contest has had a lot of participation from our membership so far and is going well.

Manager McCarthy gave an update from attending the Sioux Falls Development Foundation meeting.

ACCEPT MANAGER'S REPORT

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

STRATEGIC ISSUE DISCUSSION

Manager McCarthy discussed the structure of the new balance scorecard. The directors and staff focused on the financial values and discussed how we need to educate members in many different areas. The Board and staff then established definitions of success to objectives involving rate management, financial performance, and optimization of cooperative assets.

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 attendance at the L&O Board Meeting.

REPORTS ON MEETING ATTENDED

Basin Electric Annual Meeting – Directors Rogen, DeMent, Zylstra, Johnson, and Martinson reported on their attendance at the Basin Electric Annual Meeting.

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDACNE AUTHORIZATION

CoBank Customer Meetings – Notice of the CoBank customer meetings was given. Directors Drost and Johnson were authorized to attend in Minneapolis, MN and Directors Kooima and Zylstra were authorized to attend in Fargo, ND. Mr. Kooima made a motion, seconded by Mr. Drost. The motion carried.

Legislative Visit – Mr. Drost made a motion to authorize Director DeMent to attend one of the legislative visits in the upcoming year, seconded by Mr. Kooima. The motion carried.

SDREA Annual Meeting – Notice was given for the SDREA Annual Meeting that will be held in Pierre, SD. Mr. Zylstra nominated Mr. Hansen for another term on the SDREA board, seconded by Mr. Martinson. Mr. Danial made a motion to authorize all directors to attend the SDREA Annual meeting seconded by Mr. Martinson. A motion was made by Mr. Rogan to select Mr. Daniel as the voting delegate for the SDREA Annual meeting, seconded by Mr. Martinson. Mr. Rogan made a motion to select Mr. Weinacht for the alternate voting delegate at the SDREA Annual meeting, seconded by Mr. Drost. The motions carried.

NEXT MEETING

The next regular board meeting along with work plan and budget will be held on December 19th, 2017 at Sioux Valley Energy headquarters in Colman, SD.

ADJOURNMENT

Mr. Zylstra made a motion, seconded by Mr. Weinacht to adjourn the Sioux Valley Energy board meeting at 3:20 p.m. The motion carried.

Allan Kooima, Secretary

Approved: _____