

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
January 27th, 2020**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on January 27th, 2020 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:

Rodney DeMent	Dan Leuthold	Allan Weinacht
Don DeGreef	Gregg Johnson	Allan Kooima
Bruce Martinson	Lucas Roskamp	Dave Daniel
Gary Fish		

All directors were present, with the exception of Director Rogen. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Betty VanDerWerff, Carrie Vugteveen, Ted Smith and Debra Biever along with Executive Assistant Amy Voelker. Guests in attendance were Kimberlee Hansen, Manager of HR and Administrative Services and Parker Kutcha, Apprentice Lineworker.

EXECUTIVE SESSION

A motion was made by Mr. DeMent, seconded by Mr. Kooima to go into executive session. The motion carried. The board exited executive session and resumed its regular meeting.

REVIEW AND CONSIDERATION OF AGENDA

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

REVIEW AND CONSIDERATION OF APRIL BOARD MEETING DATE

A motion was made by Mr. Martinson, seconded by Mr. Leuthold to move the April board meeting to Monday, April 20th, 2020. The motion carried.

REVIEW AND CONSIDERATION OF MAY BOARD MEETING DATE

A motion was made by Mr. Johnson, seconded by Mr. Roskamp to move the May board meeting to Tuesday, May 26th, 2020. The motion carried.

REVIEW AND CONSIDERATION OF BOARD MEETING MINUTES AND 2020 WORK PLAN AND BUDGET MEETING MINUTES

A motion to approve the minutes of the December 23rd, 2019 regular board meeting, along with the 2020 work plan and budget meeting minutes with corrections, was made by Mr. Johnson, seconded by Mr. DeMent. The motion carried.

INTRODUCTION OF NEW EMPLOYEE

Kimberlee Hansen introduced Parker Kutcha, the new apprentice lineworker that was hired for our Hartford area.

REVIEW AND CONSIDERATION OF BOG 7-3, EQUAL EMPLOYMENT OPPORTUNITY/AFFIRMATIVE ACTION PLAN

Manager McCarthy called upon Debra Biever to present board operating guide 7-3, Equal Employment Opportunity/Affirmative Action plan. Debra presented the changes and updates to the board. Mr. Kooima made a motion to adopt the changes to BOG 7-

3, Equal Employment Opportunity/Affirmative Action plan, seconded by Mr. Fish. The motion carried.

REVIEW AND CONSIDERATION OF PROPOSED RESOLUTION OF THE BROOKINGS COUNTY PRE-DISASTER MITIGATION PLAN FOR 2019-2024

Manager McCarthy called upon Ted Smith to present a proposed resolution for the Brookings County Pre-disaster Mitigation plan for 2019-2024. The multi-hazard mitigation plan is updated every five years in order for the county to be eligible to receive FEMA funding. Sioux Valley Energy, as a participating jurisdiction in the plan, can apply for funds directly to FEMA for hazard mitigation projects in Brookings County through this grant program. A motion to adopt the following resolution was made by Mr. Martinson, seconded by Mr. DeMent. The motion carried.

WHEREAS, Brookings County received assistance in the preparation of the Brookings County Pre-Disaster Mitigation Plan 2019-2024 from representatives of Sioux Valley Energy and received funding from the South Dakota Office of Emergency Management / FEMA; and

WHEREAS, several public planning meetings were held between September 2018 and March 2019 regarding the development and review of the Brookings County Pre-Disaster Mitigation Plan 2019-2024; and

WHEREAS, the Brookings County Pre-Disaster Mitigation Plan 2019-2024 contains several potential future projects to mitigate hazard damage for Sioux Valley Energy; and

WHEREAS, the Federal Emergency Management Agency (FEMA) has rendered its approval of the Brookings County Pre-Disaster Mitigation Plan on November 7th, 2019; and

WHEREAS, a duly-noticed public hearing was held by the Brookings County Pre-Disaster Mitigation Team on February 27th, 2019 to solicit public comment on the Brookings County Pre-Disaster Mitigation Plan 2019-2024; and

WHEREAS, a duly-noticed public meeting was held by the Sioux Valley Energy Board on January 27th, 2020 to formally approve and adopt the final Brookings County Pre-Disaster Mitigation Plan 2019-2024.

