

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
August 23rd, 2016**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on August 23, 2016 commencing at 8:30 a.m. at the Colman headquarters in Colman, South Dakota.

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	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, management staff members Carrie Law, Debra Biever, Ted Smith, and Betty VanDerWerff along with Staff Assistant and Communications Specialist Amy Voelker. MAC members Gerald Lange, Greg Benda, Tim Dunn, Dian Hoven, and Marvin VanKekerix also attended.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. Review and consideration of CoBank Loan agreement was tabled until the September meeting and the review and consideration of union negotiations was moved to executive session. A motion to approve the amended agenda was made by Mr. Kooima, seconded by Mr. Weinacht. The motion carried.

REVIEW AND CONSIDERATION OF MINUTES

A motion to approve the minutes of the regular board meeting of July 26th, 2016 was made by Mr. Daniel, seconded by Mr. Johnson. The motion carried.

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 was given consent in writing to act as members of the Sioux Valley Energy Customer Trust in lieu of the annual meeting. Mr. Kooima made a motion to approve the consent in writing to waive the annual meeting, Mr. Zylstra seconded the motion. The motion carried. Mr. Martinson made a motion to ratify the appointments of Connie Hillard, representing Pipestone County, and Greg Benda, representing Lake County, to the Customer Trust Board of Trustees. The motion was seconded by Mr. Hansen. The motion carried.

REVIEW OF THE 2016 ACSI MEMBER SATISFACTION SURVERY RESULTS

Manager McCarthy called upon Carrie Law to review the 2016 ACSI member satisfaction survey results. Carrie Law presented the 2016 information from the survey that was conducted from May-June. We had a slight decrease but our overall score was at 85%, which is still above average and a great score.

REVIEW AND CONSIDERATION FOR PCA INCREASE FOR ALLIANT CUSTOMERS

Manager McCarthy requested board approval to raise the PCA to \$.0101 to take affect for the September SMEC billing. Per the agreement and the PUC order we can change this every six months. After the first six months we did not see the need to change it. Over the last two months we have seen a substantial increase in purchased power cost. Mr. Martinson made a motion to increase the PCA to \$.0101 for our Alliant/SMEC consumers, seconded by Mr. Fish. The motion carried.

FCC DEACTIVATION FOR SIOUX VALLEY WIRELESS

Manager McCarthy mentioned the deactivation of the Sioux Valley Wireless spectrum with the FCC. We do not have to formally deactivate and no longer need to file yearly with the FCC since Sioux Valley Wireless is no longer an active business. Our FCC attorney, David Nace, has communicated this status with the FCC staff.

REVIEW AND CONSIDERATION OF BASIN PURPA RESOLUTION

Manager McCarthy requested board approval of the Basin PURPA resolution. Mr. Rogen made a motion to approve and adopt the following resolution, seconded by Mr. Johnson. The motion carried.

WHEREAS, the Federal Energy Regulatory Commission's PURPA Regulations generally requires all electric utilities to purchase power from and to sell power to QFs. However, 18 C.F.R. § 292.402 provides that an electric utility may, after public notice in the area served by the electric utility, apply for a waiver of the purchase and sale requirement, and the Commission will grant such a waiver if the electric utility demonstrates that compliance with such requirement "is not necessary to encourage cogeneration and small power production and is not otherwise required under...PURPA." The waiver allows Basin Electric Power Cooperative's members to shift the obligation to purchase power from a QF to Basin Electric while shifting the obligation to provide retail power sales to a QF from Basin Electric to the member cooperative in whose service area the QF is located.

WHEREAS, Basin Electric Power Cooperative ("Basin Electric") and its all-requirements members, desire to seek a waiver of the PURPA obligations on any qualified facility (QF) of 150 kW or more and;

NOW, THEREFORE BE IT RESOLVED, that the Board of Sioux Valley Energy does hereby adopt the Joint Implementation Plan for the PURPA waiver to FERC.

REVIEW AND CONSIDERATION OF THE CORRECTED ATTORNEY'S QUARTERLY EXPENSE STATEMENT

Amy Voelker presented a corrected quarterly expense statements for Attorney Peterson. A motion to approve the corrected amount for the Attorney's expense statements for April through June, 2016 in the amount of \$9,913.66 was made by Mr. Rogen, seconded by Mr. Martinson. 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 the East River MAC meeting.

Manager McCarthy mentioned there is a director NRECA position open in Minnesota. He asked the Minnesota directors if there was any interest and there was none.

Manager McCarthy reported that Ted Smith along with Jim Kuyper and Paul Mantz have been attending the Pipestone County Ordinance right-of-way meetings.

Manager McCarthy reported that Carrie Law and Sheila Gross have been working with the Western Community Action regarding the Minnesota CIP program. The plan is to provide funding to low income members for weatherization and energy saving measures.

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.

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

REPORTS ON MEETINGS ATTENDED

SDREA CCD Fast Track – Director Daniel reported on his attendance at the SDREA CCD Fast Track in Pierre, SD.

MREA Energy Issues Summit – Directors DeMent, Zylstra, Hansen, Johnson, Rogen, and Weinacht reported the MREA Energy Issues Summit they attended in St. Cloud, MN.

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

MREA Legislative Washington, DC Visit – Mr. Weinacht made a motion to authorize Mark Rogen to attend the MREA Legislative Washington, DC Visit September 26th – 28th seconded by Mr. Drost. The motion carried.

Basin Annual Meeting – Mr. Martinson made a motion to authorize the board to attend the Basin Annual Meeting November 9th and 10th seconded by Mr. Zylstra. Mr. Zylstra was selected as delegate for the Basin Annual Meeting per a motion by Mr. Hansen, second by Mr. Daniel and Mr. Martinson was selected as alternate for the Basin Annual Meeting per a motion by Mr. Hansen, seconded by Mr. Drost. The motion carried.

EXECUTIVE SESSION

Mr. Zylstra made a motion, seconded by Mr. Weinacht, to move into executive session at 11:19 a.m. for the purpose of reviewing union negotiations. The motion carried. Those in attendance of the executive session included the directors, 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. Mr. Zylstra made a motion to adjourn the executive session at 12:10 p.m., seconded by Mr. Drost. The motion carried.

APPROVAL OF UNION CONTRACT

Mr. Drost made a motion, seconded by Mr. Kooima, to approve the Union Contract as discussed in executive session. The motion carried.

NEXT MEETING

The next regular board meeting will be held on Friday, September 23rd, 2016 at the Colman headquarters.

ADJOURNMENT

Mr. Martinson made a motion, seconded by Mr. Weinacht, to adjourn the Sioux Valley Energy board meeting at 12:15 p.m. The motion carried.

Allan Kooima, Secretary

Approved: _____