

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.  
April 28, 2015**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on April 28, 2015 commencing at 10:05 a.m. at the Cooperative's headquarters in Colman, South Dakota.

The meeting was called to order by President Mark Rogen who presided and Rodney DeMent, Secretary, acted as Secretary for the meeting.

Roll call showed the following members present:

Jan Bobendrier	Rodney DeMent	Gary Drost
Gary Fish	Henning Hansen	Mark Kahler
Allan Kooima	Bruce Martinson	Mark Rogen
Allan Weinacht	Arlyn Zylstra	

All directors were present. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Ted Smith, Betty VanDerWerff, Carrie Law, Debra Biever, and Jake VanDewater, and Staff Assistant and Communications Specialist Sheila Gross. Director-Elect Gregg Johnson and Advisory Council member Jed Huisman also attended the meeting.

**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. Weinacht. The motion carried by majority vote.

**REVIEW AND CONSIDERATION OF MINUTES**

A motion to approve the minutes of the board meeting of March 24<sup>th</sup>, 2015 was made by Mr. Martinson, seconded by Mr. Kooima. The motion carried by majority vote.

**REVIEW AND CONSIDERATION OF PROPOSED REED RESOLUTIONS**

Manager McCarthy and Betty VanDerWerff presented grant agreements and letters of condition for two REDLG/grants that were approved by USDA and require signatures of the board president and secretary at this time. Resolutions for each applicant were presented to reaffirm Sioux Valley Energy's participation in the REED fund.

The board approved a request from Jasper Rural Fire Department for an \$115,000 Rural Economic Development Grant at the July, 2014 board meeting. This loan will help pay for a new fire truck. Mr. Zylstra made a motion to reaffirm the board's participation in the REED revolving fund for the Jasper Rural Fire Department and to adopt the following resolution, seconded by Mr. Martinson. The motion carried by majority vote.

**WHEREAS**, the Rural Electric Economic Development, Inc. Revolving Loan Fund (REED Fund) was created by a group of electric cooperatives, including Sioux Valley-Southwestern Electric Cooperative, Inc., as a private, non-profit, 501.c.3 corporation to assist in development that promotes growth in rural areas, contributes to job/wealth creation and improves the infrastructure and economic base needed to keep the rural economy viable; and

**WHEREAS**, Sioux Valley-Southwestern Electric Cooperative, Inc. has received a Rural Economic Development (REDL&G) Grant from USDA Rural Development to assist Jasper Rural Fire Department and will administer proceeds of the grant according to the REED Fund Revolving Loan Fund Plan dated March 2012;

**NOW, THEREFORE BE IT RESOLVED** that the Board of Directors of Sioux Valley-Southwestern Electric Cooperative, Inc., adopts statements set forth in this resolution and further adopts the Revolving Loan Fund Plan for Rural Electric Economic Development, Inc. as approved by the U.S. Department of Agriculture's Rural Development.

The board approved a request from Lake Area Development Corporation (LAIC) for a \$300,000 Rural Economic Development Grant at the January, 2014 board meeting. This loan will help pay for a new spec building in the industrial park in Madison, SD. Mr. Kooima made a motion to reaffirm the board's participation in the REED revolving fund for the LAIC and to adopt the following resolution, seconded by Mr. Hansen. The motion carried by majority vote.

**WHEREAS**, the Rural Electric Economic Development, Inc. Revolving Loan Fund (REED Fund) was created by a group of electric cooperatives, including Sioux Valley-Southwestern Electric Cooperative, Inc., as a private, non-profit, 501.c.3 corporation to assist in development that promotes growth in rural areas, contributes to job/wealth creation and improves the infrastructure and economic base needed to keep the rural economy viable; and

**WHEREAS**, Sioux Valley-Southwestern Electric Cooperative, Inc. has received a Rural Economic Development (REDL&G) Grant from USDA Rural Development to assist Lake Area Improvement Corp. and will administer proceeds of the grant according to the REED Fund Revolving Loan Fund Plan dated March 2012;

**NOW, THEREFORE BE IT RESOLVED** that the Board of Directors of Sioux Valley-Southwestern Electric Cooperative, Inc., adopts statements set forth in this resolution and further adopts the Revolving Loan Fund Plan for Rural Electric Economic Development, Inc. as approved by the U.S. Department of Agriculture's Rural Development.

Sioux Valley Energy will make a \$4,150 contribution in REED for a required match. Both the Jasper Rural Fire Department and LAIC will pay back the loan by making payments to the REED revolving loan fund for future lending.

#### REVIEW AND CONSIDERATION OF ANNUAL MEETING

A list of Cooperative members who indicated they would be willing to serve on the Credentials and Election committee for the 2015 annual meeting was presented. A motion to appoint the following individuals to the Credentials and Election committee for the June 2<sup>nd</sup> annual meeting was made by Mr. Drost, seconded by Mr. Weinacht. The committee includes:

District #1-Don Bauman  
District #2-John Kleinjan  
District #3-Don Froehlich  
District #4-Greg Benda  
District #5-Marvin VanKekerix  
District #6-Cheryl Carstens  
District #7-Jake Droke  
District #8-Monte Albertson  
District#9-Connie Hillard  
District #10-Jim Folkerts  
District #11-Tony Gacke

A sample ballot and information on the proposed Bylaw amendments that will be distributed to the membership at the annual meeting were presented for board approval. A motion was made by Mr. Zylstra to approve the ballot and handout on the proposed Bylaw amendments, seconded by Mr. Martinson.

The board discussed a safety concern shared regarding the mutton busting event at the annual meeting. A vote of hands was taken to decide if the event should be held. The majority of the board voted to have the mutton busting event. Noted opposition included Directors Drost, DeMent, Weinacht and Fish.

