

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
November 24th, 2015**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on November 24, 2015 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	Mark Kahler
Allan Kooima	Bruce Martinson	Mark Rogen
Allan Weinacht	Arlyn Zylstra	

All directors were present. Mr. Fish and Mr. Martinson did not attend the full afternoon session. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Betty VanDerWerff, Debra Biever, Carrie Law, Ted Smith, and Jake VanDewater along with Staff Assistant and Communications Specialist Sheila Gross. Justin Moose, Manager of Information Technology, presented a technology mini-seminar.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. Manager McCarthy added resolutions for SMEC and the recognition of the OSHA SHARP award to the agenda. A motion to approve the amended agenda was made by Mr. Martinson, seconded by Mr. Hansen. The motion carried by majority vote.

REVIEW AND CONSIDERATION OF MINUTES

A motion to approve the minutes of the regular board meeting of October 27th, 2015 was made by Mr. Weinacht, seconded by Mr. Johnson. The motion carried by majority vote.

TECHNOLOGY MINI-SEMINAR

Justin Moose gave an overview of the instructions for utilizing fillable expense statements on iPads along with a demonstration on accessing SmartHub on the Sioux Valley Energy website.

**REVIEW AND CONSIDERATION OF SECTIONS 9 AND 10 BOARD POLICIES –
CUSTOMER RELATIONS AND CORPORATE CITIZENSHIP AND BOG 4-1 AND 4-2.**

Carrie Law, Deb Biever and Tim McCarthy reviewed the board policies and associated operating guides in Sections 9 and 10. The policies reviewed included Board Policy #9 Customer Relations; BOG 9-1 Advisory Council; BOG 9-2 Identity Theft Red Flag Prevention Program; Board Policy #10 Corporate Citizenship; BOG 10-1 Statements and News Releases on Behalf of the Cooperative; BOG 10-2 Political Activity of Directors and Employees of the Cooperative and BOG 10-3 Political Activity of the Cooperative. Minor language changes were recommended. The board also had a follow-up discussion on policies BOG 4-1 Community Service and Economic Development Programs and BOG 4-2 Value-Added Patronage Loan Program from last month. There were no program changes related to those policies. A motion was made by Mr. Kooima to accept the review and recommended policy changes as presented, seconded by Mr. Rogen. The motion carried by majority vote. Copies of the above policies and operating guides are attached to and made a part of these minutes.

REVIEW AND CONSIDERATION OF SMEC RESOLUTION

Manager McCarthy reviewed an overall final resolution document for the Southern Minnesota Energy Cooperative that ties all of the previously approved documents into one document, along with authorizing the officers and General Manager/CEO to act on the Cooperative's behalf. Mr. Hansen made a motion to adopt the following resolution, seconded by Mr. Fish. The motion carried by majority vote.

WHEREAS, Sioux Valley – Southwestern Electric Cooperative, Inc. ("Cooperative") is a member of the Southern Minnesota Energy Cooperative, a Minnesota cooperative corporation ("SMEC"); and

WHEREAS, SMEC and Interstate Power and Light Company, an Iowa corporation ("IPL") entered into an Asset Purchase and Sale Agreement dated as of September 3, 2013 ("SMEC APA"), pursuant to which SMEC purchased from IPL (the "SMEC Purchase") certain IPL electric utility assets, customers, and service territory ("Utility Assets"), part of which assets are located in the Cooperative's service territory (as described more specifically in the Exit Asset Purchase Agreement (as defined below), the "Purchased Assets"); and

WHEREAS, SMEC and IPL entered into a Wholesale Power Supply Agreement ("SMEC WPSA") in connection with the SMEC APA, pursuant to which IPL agreed to sell and deliver to SMEC certain amounts of generated electric power at interconnection points set forth therein; and

WHEREAS, SMEC and IPL consummated the SMEC Purchase on July 31, 2015, and the SMEC WPSA also became effective as of that date;

