

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.  
November 28<sup>th</sup>, 2016**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on November 28, 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 Fish	Allan Weinacht
Henning Hansen	Gregg Johnson	Allan Kooima
Bruce Martinson	Mark Rogen	Dave Daniel
Arlyn Zylstra		

All directors were present except for Gary Drost. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Ted Smith, Betty VanDerWerff, and Debra Biever along with Staff Assistant and Communications Specialist Amy Voelker.

**REVIEW AND CONSIDERATION OF AGENDA**

The agenda was presented for consideration. Manager McCarthy added an item to other business and an item under executive session. A motion to approve the amended agenda was made by Mr. Daniel, seconded by Mr. Kooima. The motion carried.

**REVIEW AND CONSIDERATION OF MINUTES**

A motion to approve the minutes of the regular board meeting of October 25<sup>th</sup>, 2016 was made by Mr. Zylstra, seconded by Mr. Martinson. The motion carried.

**REVIEW AND CONSIDERATION OF COOPERATIVE MISSION STATEMENT**

Manager McCarthy and Debra Biever held a discussion on the Cooperative Mission Statement. There was much discussion and brainstorming over the past few months to decide on choices for a revised mission statement that will meet Sioux Valley Energy's new approach and vision for employees, members and the cooperative. The employee group was surveyed to choose their top choice as a mission statement. "Serving our Members. Always." was the top choice from the group. After discussion, Mr. Fish made a motion to adopt the new mission statement, "Serving our Members. Always.", seconded by Mr. Rogen. The motion carried.

**REVIEW OF PIPESTONE COUNTY SET-BACK RESOLUTION**

Manager McCarthy and Ted Smith gave the board an update on the Pipestone County set-back ordinance. Sioux Valley Energy has presented a letter to the county engineer and sent copies to the Pipestone County commissioners outlining our concerns with this ordinance. A small group of Sioux Valley Energy employees will be attending a meeting on November 29<sup>th</sup>, 2016 and will see how the situation will move forward.

**REVIEW AND CONSIDERATION OF RESOLUTION FOR GENERAL CAPITAL CREDIT RETIREMENT AND DECLARATION OF FORFEITURE**

Betty VanDerWerff presented a proposed resolution for the 2016 general capital credit retirement and declaration of forfeiture. The resolution included a \$1,520,000 general retirement of capital credits along with forfeiture of unclaimed capital credits retired in 2010. Mr. Daniel made a motion to adopt the following resolution, seconded by Mr. Zylstra. The motion carried.

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 2016 in the amount of \$1,520,000,

AND BE IT FURTHER RESOLVED; that the Board of Directors of Sioux Valley Energy declares the forfeiture of unclaimed capital credits retired in 2010 to South Dakota accounts unless claimed within six months from the date of this resolution or notification required by the state.

### REVIEW AND CONSIDERATION OF RUS LABOR ONLY CONSTRUCTION CONTRACT

Manager McCarthy called upon Ted Smith to present the results to the board from the bid opening for the RUS labor only contract that took place on October 21<sup>st</sup>, 2016. This is a two-year contract for the years 2017 and 2018 with the total amount of the contract not to exceed \$3.0 million. Sioux Valley Energy invited seven contractors to send in prequalification packages and sent out bid requests to the following pre-qualified contractors: May Construction, Legacy Power Line, Dave's Construction and Loosebrock Digging Service. Mr. Rogen made a motion to execute the two-year labor contract to the lowest bidder, May Construction, at \$2.9 million, seconded by Mr. Weinacht. The motion carried.

### REVIEW AND CONSIDERATION OF AUTHORIZATION OF AMENDMENT OF THE RETIREMENT SECURITY PLAN RESOLUTION

Manager McCarthy called upon Debra Biever to present the resolution to authorize an amendment to the retirement security plan moving all new union employees hired after January 1<sup>st</sup>, 2017 into the age 62 retirement and security plan.

**WHEREAS**, Sioux Valley-Southwestern EC, Inc. is participating in the NRECA sponsored defined benefit plan, the Retirement Security Plan (the "RS Plan"), and;

**WHEREAS**, The Board of Directors of Sioux Valley-Southwestern EC, Inc. ("the Board") now desires to amend these plans pursuant to Section 18.02 of the pension plan documents, and does hereby authorize the amendment effective January 1, 2017, by executing the appropriate Adoption Agreements;

**BE IT RESOLVED**, that effective January 1, 2017, the 42012-002 RS Plan is divided into two plans, 002A and 002B, the provisions of the plans shall mirror the provisions of the 42012-002 RS Plan in effect on December 31, 2016, with the exception of the following provisions:

#### 42012-002A RS Plan

- Employees of the Sioux Valley-Southwestern EC, Inc. who are covered by an agreement between Sioux Valley-Southwestern EC, Inc. and IBEW Local 426 dated November 1, 2016, who are hired before January 1, 2017.
- The RS Plan is amended to exclude an additional classification of Employees from participating in the Plan: Employees of the Sioux Valley-Southwestern EC, Inc. who are covered by an agreement between Sioux Valley-Southwestern EC, Inc. and IBEW Local 426, dated November 1, 2016, who are hired, rehired or who transfer employment on or after January 1, 2017.
- The classification of Meter Reader is removed from the excluded class of participants.

