

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
October 24th, 2017**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on October 24th, 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.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. Agenda items, Basin resolution, SMEC resolution, customer concern and Christmas dinner, were added. A motion to approve the amended agenda was made by Mr. Weinacht, seconded by Mr. Zylstra. The motion carried.

REVIEW AND CONSIDERATION OF MINUTES

A motion to approve the minutes of the regular board meeting of September 26th, 2017 was made by Mr. Daniel, seconded by Mr. Johnson. The motion carried.

INTRODUCTION OF NEW EMPLOYEE

Carrie Law introduced Jay Buchholz, Key Account & Community Relations Executive.

REVIEW AND CONSIDERATION OF PROPOSED WRITE-OFF OF UNCOLLECTABLE ACCOUNTS

Brenda Schelhaas, Manager of Customer Services, reviewed the proposed write-off of uncollectible electric energy and accounts receivable-other accounts. The total write-off amount is \$19,724.33 compared to \$11,735.17 in 2016. We will retain \$9,677.54 in unretired capital credits to offset part of this write-off, resulting in a net write-off of \$10,046.79. A motion was made by Mr. Martinson to approve the proposed write-off of uncollectible accounts, seconded by Mr. Rogen. The motion carried.

REVIEW AND CONSIDERATION OF UTILITY SAFETY INNOVATIONS

Attorney Peterson presented the resolution for articles of termination of Utility Safety Innovations, LLC. The date of dissolution would be October 24th, 2017. A motion was made by Mr. Rogen to approve the termination of Utility Safety Innovations, LLC, seconded by Mr. Kooima. The motion carried.

REVIEW AND CONSIDERATION OF THE ADOPTION OF THE LOCAL DEMOCRACY DG RULES FOR THE STATE OF MINNESOTA

Manager McCarthy called upon Ted Smith to present the adoption of the local democracy rules for the state of Minnesota. Ted reviewed the rules and the resolution with the board and recommended to adopt both rules implementing 216B.164 and the Board Resolution allowing for a Cooperative Board led dispute resolution process. A motion was made by Mr. Johnson to approve the adoption of the local democracy DG rules for the State of Minnesota, seconded by Mr. Kooima. The motion carried.

A Resolution of the Board of Directors of Sioux Valley-Southwestern Electric Cooperative Inc. dba Sioux Valley Energy Adopting the Authority of the Minnesota Public Utilities Commission in Minnesota Statute Section 216B.164

WHEREAS the Minnesota Legislature passed and the Governor of the State of Minnesota signed into law the authority for the boards of directors of cooperative electric associations to assume the

authority of the Minnesota Public Utilities Commission in Minnesota Statute 216B.164 during the 2017 Minnesota Legislative Session.

BE IT RESOLVED by the Board of Directors of Sioux Valley-Southwestern Electric Cooperative that authority granted by the legislature to the Minnesota Public Utilities Commission over cooperative electric utilities in Minnesota Statute Section 216B.164 is assumed by the Board of Directors of Sioux Valley Southwestern Electric Cooperative as provided in Minnesota Statute 216B.164 Subd. 11(a).

BE IT FURTHER RESOLVED that the Board of Directors of Sioux Valley-Southwestern Electric Cooperative are the regulatory commission of Sioux Valley-Southwestern Electric Cooperative. Wherein Minnesota Statute 216B.164 the term commission is used, the meaning of commission is the Board of Directors of Sioux Valley-Southwestern Electric Cooperative unless there is language expressly to the contrary.

BE IT FURTHER RESOLVED that the Board of Directors of Sioux Valley-Southwestern Electric Cooperative have adopted rules and have them in effect on this date implementing Minnesota Statute 216B.164.

BE IT FURTHER RESOLVED that the Board of Directors of Sioux Valley-Southwestern Electric Cooperative have on this date, included in rules implementing Minnesota Statute 216B.164, a dispute resolution process as required by Minnesota Statute Section 216B.164 Subd 11(a) and (b).

