

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.  
January 23<sup>rd</sup>, 2017**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on January 23<sup>rd</sup>, 2017 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	Henning Hansen
Gregg Johnson	Arlyn Zylstra	Allan Kooima
Bruce Martinson	Mark Rogen	Allan Weinacht
Dave Daniel		

All directors were present except for Gary Fish. Also present were 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. Other employees in attendance included Chinelle Christensen and Heather Buss. Advisory Council guests included Ernest Kroeger, and Tom Boyko from East River Electric.

**REVIEW AND CONSIDERATION OF AGENDA**

The agenda was presented for consideration. Manager McCarthy added the Christmas storm presentation to the agenda. A motion to approve the amended agenda was made by Mr. Weinacht, seconded by Mr. Kooima. The motion carried.

**REVIEW AND CONSIDERATION OF MINUTES**

A motion to approve the minutes of the regular board meeting of December 21<sup>st</sup>, 2016 was made by Mr. Drost, seconded by Mr. Rogen. The motion carried.

A motion to approve the special work plan and budget minutes of the board meeting of December 21<sup>st</sup>, 2016 was made by Mr. Kooima, seconded by Mr. Johnson. The motion carried.

**INTRODUCTION OF NEW EMPLOYEE**

Chinelle Christensen introduced Heather Buss, our new part-time administrative assistant in our Brandon office.

**LIMITED ENGLISH PROFICIENCY LANGUAGE ACCESS PLAN**

Manager McCarthy called upon Chinelle Christensen to present the Limited English Proficiency Language Access Plan. As a result of receiving funding from RUS we are required to have a plan in place that sets forth the policy and procedures for ensuring that persons with Limited English Proficiency (LEP) have meaningful access to our programs.

**EXPLANATION OF AFFILIATE GROUPS**

Manager McCarthy called upon Tom Boyko to present information to the board about affiliate groups and Midwest. Midwest is a subsidiary of Northern States Power Corporation. Tom gave an overview of Midwest, its history, and also updated the board on current issues they will be dealing with in 2017.

**PREVAILING WINDS LEGALLY ENFORCEABLE OBLIGATION LETTER**

Manager McCarthy gave the board an update on the letters that we have been receiving from Prevailing Winds, LLC. Sioux Valley Energy will keep working with East River and Basin Electric on this matter. Basin Electric has been designated as the agent representing Sioux Valley Energy for the purposes of any discussions with Prevailing Winds.

**PIPESTONE COUNTY ORDINANCE**

Manager McCarthy informed the board that we received a revised right of way resolution from Pipestone County in regards to future road projects. Manager McCarthy will keep the board posted as this ordinance moves forward.

PRE-AUDIT BOARD/AUDITOR DISCUSSION

A teleconference with Craig Popenhagen from the Cooperative's auditing firm, Clifton, Larson, Allen and Company, was held. Mr. Popenhagen provided information on the upcoming audit for Sioux Valley Energy including focus areas and audit/accounting standards. The audit is scheduled for the week of March 6<sup>th</sup>.

REVIEW AND CONSIDERATION OF THE REVISED 2017 LOAD FORECAST RESOLUTION

Manager McCarthy called upon Betty VanDerWerff to present the revised 2017 Basin Load Forecast Resolution for Sioux Valley Energy for the period 2017 through 2035. Following the review and a recommendation by Manager McCarthy, a motion was made by Mr. Drost and seconded by Mr. Martinson that the following resolution be adopted.

**WHEREAS**, Basin Electric Power Cooperative has completed a detailed forecast of total demand and energy requirements for the period of 2017 through 2035; and

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

**WHEREAS**, the Board of Directors of Sioux Valley Southwestern Electric Cooperative Inc. has reviewed the study and its conclusions;

**THEREFORE, BE IT RESOLVED** that the Board of Directors of Sioux Valley Southwestern Electric Cooperative Inc. does hereby adopt and approve the 2017 Load Forecast prepared by Basin Electric Power Cooperative as a reasonable forecast of the future demand and energy requirements for Sioux Valley Southwestern Electric Cooperative Inc. through the year 2035.

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.

DIRECTORS, OFFICERS AND MANAGERS (DOM) INSURANCE LEVEL

Manager McCarthy called upon Betty VanDerWerff to review the Directors, Officers, and Managers (DOM) insurance which currently has a \$7-million limit of liability. Various DOM limits of liability and premiums were presented. Federated Capital Credit Defense insurance was also discussed. Mr. Martinson made a motion to move to the \$8-million DOM insurance level and add the \$1-million capital credit defense coverage. Mr. Daniel seconded the motion. The motion carried.

WORKPLACE ACCIDENT AND INJURY REDUCTION PROGRAM (AWAIR)

Manager McCarthy called upon Debra Biever to present the AWAIR program. We have completed this program in accordance with the Minnesota Department of Labor and Industry Occupational Safety and Health Division (MN OSHA). The AWAIR program requires Sioux Valley Energy to establish a written workplace accident and injury reduction program that promotes safe and healthful working conditions.

2015 CIP REPORT LETTER TO SIOUX VALLEY ENERGY

Manager McCarthy called upon Carrie Law to give a report to the board on the 2015 CIP results. We did not meet the requirements once again for 2015. We will keep trying with our programs and keep moving forward. It will be difficult for Sioux Valley Energy to ever meet the guidelines in the CIP with our small service territory in Minnesota.