REVIEW AND CONSIDERATION OF PROPOSED RESOLUTION OF THE KINGSBURY COUNTY PRE-DISASTER MITIGATION PLAN FOR 2019-2024

Manager McCarthy called upon Ted Smith to present a proposed resolution for the Kingsbury County Pre-disaster Mitigation plan for 2019-2024. The multi-hazard mitigation plan is updated every five years in order for the county to be eligible to receive FEMA funding. Sioux Valley Energy, as a participating jurisdiction in the plan, can apply for funds directly to FEMA for hazard mitigation projects in Kingsbury County through this grant program. A motion to adopt the following resolution was made by Mr. Daniel, seconded by Mr. DeMent. The motion carried.

WHEREAS, Kingsbury County received assistance in the preparation of the Kingsbury County Pre-Disaster Mitigation Plan 2019-2024 from representatives of Sioux Valley Energy and received funding from the South Dakota Office of Emergency Management / FEMA; and

WHEREAS, several public planning meetings were held between September 2018 and March 2019 regarding the development and review of the Kingsbury County Pre-Disaster Mitigation Plan 2019-2024; and

WHEREAS, the Kingsbury County Pre-Disaster Mitigation Plan 2019-2024 contains several potential future projects to mitigate hazard damage for Sioux Valley Energy; and

WHEREAS, the Federal Emergency Management Agency (FEMA) has rendered its approval of the Kingsbury County Pre-Disaster Mitigation Plan on November 7th, 2019; and

WHEREAS, a duly-noticed public hearing was held by the Kingsbury County Pre-Disaster Mitigation Team on March 20, 2019 to solicit public comment on the Kingsbury County Pre-Disaster Mitigation Plan 2019-2024; and

WHEREAS, a duly-noticed public meeting was held by the Sioux Valley Energy Board on January 27th, 2020 to formally approve and adopt the final Kingsbury County Pre-Disaster Mitigation Plan 2019-2024.

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 2020 and 2021 with the total amount of contracts not to exceed \$8-million. Bids were sent out to eight pre-qualified contractors. Mr. Kooima made a motion to authorize the labor only contracts to Highline Construction and Legacy Power Line, seconded by Mr. DeGreef. The motion carried.

REVIEW AND CONSIDERATION OF PROPOSED RATE TARIFFS AND SMEC RATES

Manager McCarthy called upon Debra Bieber to present the proposed rate tariffs that were updated from Power Systems Engineering (PSE) upon the 2020 Work Plan and Budget. A proposed rate tariff was developed using guidelines previously established by the Board and reflected an overall rate increase of 5%. The recommendation would adjust all of the rate classes with the exception of the market rates and SMEC rates as of May 2020.

Debra Bieber presented Power Cost Adjustment (PCA) for our SMEC customers. Debra presented the PCA for 2020 and the current rate of 0.01386 is slightly lower than the calculated PCA and will be increased to 0.01414.

Mr. DeGreef made a motion, seconded by Mr. Fish to approve the rate tariffs as of May 1, 2020. 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. Craig also reviewed required fraud procedures. The audit is scheduled for the week of March 16th.

FERC FILING INTERVENTION

Manager McCarthy gave an update on the FERC filing intervention. Basin will need to refile their rate tariff. Once they have that complete Sioux Valley Energy can refile their intervention. The Board gave Manager McCarthy approval to move forward once Basin's filing is complete.

BOARD EDUCATION

Directors viewed the final educational video on a variety of governance topics. This month they viewed "What Directors Need to Know About Line Extension".

STRATEGIC PLANNING

Manager McCarthy asked the Board to start thinking about their 2020 strategic planning session. He also encouraged them to express interest in board education topics they would be like to learn more about.

REVIEW AND CONSIDERATION OF ATTORNEY'S QUARTERLY EXPENSES

Amy Voelker presented the quarterly expense statement for October through December 2019 for Lynn, Jackson, Shultz and Lebrun, P.C. A motion to accept the attorney's quarterly expense statement was made by Mr. Fish, seconded by Mr. Kooima. The motion carried.

REVIEW AND CONSIDERATION OF GENERAL MANAGER QUARTERLY EXPENSES

Dave Daniel, Treasurer, reported that he reviewed the General Manager's expense and credit card statements for the period of October through December 2019 and found all expenses to be in order. A motion to accept the general manager's quarterly expense statement was made by Mr. Daniel, 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.

