

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
December 17th, 2018**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on December 17th, 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:

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|-----------------|---------------|----------------|
| 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 Apprentice Electrician Nick Smith.

REVIEW AND CONSIDERATION OF AGENDA

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

REVIEW AND CONSIDERATION OF MINUTES

A motion to approve the minutes of the regular board meeting of November 26th, 2018, was made by Mr. Johnson, seconded by Mr. Rogen. The motion carried.

REVIEW AND CONSIDERATION OF THE AFFIRMATIVE ACTION PLAN

Manager McCarthy called upon Debra Biever who reviewed the three different Affirmative Action programs addressed in the Cooperative's Affirmative Action Plan for calendar year 2018. One for females and minorities, one for individuals with disabilities and one for protected veterans. A motion was made by Mr. Rogen, seconded by Mr. Kooima, to adopt the 2018 Affirmative Action Plan and affirm that the Cooperative is complying with the requirements of the plan.

REVIEW AND CONSIDERATION OF RUS LABOR ONLY CONSTRUCTION CONTRACT

Manager McCarthy called upon Ted Smith to present the RUS labor only construction contract. Ted presented the information on the RUS labor only contract for underground construction work for a two year contract. Mr. Johnson made a motion to approve the RUS labor only construction contract, seconded by Mr. Zylstra. The motion carried.

REVIEW AND CONSIDERATION OF ANNUAL MEETING DATE

Tim McCarthy called upon Carrie Vugteveen to present the proposed annual meeting date. This was tabled until January due a conflict with the date proposed.

STRATEGIC ISSUE DISCUSSION

Manager McCarthy reviewed the balance scorecard and discussed initiative C3 before moving into work plan and budget.

BOARD EDUCATION

Directors are viewing a series of educational videos on a variety of governance topics. This month they viewed "Methods of Voting at Electric Cooperatives".

POLICY REVIEW DISCUSSION

Manager McCarthy reviewed Board Policy 10; BOG 10-1, 10-2 and 10-3. Mr. Martinson made a motion, seconded by Mr. DeMent, to approve updates and changes to the Board policy 10 BOG 10-1, 10-2 and 10-3. 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 from the Livestock Development Summit that was held at SDSU.

Manager McCarthy shared information from the keynote speaker Mark Mills that talked at the Basin Annual meeting on how wind and solar have relevance.

Manager McCarthy gave an update on the Basin patronage payment to East River and the break out to each member.

Manager McCarthy gave an update on the discussion of the load forecasting process.

Manager McCarthy gave an update on the Volkswagen (VW) Settlement and how it will be proposed for the 2019 legislative session.

Manager McCarthy shared that the SDPUC approved permits for Prevailing Winds on a project planned for Bon Homme, Charles Mix, and Hutchinson counties.

Manager McCarthy shared that he was reelected to Chair for the ER MAC.

Manager McCarthy gave an update on the Sharing Success donation that we received from L&O and CoBank.

Manager McCarthy shared information about the newly formed Beneficial Electrification League that is supported by NRECA. Debra Biever and Sheila Gross attended the meeting to learn more about this organization.

ACCEPT MANAGER'S REPORT

A motion to accept the manager's report was made by Mr. DeMent, seconded by Mr. Zylstra. 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 Board Meeting – Mr. Leuthold reported on his attendance at the L & O Power board meeting.

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

Winter Director Training – Director Leuthold reported on his attendance at the Winter Director Training in Nashville, TN.

SDREA NRECA Leadership Courses – Directors Kooima and Weinacht reported on their attendance at the SDREA NRECA Leadership courses.

Midwest Annual Meeting – Directors Johnson, Rogen, Martinson, and Zylstra reported on his attendance at the Midwest annual meeting.

EXECUTIVE SESSION

Mr. Zylstra made a motion to move into executive session, seconded by Mr. Martinson at 11:29 a.m. to review an employee concern. Mr. DeMent made a motion to adjourn executive session at 11:32 a.m., seconded by Mr. Hansen. The motion carried.

NEXT MEETING

The next regular board meeting will be held on January 28th, 2019 at Sioux Valley Energy headquarters in Colman, SD.

ADJOURNMENT

Mr. DeMent made a motion, seconded by Mr. Zylstra, to adjourn the Sioux Valley Energy board meeting at 11:35 a.m. The motion carried.

Allan Kooima, Secretary

Approved: _____