REVIEW AND CONSIDERATION OF BASIN RESOLUTION

Manager McCarthy presented a resolution of recognition and appreciation for Basin Electric. The resolution is to extend our utmost appreciation to Basin Electric for hosting the Sioux Valley Board of Director on the educational trip to their headquarters and generating facilities and providing a very informative and productive experience. A motion was made by Mr. Kooima, seconded by Mr. Zylstra to adopt the resolution of recognition and appreciation for Basin Electric. The motion carried.

WHEREAS, Basin Electric encourages member cooperatives to be engaged and informed on the complexities of power generation, and

WHEREAS, Basin Electric dedicated time and resources to hosting the Board and Leadership Staff of Sioux Valley Energy, and

WHEREAS, we, as members of the Sioux Valley Energy Board of Directors, wish to extend our utmost appreciation to Basin Electric for the work that was done to make our educational trip to Basin Electric headquarters and generating facilities an informative and productive experience.

NOW THEREFORE BE IT RESOLVED, that Sioux Valley Energy recognizes Basin Electric's important role in the planning and execution of the Cooperative's Board meeting at the Basin headquarters and subsequent tours of generation facilities on this 24th day of the month of October in the year 2017.

REVIEW AND CONSIDERATION OF SMEC RESOLUTION

Manager McCarthy presented a resolution stating the compliance with the Minnesota Public Utility Commission order concerning Southern Minnesota Energy Cooperative (SMEC) electric rates. A motion was made by Mr. Rogen, seconded by Mr. Martinson to adopt the SMEC resolution. The motion was carried.

A resolution of the Board of Directors of Sioux Valley – Southwestern Electric Cooperative, Inc. (dba Sioux Valley Energy) stating compliance with the Minnesota Public Utility Commission order concerning Southern Minnesota Energy Cooperative (SMEC) electric rates.

WHEREAS, the SMEC member cooperatives per Minnesota Public Utilities Commission order, were required to complete a series of Cost of Service Studies, and

WHEREAS, Cooperative Finance Corporation (CFC) has completed individual cooperative cost of service studies in accordance to the commission order, and

WHEREAS, SMEC has engaged legal counsel to represent it and its members, and

WHEREAS, SMEC has requested individual member cooperative's board recommendations for rate changes for the Alliant acquired members for August 2018 through August 2020.

BE IT RESOLVED that Sioux Valley Energy anticipates that it may adjust Alliant acquired member's rates and may increase them up to 2.5% in August 2018 and may increase them another 5% in August 2019.

REVIEW AND CONSIDERATION OF REED LOAN INCREASE TO THE SD AGRICULTURAL LABORATORIES

Manager McCarthy called upon Betty VanDerWerff to present the REED loan. The South Dakota Agricultural Laboratories, LLC (SDAL) would like to increase the original loan that was approved at the August board meeting of \$213,500 by \$17,000 making the new total \$230,500. A motion was made by Mr. Rogen to approve the increase of the loan by \$17,000, seconded by Mr. Daniel. The motion carried.

REVIEW AND CONSIDERATION OF MAC MEETING DATE

Dates for consideration of the next Member Advisory Council (MAC) meeting were discussed. Mr. Drost made a motion to approve December 5th, 2017 as the next MAC meeting date, seconded by Mr. Hansen. The motion carried.

REVIEW AND CONSIDERATION OF MINNEHAHA COUNTY OPERATION ROUND-UP DIRECTOR

Manager McCarthy called upon Debra Biever to have discussion on the Minnehaha County Operation Round-up director. Gary Fish nominated Bob Logan of Brandon and Allan Weinacht nominated Jeff Thompson of the Colton area. The directors voted for the director. Jeff Thompson received the most votes. Mr. Hanson made a motion to appoint Jeff Thompson as the new Minnehaha County Operation Round-up director, seconded by Mr. Weinacht. The motion carried.

STRATEGIC ISSUE DISCUSSION

Manager McCarthy discussed the structure of the new balance scorecard. The directors and staff focused on the member values and discussed how we need to educate members in many different areas, such as reliability, responsiveness, rates, involvement in the community and care for our environment.