Manager McCarthy gave an update on the JUTS training that he attended.

Manager McCarthy shared that East River Electric and the REED Fund were invited to a broadband investment event. Rural Development announced a \$9.5 million grant to Valley Telecommunications Cooperative for high-speed broadband infrastructure which will connect 1,800 rural homes, farms, businesses and critical community facilities in Kingsbury, Brookings, and Moody counties.

Manager McCarthy gave an update on the Western States Board meeting. He shared that Dan Payton has officially stepped down from the CEO position and Mike Ferguson is now the CEO. WSPC will also surpass \$1 billion of customer funding for the federal agencies in 2020.

Manager McCarthy gave an update on the Dakota Access Pumping Station. East River received an updated Delivery Point Network Study on the Dayton Substation, Dakota Access pumping station site, to extend the 115 kV transmission line to the site. There are no impacts to the high-voltage transmission system and no transmission upgrades required to accommodate the addition. East River can now proceed with this project.

Manager McCarthy shared that Basin Electric discussed their new financial forecast that included the projected Bakken loads. The result is significantly higher margins in the next 10 years.

Manager McCarthy shared that Rebecca Herman, a Field Representative for SD Senator Mike Rounds, visited East River headquarters. They discussed several issues with her including the RURAL Act, Western, REED's housing initiative and our Connected Home Research Project.

Manager McCarthy shared that the wind and biofuels tax credits have been extended. Wind developers get one extra year of production tax credit (PTC).

Manager McCarthy reviewed the agenda of the upcoming East River Energize Forum.

Manager McCarthy called upon Carrie Vugteveen to give an update on the SB66/SB227 legislative issue.

ACCEPT MANAGER'S REPORT

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

REVIEW AND CONSIDERATION OF 2019 ANNUAL MEETING

Manager McCarthy called upon Carrie Vugteveen to present options and dates for the 2020 Annual Meeting. Mr. DeMent made a motion to have the Annual Meeting on June 2nd, 2020 at the Tri-Valley School, Colton, SD, seconded by Mr. Kooima. The motion carried.

REVIEW OF NRECA DIRECTOR LIFE AND AD&D INSURANCE PLAN

Manager McCarthy called upon Attorney Peterson to review the Director Life Insurance and AD&D benefits.

REPORTS ON POWER SUPPLY MEETINGS

East River – Mr. DeMent reported on his attendance at the East River board meeting.

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

SDREA – Mr. Kooima reported on his attendance at the SDREA board meeting.

REPORTS ON MEETINGS ATTENDED

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

Leadership Education Program – Directors Weinacht, DeMent, Roskamp, and DeGreef reported on their attendance at the Leadership Education Program, in Sioux Falls, SD.

MAC Meeting – Directors discussed the MAC Meeting that was held January 23rd, 2020 at the Brandon Service Center.

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

NRECA Director Conference – Notice of the NRECA Director Conference that will be held April 4-7, 2020 was given. Mr. DeMent made the motion to authorize directors Weinacht and Rogen to attend the NRECA Directors Conference in Kansas City, MO, seconded by Mr. Martinson. The motion carried.

Voting Delegates – Mr. Johnson made a motion to appoint Mr. Roskamp as the CFC voting delegate along with Mr. DeMent as alternate; Mr. DeMent as the NRECA voting delegate along with Mr. DeGreef as alternate; and appointed Mr. Roskamp, Mr. DeMent or Mr. DeGreef as any other needed voting delegate at the NRECA Annual Meeting, seconded by Mr. Fish. The motion carried.

OTHER BUSINESS

Directors Daniel and Fish volunteered to help with the Youth Tour interviews that will be held on Monday, February 17th during one of our EmPOWER sessions at the Brandon Service Center.

NEXT MEETING

The next regular board meeting will be held on Monday, February 24th, 2020 at Colman Headquarters, Colman, SD.

ADJOURNMENT

Mr. Leuthold made a motion, seconded by Mr. DeMent to adjourn the Sioux Valley Energy board meeting at 3:00 pm. The motion carried.

Allan Kooima, Secretary

Approved: _____