

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
October 29th, 2018**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on October 29th, 2018 commencing at 8:30 a.m. at the Colman headquarters in Colman, South Dakota.

The meeting was called to order by President Allan Weinacht who presided and Allan Kooima, Secretary, acted as Secretary.

Roll call showed the following members present:

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

All directors were present. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, leadership team members Debra Biever, Betty VanDerWerff, Ted Smith, and Carrie Vugteveen, along with Executive Assistant Amy Voelker and Marketing Specialist Sheila Gross.

REVIEW AND CONSIDERATION OF AGENDA

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

REVIEW AND CONSIDERATION OF MINUTES

A motion to approve the minutes of the regular board meeting of September 24th, 2018, was made by Mr. Zylstra, seconded by Mr. Rogen. The motion carried.

REVIEW AND CONSIDERATION OF PROPOSED WRITE-OFF OF UNCOLLECTABLE ACCOUNTS

Manager McCarthy called upon Debra Biever to review the proposed write-off of uncollectible electric energy and accounts receivable-other accounts. The total write-off amount is \$15,572.58 compared to \$19,548.17 in 2017. We will retain \$6,824.83 in unretired capital credits to offset part of this write-off, resulting in a net write-off of \$8,747.75. A motion was made by Mr. Kooima to approve the proposed write-off of uncollectible accounts, seconded by Mr. Leuthold. The motion carried.

REVIEW AND CONSIDERATION OF 2019 UPDATE OF THE 2017 LOAD FORECAST

Manager McCarthy called upon Ted Smith to review the 2019 update of the Basin 2017 load forecast, for the time period from 2018 to 2050. Mr. Martinson made a motion to approve the 2019 update of the Basin 2017 load forecast resolution for Basin Electric, seconded by Mr. Daniel. The motion carried.

WHEREAS, Basin Electric Power Cooperative has completed a detailed forecast of total demand and energy requirements for the period of 2018 through 2050; and

WHEREAS, the forecast was prepared in accordance with current Rural Utilities Service regulations using reasonable methodologies; and

WHEREAS, the Board of Directors of Sioux Valley Energy has reviewed the study and its conclusions;

THEREFORE, BE IT RESOLVED, that the Board of Directors of Sioux Valley Energy does hereby adopt and approve the 2019 Update of the 2017 Load Forecast prepared by Basin Electric Power Cooperative as a reasonable forecast of the future demand and energy requirements for Sioux Valley Energy through the year 2050.

And that the action taken and/or resolutions adopted as above set out have never been rescinded, altered, amended, modified or repealed, and are of the date hereof in full force and effect.

REVIEW AND CONSIDERATION OF ELECTRIC VEHICLE

Manager McCarthy called upon Debra Biever to present the consideration of leasing an electric vehicle to add to our fleet as well as a promotional tool for the electric vehicle rate and rebate program. Mr. Martinson made a motion to approve a three-year lease for a Nissan Leaf, seconded by Mr. Rogen. The motion carried.

STRATEGIC ISSUE DISCUSSION

Manager McCarthy gave an update on the balance scorecard objectives. He reviewed the updates, ongoing projects, changes and completed objectives under each initiative on the balance scorecard.

REVIEW AND CONSIDERATION OF REED LOAN

Manager McCarthy called upon Betty VanDerWerff to present the REED Loan for the Madison Hospitality Group, LLC. Mr. Daniel made a motion, seconded by Mr. Martinson, to approve the REED Loan for the Madison Hospitality Group, LLC. The motion carried.

BOARD EDUCATION

Directors are viewing a series of educational videos on a variety of governance topics. This month they viewed "The Value of Diversity in the Boardroom".

POLICY REVIEW DISCUSSION

Manager McCarthy reviewed Board Policy 7; BOG 7-1, 7-2, 7-3, 7-4; Board Policy 8; and BOG 8-1, 8-2, 8-3, 8-4, 8-5, 8-6, 8-7, 8-8, 8-9, 8-10, and 8-11. Mr. Kooima made a motion, seconded by Mr. DeMent, to approve updates and changes to the Board policy 7 BOG 7-1, 7-2, 7-3, 7-4; Board Policy 8; and BOG 8-1, 8-2, 8-3, 8-4, 8-5, 8-6, 8-7, 8-8, 8-9, 8-10, and table 8-11 to review and bring back to the November meeting. The motion carried.

REVIEW AND CONSIDERATION OF MAC MEETING DATE

Dates for consideration of the next Member Advisory Council (MAC) meeting were discussed. Mr. Zylstra made a motion to approve January 17th, 2019 as the next MAC meeting date, seconded by Mr. Hansen. The motion carried.