CITY OF MADISON SERVICE TERRITORY EXCEPTION

Manager McCarthy presented the City of Madison service territory exception. The State of South Dakota is planning to rebuild HWY 34 from the four way stop in Madison east to HWY 19. Sioux Valley Energy currently serves the existing lighting along the road. During the rebuild they will install new roadway lighting. The City of Madison is requesting a territory exception to allow them to serve electricity to the new lights on HWY 34 that are between the eastern edge of the city limits and HWY 19. Mr. Kooima made a motion and Mr. Zylstra seconded the motion to move the exception for the City of Madison to serve these specific lights. The motion carried.

APPOINTMENT OF MEMBER ADVISORY COUNCIL MEMEBERS

Two additional members were appointed to the Advisory Council in accordance with Board Operating Guide #9-1. Stephen Wooten was added to District #6 and Tim Drost was added to District #8. Mr. Martinson made a motion to approve the appointment of these additional members to the Advisory Council for a three-year term, seconded by Mr. Hanson. The motion carried.

NRECA BOARD REPORT

Manager McCarthy shared the NRECA monthly board report.

NRECA YOUTH TOUR/EMPOWER LEADERSHIP VIDEOS

Manager McCarthy shared two EmPOWER leadership videos. Manger McCarthy and Julie Eppard, Chester school principal, talked about the positive influence the EmPOWER program is having on the student participants.

GENERAL OUTLINE FOR DISTRICT MEETINGS

Manager McCarthy called upon Carrie Law to go over the rough draft of what will be on the agenda for the upcoming district meetings.

DISCUSSION OF LOCATION/DATE FOR ANNUAL MEETING

Manager McCarthy called upon Carrie Law to give the board an update of what the Energy Services department is working on for the Annual Meeting date and venue.

STRATEGIC PLANNING MEASUREMENT SPREADSHEET UPDATE

Manager McCarthy gave the quarterly review of the balanced scorecard objectives. The board received updated copies of the spreadsheet.

REVIEW AND CONSIDERATION OF ATTORNEY'S QUARTERLY EXPENSE STATEMENT

Amy Voelker presented the quarterly expense statement for October through December, 2016 for Lynn, Jackson, Shultz and Lebrun, P.C. in the amount of \$16,747.29. A motion to accept the attorney's quarterly expense statement was made by Mr. Weinacht, seconded by Mr. Kooima. The motion carried.

REVIEW AND CONSIDERATON 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 talked about the MTI Endowment and informed the board that this will come to the Board in the 2018 budget.

Manager McCarthy reported that he attended the retirement reception for Jim Wilcox who worked for Xcel Energy.

Manager McCarthy reported that we had a system peak of 142,528 kW in December of 2016 and this is only the second peak since January 2014 which was the Polar Vortex of 142,847 kW.

Manager McCarthy had Betty VanDerWerff talk about the Form 990 Questionnaire and the SMEC power bill credit that we received back.

Manager McCarthy reported there was a good turnout, with nearly 50 students present, for the 2<sup>nd</sup> EmPOWER session that took place in Brookings on January 16<sup>th</sup>, 2017.

Manager McCarthy and Debra Biever reported on the job shadow opportunities that employees and students have had here at Sioux Valley Energy.

Manager McCarthy reported on the key account visits that Paul Mantz has been doing. The visits have been going very well, with discussions of rates and REC's.

#### ACCEPT MANAGER'S REPORT

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

#### REVIEW AND CONSIDERATION OF GENERAL MANAGER'S QUARTERLY STATEMENT OF EXPENSES

Arlyn Zylstra, Treasurer, reported that he reviewed the General Manager's expense and credit card statements for the period of October through December, 2016 and found all expenses to be in order. The report was accepted and payment of the General Manager's statement in the amount of \$4,731.67 was approved by Mr. Zylstra, 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 Board Meeting – Mr. Johnson reported on his attendance at the L&O Power board meeting.

#### REPORTS ON MEETINGS ATTENDED

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

SDREA Annual Meeting – The directors and leadership team reported on their attendance at the SDREA Annual Meeting.

BLC Classes at MREA – Mr. DeMent reported on his attendance at the NRECA BLC classes he took at MREA.

#### NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

SDREA Co-op Day at the Capitol – Notice of the SDREA Co-op Day at the Capitol on February 23<sup>rd</sup> in Pierre was given. Directors Kooima, Hansen, Rogen, and Martinson were authorized to attend per a motion by Mr. Drost, seconded by Mr. Weinacht. The motion carried.

L&O Annual Meeting – Notice of the L&O Annual Meeting on April 4<sup>th</sup> in Iowa was given. All directors were authorized to attend. Mr. Drost was nominated for voting delegate and Mr. Weinacht as alternate per motion by Mr. Martinson, seconded by Mr. Zylstra. The motion carried.

#### NOTICE OF VOLUNTEER OPPORTUNITIES

Volunteer Opportunities – "Lunch is Served" on February 8<sup>th</sup>, 2017 at Emmanuel Baptist Church was given as a volunteer opportunity. Mr. Drost and Mr. Weinacht volunteered to help.

#### EXECUTIVE SESSION

Mr. Zylstra made a motion, seconded by Mr. Martinson, to move into executive session, to discuss territorial opportunities, at 2:45 p.m. Mr. Zylstra made a motion to adjourn the executive session at 3:05 p.m., seconded by Mr. Daniel. The motion carried.

NEXT MEETING

The next regular board meeting will be held on February 21<sup>st</sup>, 2017 at the Colman headquarters.

ADJOURNMENT

Mr. DeMent adjourned the Sioux Valley Energy board meeting at 3:10 p.m.

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Allan Kooima, Secretary

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