

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
March 29th, 2016**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on March 29th, 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	Gary Fish
Henning Hansen	Gregg Johnson	Allan Kooima
Bruce Martinson	Mark Rogen	Allan Weinacht
Arlyn Zylstra		

All directors were present except for Mark Kahler. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Betty VanDerWerff, Debra Biever, Carrie Law, and Ted Smith, along with Staff Assistant and Communications Specialist Sheila Gross. Employee Amy Voelker also attended. Director-elect for District #4, Dave Daniel, joined the meeting following the executive session.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. Review and consideration of Sioux Valley Wireless tower lease agreements was added to the agenda. A motion to approve the amended agenda was made by Mr. Rogen, seconded by Mr. Martinson. The motion carried.

EXECUTIVE SESSION

Mr. Martinson made a motion, seconded by Mr. Weinacht, to move into executive session at 8:38 a.m. for the purpose of discussing matters related to the sale of Sioux Valley Wireless and the tower lease agreements. Those in attendance of the executive session included the directors, Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Betty VanDerWerff, Debra Biever, Carrie Law, and Ted Smith, along with Staff Assistant and Communications Specialist Sheila Gross. Mr. Zylstra made a motion to adjourn the executive session at 8:50 a.m., seconded by Mr. Kooima. The motion carried.

REVIEW AND CONSIDERATION OF SIOUX VALLEY WIRELESS TOWER LEASE AGREEMENTS

Mr. Johnson made a motion to approve the recommendations as discussed in executive session to execute the sale of the Freeman Tower to SpeedConnect and to assign the tower lease agreements associated with Sioux Valley Energy to SpeedConnect. Mr. Fish seconded the motion. The motion carried.

REVIEW AND CONSIDERATION OF MINUTES

A motion to approve the minutes of the regular board meeting of February 29th, 2016 was made by Mr. Hansen, seconded by Mr. Kooima. The motion carried.

MINI-SEMINAR ON RATES

Manager McCarthy called upon Deb Biever to present a mini-seminar on rates. Ms. Biever reviewed the rate structures; the process, purpose and results of the cost of service study; and the rate designing process. The next cost of service study will be conducted in 2017.

APPOINTMENT OF OPERATION ROUND-UP TRUSTEE FOR ROCK COUNTY

Gary Drost made a motion to approve the appointment of Jennifer Stratton of Rock County to the Operation Round-up Trustee Board, seconded by Mr. Weinacht. The motion carried.

REVIEW AND CONSIDERATION OF DONATION FOR OPERATION ROUND-UP BOARD COMPENSATION

Deb Biever reported that the a per diem policy of \$100 was existing in the Bylaws to compensate each member of the Operation Round-up Board, but it had never been authorized. After discussion of the time commitments of the Operation Round-up board and the difficulty in seeking new volunteers, both boards for Sioux Valley Energy and Operation Round-up felt it was appropriate to pay the per diem. A motion was made by Mr. Drost do donate the per diem funds to pay the Operation Round-up Trustees from Sioux Valley Energy in the amount of \$700 per meeting, seconded by Mr. Johnson. The motion carried.

REVIEW AND CONSIDERATION OF ALTERNATIVE DATE FOR MAY BOARD MEETING

Due to a conflict with the May board meeting date, a motion was made by Mr. Hansen to reschedule the May board meeting date to May 26th, 2016, seconded by Mr. Zylstra. The motion carried.

REVIEW AND CONSIDERATION OF BYLAWS ARTICLE IV DIRECTORS

Attorney Peterson reviewed Article IV – Directors in the Bylaws. Discussion items included the fiduciary duty of the directors to the Cooperative as a whole, clarity of non-human member representation, review of district make-up, and the definition of members in good standing.