WHEREAS, in connection with the closing of the SMEC Purchase, the Cooperative entered into an Operation, Maintenance and Access Agreement with SMEC (the "O&M Agreement") for, among other things, the operation and maintenance requirements of the Purchased Assets, which O&M Agreement provided that: (1) the Cooperative agreed to purchase the Purchased Assets from SMEC pursuant to the terms and conditions set forth in the form of Exit Asset Purchase Agreement attached as Exhibit B to the O&M Agreement (the "Exit Asset Purchase Agreement"), and (2) the Cooperative agreed to purchase and accept from SMEC certain amounts of generated electric power at interconnection points and upon terms and conditions set forth in the form of Power Supply Agreement attached as Exhibit C to the O&M Agreement.

WHEREAS, the Board of Directors of the Cooperative deems it advisable and in the best interests of the Cooperative for the Cooperative to execute and deliver to SMEC the Exit Asset Purchase Agreement, to purchase from SMEC the Purchased Assets pursuant to the terms and conditions set forth in the Exit Asset Purchase Agreement and to enter into the Power Supply Agreement; and

WHEREAS, the Board of Directors of the Cooperative deems it advisable and in the best interests of the Cooperative for the Cooperative to obtain any necessary consents from third parties such as National Rural Utilities Cooperative Finance Corporation ("CFC"), state regulatory agencies, other power suppliers, its members, if necessary, and any other consents necessary to permit the Cooperative and SMEC to proceed with the transactions contemplated by these resolutions.

RESOLVED that the Exit Asset Purchase Agreement, the Power Supply Agreement and each document contemplated by either of the foregoing is hereby authorized and approved, and any Authorized Officer (as defined below) be, and hereby is, authorized and directed, for and on behalf of the Cooperative, to execute and deliver the Exit Asset Purchase Agreement, the Power Supply Agreement and each document contemplated by either of the foregoing, in each case, with such changes, additions, deletions and modifications thereto as such Authorized Officer may approve, such approval to be evidenced by the execution thereof.

IT IS FURTHER RESOLVED, that the Cooperative is hereby authorized to expend money from its general fund to complete this transaction.

IT IS FURTHER RESOLVED that the Cooperative is hereby authorized to obtain all consents and approvals from state regulatory agencies, CFC, other power suppliers, its members, if necessary, and from such other parties as contemplated by the Exit Asset Purchase Agreement and Power Supply Agreement, in each case, for the purpose of proceeding with the transactions contemplated by these resolutions.

IT IS FURTHER RESOLVED that any Authorized Officer of the Cooperative is hereby authorized to do and perform such other acts and things on behalf of the Cooperative, acting with the advice of counsel, as may be necessary, desirable, or appropriate in furtherance of these resolutions, including, without limitation, executing, delivering, filing and recording any and all other agreements, documents, certificates and instruments, and paying all costs, fees and expenses, in each case customary or desirable to effectuate and consummate the transactions contemplated by these resolutions.

IT IS FURTHER RESOLVED that all actions previously taken by any officer or director of the Cooperative in connection with the matters contemplated by these resolutions are hereby approved, adopted, ratified and confirmed in all respects.

IT IS FURTHER RESOLVED that the Secretary or any Assistant Secretary of the Cooperative is hereby authorized and directed to furnish a copy of these resolutions to SMEC, CFC, and such other parties as any Authorized Officer determines to be necessary, desirable, or appropriate.

IT IS FURTHER RESOLVED, that each of the following individuals (each, an "Authorized Officer") is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver the Exit Asset Purchase Agreement, Power Supply Agreement, the Financing Documents all such other documents and instruments as may be necessary or appropriate, and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office or Title</u>	<u>Name</u>
President	Rodney DeMent
Vice President	Allan Weinacht
Secretary	Allan Kooima
Treasurer	Arlyn Zylstra
General Manager/CEO	Tim McCarthy
CFO	Betty VanDerWerff

IT IS FURTHER RESOLVED that any Authorized Officer is hereby authorized to cause to be paid to SMEC the Final Purchase Price (as defined in the Exit Asset Purchase Agreement), to satisfy or cause to be satisfied all conditions to the closing of the transactions contemplated thereby and to comply with any and all covenants of the Cooperative set forth therein;