#### APPROVAL OF SALE OF SIOUX VALLEY WIRELESS TO SDN COMMUNICATIONS

A motion was made by Mr. Martinson, seconded by Ms. Bobendrier to officially record the approval of the sale of the Sioux Valley Energy subsidiary, Sioux Valley Wireless, to SDN Communications in the minutes. The motion carried by majority vote.

#### REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Manager McCarthy reviewed key highlights of his written report. He reported on the monthly peak loads; a district meeting follow-up survey to the membership; and the students selected for the Washington, D.C. youth tour. Manager McCarthy gave updates on the projected SMEC acquisition costs; the Brandon Service Center solar project; and RUS debt buyout considerations for Basin Electric.

Manager McCarthy's written report also included wholesale power purchases, sales, and revenue; new service requests; service interruptions; estate capital credit retirements; East River capital credits; member, public, and government relation activities; an update on employee changes and the medical insurance plan; and the March safety and wellness report.

The board also reviewed the 2014 Year-End Report.

ACCEPT MANAGER'S REPORT

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

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 January through March, 2015 and found all expenses to be in order. The report was accepted and payment of the General Manager's statement in the amount of \$1,036.91 was approved per a motion by Mr. Zylstra, seconded by Mr. Martinson. The motion carried by majority vote.

REVIEW AND CONSIDERATION OF ALTERNATIVE DATES FOR AUGUST AND SEPTEMBER BOARD MEETINGS

Due to conflicts with the regularly scheduled board meetings for August and September, 2015, alternative dates were considered. Mr. Weinacht made a motion to set the August board meeting date for August 21, 2015, seconded by Mr. Kahler. Mr. Kahler made a motion to set the September board meeting date for September 30, 2015, seconded by Mr. Zylstra. The motions carried by majority vote.

REVIEW AND CONSIDERATION OF ATTORNEY'S QUARTERLY EXPENSE STATEMENT

Sheila Gross presented the quarterly expense statements for Attorney Peterson. A motion to approve payment of the Attorney's expense statements for January through March, 2015 in the amount of \$12,347.50 was made by Mr. Martinson, seconded by Mr. Drost. The motion carried by majority vote.

REVIEW AND CONSIDERATION OF 2014 FINANCIAL AUDIT REPORT

Chair Rogen called upon Betty VanDerWerff who introduced Craig Popenhagen of the Clifton Larson Allen, LLP auditing firm who reviewed the financial audit of the books and records for Sioux Valley Southwestern Electric Cooperative and its subsidiaries.

Mr. Popenhagen stated that the Cooperative is in strong financial condition and exercising effective internal controls. Mr. Popenhagen reported the unmodified opinion of the 2014 consolidated financial statements. He reported one passed adjustment for the retainage of the Pipestone Service Center since the amount was immaterial and would not affect margins. A motion to approve the 2014 Audit Report, as presented, was made by Mr. Zylstra, seconded by Mr. Martinson.

REPORTS ON POWER SUPPLY MEETINGS

East River Board Meeting – Chair Rogen did not attend the East River board meeting this month, but he reviewed East River General Manager Boyko's written report.

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

L&O Power Cooperative Board Meeting – Directors Bobendrier, Drost and Zylstra reported on their attendance at the L&O Power Cooperative board meeting.

REPORTS ON MEETINGS ATTENDED

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

NRECA Directors' Conference – Directors Martinson and Rogen reported on their attendance at the NRECA directors' conference in Reno, Nevada.

CoBank North Dakota Customer Meeting – Directors Drost, Hansen, and Kooima reported on their attendance at the CoBank North Dakota customer meeting in Fargo, North Dakota.

L&O Power Cooperative Annual Meeting – The directors reported on their attendance at the L&O Power Cooperative annual meeting on April 7<sup>th</sup>.

Member Advisory Council Meeting – The directors gave feedback on the Sioux Valley Energy Member Advisory Council meeting held on April 9<sup>th</sup>.

**NOTICES OF MEETINGS, SELECTION OF DELEGATES AND AUTHORIZATION FOR ATTENDANCE**

NRECA 2015 Summer School for Directors – Notice of the NRECA Summer School opportunities for Directors was presented for June 5<sup>th</sup>-10<sup>th</sup> in Hilton Head, South Carolina and July 10<sup>th</sup>-15<sup>th</sup> in Branson, Missouri. Mr. Kahler, Mr. Martinson, and Director-Elect Mr. Johnson were authorized to attend the interested sessions per a motion by Mr Drost, seconded by Mr. Kooima. The motion carried by majority vote.

CFC Forum – Notice of the CFC Forum scheduled for June 7<sup>th</sup>-10<sup>th</sup> in Chicago, Illinois was presented. Mr. Rogen was authorized to attend per a motion by Ms. Bobendrier, seconded by Mr. Drost. The motion carried by majority vote.

MREA District 5 Meeting – Notice of the MREA District 5 meeting that will be held on July 16<sup>th</sup> in Sleepy Eye, Minnesota was presented. Mr. Zylstra and Director-Elect Mr. Johnson were authorized to attend per a motion by Mr. Hansen, seconded by Mr. DeMent. The motion carried by majority vote.

**OTHER BUSINESS**

Chair Rogen clarified the per diem reimbursement for director attendance at the L&O Power Cooperative annual meeting.

**NEXT MEETING**

The next board meeting will be Tuesday, May 26<sup>th</sup>, 2015 at the Colman headquarters beginning at 8:30 a.m.

**ADJOURNMENT**

Mr. Martinson made a motion to adjourn the Sioux Valley Energy board meeting at 2:10 p.m., seconded by Mr. Kahler. The motion carried by majority vote.

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Rodney DeMent, Secretary

Approved: \_\_\_\_\_