REVIEW AND CONSIDERATION OF SMEC RATE TARIFFS

Manager McCarthy called upon Deb Biever to present SMEC Rate Tariffs. She reviewed the SMEC renewable energy rates under 40 KW for co-generators and small power producers. They included: Rate 901 Net Energy Billing; Rate 902 Simultaneous Purchase and Sale; and Rate 903 Time of Day Purchase. Mr. Hansen made a motion to approve the SMEC rate tariffs as defined for rates 901, 902, and 903, seconded by Mr. Kooima. The motion carried.

STRATEGIC PLANNING SESSION

Manager McCarthy sent out strategic planning topics and asked the board to prioritize the list. The session will be held on August 1st and 2nd with a start time of 8:30 a.m. Manager McCarthy proposed the Holiday Inn Express in Brandon as the meeting location and received board consensus. Steve Kettler of CFC will be facilitating the discussions.

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 East River, L&O Power, and Basin Electric Managers' Advisory Committee meetings, along with the SMEC Board Meeting.

Manager McCarthy stated that overall attendance numbers were up for district meetings.

Manager McCarthy gave an update on the Brandon solar array project and reported the February output capacity at 10.4% with the lifetime capacity factor at 13.9%. The data will be able to give members a realistic expectation of production for solar arrays in our geographic area.

Manager McCarthy stated there are new rules regarding FEMA gifts and gratuities. We will be developing a policy as a guide to ensure we adhere to the rules. There are strict limits on meal purchases and accepting gifts and gratuities from a potential FEMA contractor or supplier. NRECA will be helping to define wording and examples for policies.

Manager McCarthy's written report also included new services for the month; service interruptions; community and government relation activities; employee training and development; and the February safety and wellness report.

Manager McCarthy also gave an operation report on Sioux Valley Wireless.

ACCEPT MANAGER'S REPORT

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

REPORTS ON MEETINGS ATTENDED

MREA Annual Meeting – The directors and staff gave feedback on their attendance at the MREA Annual Meeting.

CoBank Minnesota Meeting – Directors DeMent, Drost and Rogen reported on their attendance at the CoBank Minnesota Meeting.

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

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

L&O Power Annual Meeting – Notice of the L&O Annual Meeting scheduled for Rock Rapids, Iowa on April 5th was presented. All directors were authorized to attend the L&O Power meeting per a motion by Mr. Rogen and a second by Mr. Martinson. Mr. Rogen made a motion to designate Director Weinacht as delegate and Director Rogen as alternate to the L&O Meeting and that the delegate (alternate) to the L&O Power Meeting be instructed to place in nomination the names of Gary Drost, Gregg Johnson, and Arlyn Zylstra as directors to represent the Cooperative on the L&O Power Board of Directors for the ensuing year. Mr. Martinson seconded the motion. The motion carried.

CoBank Directors Conference – Notice was given for the CoBank Directors Conference that will be held on July 12th – 14th in Colorado Springs, Colorado. Mr. Zylstra made a motion to authorize Directors DeMent and Weinacht to attend, seconded by Mr. Kooima. Mr. Zylstra made a motion to authorize Director-Elect Daniel to attend, seconded by Mr. Hansen. The motions carried.

District 5 MREA Meeting – Notice of the District 5 MREA Meeting that will be held in Sleepy Eye, Minnesota on July 21st was presented. Directors DeMent, Drost, Johnson, Kooima, and Zylstra were authorized to attend per a motion by Mr. Rogen, seconded by Mr. Weinacht. The motion carried.

OTHER BUSINESS

Attorney Peterson notified the Board that he has been contracted as a consultant attorney for Clay Union Electric.

Manager McCarthy announced that Sheila Gross, Staff Assistant and Communications Specialist, has been promoted to Energy Service Specialist and that there will be a transition of a new assistant to work with the Board.

Bid requests for the Colman shop/warehouse has been sent out to pre-qualified bidders.

NEXT MEETING

The next regular board meeting will be held on April 26th, 2016 at the Colman headquarters.

ADJOURNMENT

Mr. Zylstra made a motion, seconded by Mr. Johnson, to adjourn the Sioux Valley Energy board meeting at 2:10 p.m. The motion carried.

Allan Kooima, Secretary

Approved: _____