IT IS FURTHER RESOLVED that any Authorized Officer is hereby authorized to do and perform such other acts and things on behalf of the Cooperative, acting with the advice of counsel, as may be necessary, desirable, or appropriate in furtherance of the Exit Asset Purchase Agreement, the Power Supply Agreement, the Financing Documents or these resolutions, including, without limitation, executing, delivering, filing and recording any and all other agreements, documents, certificates and instruments, and paying all costs, fees and expenses, in each case customary or desirable to effectuate and consummate the transactions contemplated by these resolutions.

IT IS FURTHER RESOLVED that the Cooperative is hereby authorized to obtain all consents and approvals from regulatory agencies, CFC, other power suppliers, its members, if necessary, and from such other parties as contemplated by the Exit Asset Purchase Agreement, the Power Supply Agreement and the Financing Documents for the purpose of proceeding with the transactions contemplated by these resolutions.

IT IS FURTHER RESOLVED that all actions previously taken by any officer or director of the Cooperative in connection with the matters contemplated by these resolutions are hereby approved, adopted, ratified and confirmed in all respects.

IT IS FURTHER RESOLVED that the Secretary or any Assistant Secretary of the Cooperative is hereby authorized and directed to furnish a copy of these resolutions to IPL, CFC, RUS and such other parties as any Authorized Officer determines to be necessary, desirable, or appropriate.

REVIEW AND CONSIDERATION OF PROPOSED RESOLUTION MESSAGE TO EMPLOYEES FOR OSHA SHARP AWARD

Per a recommendation from Director Kooima, a resolution message to the Sioux Valley Energy employees for the OSHA SHARP award received for the Brandon Service Center was presented. Mr. Kooima made a motion to adopt the following resolution, seconded by Mr. Drost. The motion carried by majority vote.

WHEREAS, the Sioux Valley Energy Board of Directors recognizes that the safety of all Cooperative employees is of paramount importance to the success and sustainability of Sioux Valley Energy and holds safety as an essential organizational value.

WHEREAS, the Board of Directors reaffirms its fundamental and unwavering commitment to safety at all levels of the Cooperative and the Cooperative leadership accepts responsibility for cultivating a safety accountability culture.

NOW, THEREFORE BE IT RESOLVED, that the Sioux Valley Energy Board of Directors hereby adopts a resolution message to employees in recognition of the OSHA SHARP exemplary injury and loss time rate award for the Brandon Service Center and the Pre-SHARP certification status for the Colman Service Center. The Sioux Valley Energy Board of Directors expresses its sincere appreciation to all employees for their commitment to safety and their efforts in achieving the mission of the Cooperative's safety motto: "To ensure everyone gets home safe, we will enhance our culture to one of sustainable safety excellence through demonstrating visible leadership and commitment that positively influences the safety environment in which we live."

REVIEW AND CONSIDERATION OF PROPOSED RESOLUTIONS FOR GENERAL CAPITAL CREDIT RETIREMENT AND DECLARATION OF FORFEITURE

Betty VanDerWerff presented a proposed resolution for the 2015 general capital credit retirement and declaration of forfeiture. The resolution included a \$1,410,000 general retirement of capital credits along with forfeiture of unclaimed capital credits retired in 2009. Mr. Rogen made a motion to adopt the following resolution, seconded by Mr. Drost. The motion carried by majority vote.

WHEREAS, the Cooperative bylaws provide for the retirement of capital credits to members and former members of the Cooperative; and

WHEREAS, the Cooperative bylaws also provide that any unclaimed retired capital credits be irrevocably assigned and retained by the Cooperative.

THEREFORE, BE IT RESOLVED; that the Board of Directors of Sioux Valley Energy does hereby approve a general retirement of capital credits for 2015 in the amount of \$1,410,000,

AND BE IT FURTHER RESOLVED; that the Board of Directors of Sioux Valley Energy declares the forfeiture of unclaimed capital credits retired in 2009 unless claimed within six months from the date of this resolution or notification required by the state.