REVIEW AND CONSIDERATION OF ATTORNEY'S QUARTERLY EXPENSE STATEMENT

Amy Voelker presented the quarterly expense statements for Attorney Peterson. A motion to approve the payment of the Attorney's expense statements for July through September 2017 in the amount of \$11,601.81 was made by Mr. Martinson, seconded by Mr. Weinacht. The motion carried.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S QUARTERLY EXPENSE STATEMENT

Arlyn Zylstra, Treasurer, reported that he reviewed the General Manager's expense and credit card statements for the period of July through September, 2017 and found all expenses to be in order. The report was accepted and payment of the General Manager's statement in the amount of \$1,260.74 was approved per a motion by Mr. Kooima, seconded by Mr. Johnson. The motion carried.

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 the impairment issue, Basin financial forecast, the 12 ballot issues that are being circulated, RUS loans, the PURPA waiver approval, reviewed the Basin Bylaws that will be voted on at the 2017 annual meeting in November, and the Basin Standby Rate.

Manager McCarthy had Carrie Law report on the Washington, DC legislative fly-in.

Manager McCarthy reported the new service requests that we have received for the month of September are above 2016 levels.

Manager McCarthy let the directors know that the post cards were sent out to District 8 for the upcoming Board or Directors vacancy as Gary Drost retirees.

Manager McCarthy informed the directors about the legislative luncheon that will take place on November 21st, 2017 at Spezia's in Sioux Falls.

Manager McCarthy reported that the EmPOWER Youth Leadership sessions are going to start up again, and that we have 45 students in the program this year.

ACCEPT MANAGER'S REPORT

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

SDREA Board Meeting – Mr. Hansen reported on his attendance at the SDREA Board meeting.

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

Basin Annual Meeting – Notice of the Basin Annual Meeting November 8-9th in Bismarck, ND was given. Directors Johnson, Weinacht, DeMent, and Martinson were authorized to attend. Mr. Rogen made a motion, seconded by Mr. Hansen. The motion carried.

Legislative Luncheon – Mr. Rogen made a motion to authorize all directors to attend the legislative luncheon on November 21st, 2017 in Sioux Falls, SD seconded by Mr. Weinacht. The motion carried.

NRECA BLC Director Courses – Notice was given for the NRECA BLC director courses 961.1 and 974.1 that will be held in Pierre, SD. Mr. Drost made a motion to authorize directors Martinson, Kooima, Daniel, Weinacht, Hansen, and DeMent seconded by Mr. Weinacht. The motion carried.

NRECA Annual Meeting – Notice was given for the NRECA Annual Meeting that will be held February 22-28, 2018 in Nashville, TN. Mr. Daniel made a motion to authorize directors Weinacht, Martinson, and DeMent seconded by Mr. Kooima. The motion carried.

MREA Annual Meeting – Notice was given for the MREA Annual Meeting March 14-16, 2018. Mr. Weinacht made a motion to authorize directors Drost, Rogen, Hansen, Johnson, Zylstra, DeMent and Kooima to attend the MREA Annual Meeting, seconded by Mr. Martinson. A motion was made by Mr. Rogan, seconded by Mr. Hanson to select Mr. Zylstra as delegate and Mr. Johnson was selected as alternate for the MREA Annual Meeting. The motions carried.

EXECUTIVE SESSION

Mr. Weinacht made a motion to move into executive session, seconded by Mr. Martinson at 11:30 a.m. for the purpose of discussing market rates and board self-appraisals. Mr. Martinson made a motion to adjourn executive session at 12:15 p.m., seconded by Mr. Weinacht. The motion carried.

NEXT MEETING

The next regular board meeting will be held on November 28th, 2017 at Sioux Valley Energy headquarters in Colman, SD.

ADJOURNMENT

Mr. Drost made a motion, seconded by Mr. Daniel to adjourn the Sioux Valley Energy board meeting at 12:20 p.m. The motion carried.

Allan Kooima, Secretary

Approved: _____