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 2018 totaling \$12,827.70 and the general matters contract for April through June totaling \$6,911.83, for the total amount of \$19,739.53 was made by Mr. Rogen, seconded by Mr. Leuthold. The motion carried.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Manager McCarthy reviewed key highlights of his written report including wholesale power purchases, sales, and revenue. He also reported on his attendance at the SDREA manager's meeting.

Manager McCarthy gave an update on the Basin Resolutions committee.

Manager McCarthy gave an update on the Basin consolidated financial projections. Basin plans to hold rates flat for the next ten years and possibly decrease the rate.

Manager McCarthy shared that the Duane Arnold 615 MW nuclear generator (Basin Electric) will be shut down in the fall of 2020.

Manager McCarthy gave an update on the contributions to Mitchell Technical Institute. We will not move into another five-year commitment, but will be re-evaluating each year.

Manager McCarthy shared that the RUS interest rates are moving up.

Manager McCarthy shared that East River, L&O, and WAPA both announced that they will hold their rates flat for another year.

Manager McCarthy gave an update from the fall legislative fly-in, in Washington, D.C. The Farm Bill, Cushion of Credit program, and the IRC Section 118 issue were discussed. He shared that Carrie Vugteveen and Jay Buchholz both attended.

Manager McCarthy shared the Minnesota Conservation Improvement Program (CIP) program may be changing to the Comprehensive Energy Efficiency Program (CEEP). The program would broaden the scope of electrified equipment that would qualify for credit toward efficiency goals. East River continues to work with MREA to refine the legislation and is participating in a CIP to CEEP working group.

Manager McCarthy gave an update on the CoBank Sharing Success program. We submitted our application last week.

Manager McCarthy reviewed the 2018 financial projections.

Manager McCarthy updated the Board on a few large loads that are possibly coming to our service territory.

ACCEPT MANAGER'S REPORT

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

REVIEW AND CONSIDERATION OF THE IM-25 DONATION

Manager McCarthy questioned if there was any interest in a possible donation to the IM-25 campaign in support of funding for South Dakota tech schools. Mr. Hansen made a motion to donate \$1,000 to the effort to promote IM-25, seconded by Mr. Fish. The motion failed.

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, 2018 and found all expenses to be in order. The report was accepted and payment of the General Manager's statement in the amount of \$2,749.96 was approved per a motion by Mr. Hansen, seconded by Mr. Kooima. The motion carried.

REPORTS ON POWER SUPPLY MEETINGS

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

L&O POWER COOPERATIVE BOARD MEETING – Mr. Leuthold reported on his attendance at the L&O Power Cooperative board meeting.

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

NRECA BLC Director Courses – Notice was given for NRECA BLC Director courses that will be held December 6-7, 2018 in Pierre, SD. Mr. Martinson made a motion to authorize Directors Kooima and Weinacht to attend, seconded by Mr. DeMent. The motion carried.

SDREA Annual Meeting – Notice of the SDREA Annual Meeting that will be held January 11th, 2019 was presented. Mr. DeMent made a motion to authorize all directors to attend, seconded by Mr. Kooima. The motion carried.

CoBank Regional Meetings – Mr. Martinson made a motion to authorize Director Martinson for the CoBank Regional meeting in Fargo, ND that will take place March 28-29, 2019, seconded by Mr. DeMent. The motion carried.

2019 MREA Voting Delegate – Mr. Hansen made a motion to nominate Director Johnson as the 2019 voting delegate for MREA. Mr. Zylstra made a motion to nominate Director Leuthold as the alternate. Mr. Kooima seconded both motions. The motion carried.

EXECUTIVE SESSION

Mr. Zylstra made a motion to move into executive session, seconded by Mr. Leuthold at 1:05 p.m. to review market rates. Mr. Zylstra made a motion to adjourn executive session at 1:15 p.m., seconded by Mr. Fish. The motions carried.

REVIEW AND CONSIDERATION OF MARKET RATE CHANGES

Mr. Fish made a motion to approve the market rate changes that were discussed in executive session, seconded by Mr. Martinson. The motion carried.

NEXT MEETING

The next regular board meeting will be held on November 26th, 2018 at Sioux Valley Energy headquarters in Colman, SD.

ADJOURNMENT

Mr. Zylstra made a motion, seconded by Mr. DeMent, to adjourn the Sioux Valley Energy board meeting at 1:20 p.m. The motion carried.

Allan Kooima, Secretary

Approved: _____