Betty VanDerWerff also presented information on a \$1,028,913 special credit received from Basin through East River and L&O directly related to the operations of 2005 through 2009. Mr. Rogen made a motion to retire capital credits to those affected members proportionately and to adopt the following resolution, seconded by Mr. Johnson. The motion carried by majority vote.

WHEREAS, the Cooperative bylaws provide for the retirement of capital credits to members and former members of the Cooperative; and

WHEREAS, the Cooperative received a \$1,028,913 credit from Basin through East River and L&O associated with 2005 through 2009 operations.

THEREFORE, BE IT RESOLVED; that the Board of Directors of Sioux Valley Energy does hereby approve a special retirement of capital credits for 2015 in the amount of \$1,028,913,

AND BE IT FURTHER RESOLVED; that the Special Retirement is for years 2005-2009 and shall be proportionately distributed.

YEAR-END MARGIN REVIEW

Manager McCarthy called upon Betty VanDerWerff to review the projected year-end margins and options to consider for excess margins.

CITY OF BRANDON ZONING ISSUE

Manager McCarthy stated that a letter was received from the City of Brandon regarding the rezoning of our Brandon Service Center property along with a request for the installation of sidewalks. Attorney Peterson has reviewed the information and sent a response based upon our current zoning and pedestrian traffic.

ACRE MEMBER PROGRAM DISCUSSION

Manager McCarthy called upon Carrie Law to follow up on the board suggestion to initiate a new ACRE member program at the upcoming district meetings. She stated that we are still in the process of reviewing the rules and regulations associated with participating in the program. The plan is to have a separate campaign rally since commercial and industrial members cannot be solicited.

SELECT ALTERNATIVE DATES FOR FEBRUARY AND MARCH BOARD MEETINGS

Due to conference conflicts with the normally scheduled board meeting dates in February and March, alternative dates to meet were selected. Motions to select February 29th, made by Mr. Rogen and seconded by Mr. Kooima, and March 29th, made by Mr. Rogen and seconded by Mr. Martinson, were made as alternative meeting dates.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Manager McCarthy reviewed key highlights of his written report along with the East River General Manager's report. He reported on wholesale power purchases, sales, and revenue. He also discussed options with renewable energy credits.

Manager McCarthy gave an update on the final closing documents for the SMEC buy-down of assets; the water heater program; and consideration of cooperative alliance programs through East River for the purchase of LED lights and inspection of rubber goods.

Manager McCarthy reviewed the district meeting schedule and petition deadline dates for the election meetings. The incumbent directors in districts 1, 2, 3, and 4 plan to seek re-election. He also reviewed information pertaining to the formal appointment of Advisory Council members slated for the December agenda.

In preparation of the work plan and budget, Manager McCarthy reported that the 2016 distribution plant capital budget and four-year construction work plan include an annual build of 125 miles of line.

Manager McCarthy reported on the first EmPOWER Youth Leadership Program session for the 2015-2016 class in which 26 students attended. Five students made a presentation to the Luverne School Board on the EmPOWER Youth Leadership Program.

Manager McCarthy called upon Carrie Law for government relation activities. She gave an overview of the Minnesota legislative session topics. The legislative efforts include a working group to reform the Conservation Improvement Program. We received notification from the MN Department of Commerce that Sioux Valley Energy's 2016 plan was not accepted. We will be meeting with them to discuss our plan.

Manager McCarthy's written report also included new services for the month; service interruptions; a report on financial condition; member, community and government relation activities; employee training and development; and the October safety and wellness report.

Manager McCarthy called upon Jake VanDewater to review the Sioux Valley Wireless report. He reported on activities including legal and licensing information; head-end equipment; customer care; meetings and training; and marketing promotions, along with a summary of new services and disconnects for the month of October. Mr. VanDewater was recognized for his outstanding service to Sioux Valley Wireless as he will be moving on to a new career opportunity.

