

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
January 30th, 2018**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on January 30th, 2018 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	Arlyn Zylstra	Allan Weinacht
Henning Hansen	Gregg Johnson	Allan Kooima
Bruce Martinson	Mark Rogen	Dave Daniel
Gary Fish		

All directors were present except for Gary Drost. Mark Rogen was in attendance by conference call. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Ted Smith, Carrie Law, and Debra Biever along with Staff Assistant and Communications Specialist Amy Voelker.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. A motion to approve the agenda was made by Mr. Martinson, 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 19th, 2017 was made by Mr. Daniel, seconded by Mr. Johnson. The motion carried.

REVIEW AND CONSIDERATION OF REED LOAN – MEDGENE LABS

Manager McCarthy presented the request received from Medgene Labs for \$1.5-million REED loan to finance buildings and equipment. A motion was made by Mr. Rogen to approve the REED loan for \$1.5 million, seconded by Mr. Martinson. The motion carried.

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 5th.

REVIEW AND CONSIDERATION OF PROPOSED RUS LABOR ONLY CONSTRUCTION CONTRACT/OVERHEAD CONSTRUCTION WORK

Manager McCarthy called upon Ted Smith to present the proposed labor only contract for the overhead construction work for 2018 and 2019 with the total amount of contracts not to exceed \$7-million. Bids were sent out to eight pre-qualified contractors. Mr. Weinacht made a motion to authorize the Board Chair and Secretary to execute the labor only contracts to Karian Peterson Power Line Contracting and Key Contracting, seconded by Mr. Zylstra. The motion carried.

STRATEGIC ISSUE DISCUSSION

Manager McCarthy discussed the thoughts for definitions on the drivers for core strategies on the balance scorecard.

REVIEW AND CONSIDERATION OF SMEC RATES

Manager McCarthy called upon Debra Biever to present Power Cost Adjustment (PCA) for our SMEC customers. Debra presented four PAC options to the board of directors. Mr. Martinson moved to adopt the 3.7% increase for the SMEC customers, seconded by Mr. Kooima. The motion carried.

REVIEW AND CONSIDERATION OF BOG 7-3 EQUAL OPPORTUNITY

Manager McCarthy called upon Debra Biever to present board operating guide 7-3 equal opportunity. Debra presented the changes and updates to the board. Mr. Weinacht made a motion to adopt the changes to BOG 7-3 equal opportunity, seconded by Mr. Zylstra. The motion carried.

MAC MEMBERS

Manager McCarthy updated the board on the MAC members who's terms expired in 2017. Discussion was held and the directors are going to notify their district MAC members to make sure they are going to serve another term as a MAC member.

REVIEW AND CONSIDERATION OF ATTORNEY'S QUARTERLY EXPENSES

Amy Voelker presented the quarterly expense statement for October through December 2017 for Lynn, Jackson, Shultz and Lebrun, P.C. in the amount of \$1,933.31. A motion to accept the attorney's quarterly expense statement was made by Mr. Weinacht, seconded by Mr. Fish. The motion carried.

REVIEW AND CONSIDERATION OF GENERAL MANAGER QUARTERLY EXPENSES

Arlyn Zylstra, Treasurer, reported that he reviewed the General Manager's expense and credit card statements for the period of October through December 2017 and found all expenses to be in order. The report was accepted and payment of the General Manager's statement in the amount \$1,620.86 was approved by Mr. Zylstra, seconded by Mr. Hansen. 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.

Manager McCarthy reported on the MAC meeting at East River.

Manager McCarthy reported on the year to date volunteer hours that our employees have used.

Manager McCarthy reported on session two of the EmPOWER program.

Manager McCarthy reported on the Pipestone County Commission Hearing that took place in regards to the utility ordinance.

Manager McCarthy reported on the Touchstone Energy board election. Dick Johnson, CEO/GM of West River was recently elected to this board.

Manager McCarthy reported on the tax bill President Trump signed into law, the overhaul of the federal tax code.

Manager McCarthy reported that the EPA released a proposed clean power plan (CPP) replacement rulemaking.

Manager McCarthy reported on the geothermal, other tax credit extenders that were introduced.

Manager McCarthy reported on the Minnesota CIP. There are discussions on a possible repeal and replacement of the MN CIP program.

Manager McCarthy gave an update on the Minnesota G&T tax bill.

ACCEPT MANAGER'S REPORT

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

REPORTS ON POWER SUPPLY MEETINGS

L&O Power – Mr. Johnson reported on his attendance at the L&O Power board meeting.

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

REPORTS ON MEETINGS ATTENDED

SDREA Annual Meeting – Directors reported on the SDREA Annual Meeting they attended in Pierre.

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

CoBank Customer Meeting – Notice of the CoBank Customer Meeting that will be held in Wichita, Kansas on March 21-22, 2018 was presented. Director Rogen was authorized to attend per a motion by Mr. Daniel, seconded by Mr. Martinson. The motion carried.

EXECUTIVE SESSION

A motion by Mr. Martinson, seconded by Mr. Weinacht to move into executive session with all directors in attendance began at 1:10 p.m. Mr. Kooima made a motion to adjourn the executive session at 1:30 p.m., seconded by Mr. Hansen. The motion carried.

NEXT MEETING

The next regular board meeting will be held on Wednesday, February 21st, 2018 at the Pipestone Service Center.

ADJOURNMENT

Mr. Daniel made a motion, seconded by Mr. Fish to adjourn the Sioux Valley Energy board meeting at 1:45 p.m. The motion carried.

Allan Kooima, Secretary

Approved: _____