ACCEPT MANAGER'S REPORT

A motion to accept the manager's report was made by Mr. Drost, seconded by Mr. Zylstra. The motion carried by majority vote.

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 and Mr. Zylstra reported on their attendance at the L&O Power board meeting.

REPORTS ON MEETINGS ATTENDED

Basin Electric Annual Meeting – The board of directors and leadership team reported on their attendance at the Basin Electric annual meeting.

Legislative Forum – The board of directors and leadership team reported on their attendance at the Legislative Forum held in conjunction with Southeastern Electric.

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

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

MREA Annual Certification for 2016 Membership Meetings – Mr. Rogen made a motion to select Mr. Zylstra as delegate and Mr. Johnson and Mr. Kooima as alternates; respectively, for the MREA 2016 membership meetings. Mr. Kahler seconded the motion. The motion carried by majority vote.

SDREA Annual Meeting – Mr. Rogen made a motion to select Mr. Weinacht as delegate and Mr. Martinson as alternate for the SDREA annual meeting. Mr. Drost seconded the motion. The motion carried by majority vote.

NRECA New Director Orientation – Notice of the NRECA New Director Orientation that will be held in Arlington, VA, on January 25th – 27th was presented. Mr. Kahler was authorized to attend per a motion by Mr. Hansen, seconded by Mr. Martinson. The motion carried by majority vote.

East River Energize Forum – Notice of the East River Energize Forum on February 3rd and 4th in Sioux Falls was given. All directors were authorized to attend per a motion by Mr. Martinson, seconded by Mr. Kahler. The motion carried by majority vote.

NRECA Annual Meeting – Notice of the NRECA Annual Meeting was presented that will be held February 14th – 17th in New Orleans, LA, which includes director education and Tech Advantage opportunities. Directors DeMent, Hansen, Kahler, Martinson, and Weinacht were authorized to attend per a motion by Mr. Rogen, seconded by Mr. Zylstra. The motion carried by majority vote.

CoBank Regional Customer Meetings – Notice of the CoBank Regional Customer Meetings that will be held in Omaha on February 25th – 26th and in Minneapolis on March 23rd – 24th were presented. Directors Kahler, Johnson and Rogen were authorized to attend the Omaha meetings per a motion by Mr. Weinacht, seconded by Mr. Martinson. Directors DeMent, Drost, and Martinson were authorized to attend the Minneapolis meetings per a motion by Mr. Zylstra, seconded by Mr. Hansen. The motions carried by majority vote.

MREA Annual Meeting – Notice of the MREA Annual Meeting that will be held on March 21st – 23rd in St. Paul, MN was given. Directors DeMent, Hansen, Martinson, Rogen and Zylstra were authorized to attend per a motion by Mr. Zylstra, seconded by Mr. Hansen. The motion carried by majority vote.

Scholarship Committee – Mr. Kahler was selected to be the board representative on the Scholarship Committee per a motion by Mr. Martinson, seconded by Mr. Fish. The motion carried by majority vote.

Power and Hope Award Committee – Mr. Rogen was selected to be the board representative on the Power and Hope Award Committee per a motion by Mr. Martinson, seconded by Mr. Fish. The motion carried by majority vote.

OTHER BUSINESS

The board Christmas party will be held on December 21st.

EXECUTIVE SESSION

Mr. Kooima made a motion, seconded by Mr. Kahler, to move into executive session at 2:02 p.m. for the purpose of discussing a member request, legal matters, and to conduct the board self-appraisal. Mr. Zylstra made a motion to adjourn the executive session at 3:30 p.m., seconded by Mr. Weinacht. The motion carried by majority vote.

NEXT MEETING

The next regular board meeting and work plan and budget session will be held on December 21st and 22nd, 2015 at the Colman headquarters.

ADJOURNMENT

Mr. Zylstra made a motion, seconded by Mr. Drost, to adjourn the Sioux Valley Energy board meeting at 3:33 p.m. The motion carried by majority vote.

Allan Kooima, Secretary

Approved: _____