#### 42012-002B RS Plan

The eligible and excluded classifications of Employees shall be amended to reflect the following:

- Eligible Employees are Employees of the Sioux Valley-Southwestern EC, Inc. who are covered by an agreement between Sioux Valley-Southwestern EC, Inc. and IBEW Local 426, dated November 1, 2016, who are hired, rehired or who transfer employment on or after January 1, 2017
- Ineligible Employees are:
  - Employees of the Sioux Valley-Southwestern EC, Inc. who are covered by an agreement between Sioux Valley-Southwestern EC, Inc. and IBEW Local 426 dated November 1, 2016, who are hired before January 1, 2017.
  - Cooperative Assistants
- The Plan's Normal Retirement Date shall be the first of the month coincident or next following a Participant's attainment of age 62.

Participants who are rehired on or after January 1, 2017, shall be ineligible for the retirement plan provisions applicable to employees hired before January 1, 2017. Participants transferring from another Participating System on or after January 1, 2017, shall be ineligible for the retirement plan provisions applicable to employees hired before January 1, 2017.

**BE IT FURTHER RESOLVED**, that the Board recognizes that certain nondiscrimination tests will be required to be performed with respect to this plan amendment. The Board further recognizes that any corrective action necessitated as a result of annual nondiscrimination testing would likely entail additional contributions for which the Co-op agrees to retain liability.

**BE IT FURTHER RESOLVED**, that the Board does hereby authorize and direct Tim McCarthy, the General Manager/CEO, to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in this resolution.

Mr. Weinacht made a motion to adopt the resolution, Mr. Martinson seconded the motion. The motion carried.

#### REVIEW AND CONSIDERATION OF THE 2017 LOAD FORECAST RESOLUTION

Manager McCarthy called upon Ted Smith who reviewed the Basin Electric Load Forecast report for Sioux Valley Energy for the period 2017 through 2035. Following Board and staff discussion review it was clear there was not sufficient confidence in this load forecast. Staff will go back to Basin for a more accurate outlook. This resolution was tabled until the December board meeting.

#### 2017 RATE PICTURE

Manager McCarthy called upon Betty VanDerWerff to give the board a quick overview of the 2017 rate picture before the December work plan and budget meeting.

#### REVIEW AND CONSIDERATION OF THE DISTRICT 6 MEETING DATE

Due to a conflict with the scheduled District 6 meeting date on March 28, 2017, an alternate date was selected. Mr. Martinson made a motion to select and approve April 4, 2017 as the new date for the District 6 meeting, seconded by Mr. Weinacht. The motion carried.

#### REVIEW AND CONSIDERATION OF BOARD MEETING DATE AT DEER CREEK STATION IN 2017

A motion made by Mr. Kooima, seconded by Mr. Weinacht to move and have the board meeting at Deer Creek Station on April 27<sup>th</sup>, 2017 at 9 am. The motion carried.

#### REVIEW AND CONSIDERATION OF ALTERNATE BOARD MEETING DATES FOR JANUARY AND FEBRUARY

A motion was made by Mr. Martinson, seconded by Mr. Zylstra to move the January board meeting to Monday, January 23<sup>rd</sup>, 2017 and move the February board meeting to Tuesday, February 21<sup>st</sup>, 2017. The motion carried.

#### REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Manager McCarthy reported and hit many key highlights on the East River MAC meeting. He touched on highlights in regards to Western Area Power Administration and Basin MAC, such as the small renewable purchase rate, financial update, member load growth forecast, loads at risk, PURPA assignment, long term resources, and the Chu Two memo.

Manager McCarthy reviewed key highlights of his written report including wholesale power purchases, sales, and revenue.

Manager McCarthy reported on the Ag Sense irrigation load control system that was presented at the East River MAC meeting by a company from Huron. This is something that we can watch on the market and could possibly be a great product to offer in the future.

Manager McCarthy reported that the CoBank Sharing Success application Sioux Valley Energy applied for was approved and we are able to double our donations to the

charitable organizations that our employee group donated to. The charitable organizations are Line Patrol, Interlakes Area United Way, Huntington Disease Society of America, Sioux Valley Chapter.

Manager McCarthy reported that the first session of this year's EmPower group went great. It was held at the Pipestone Country Club and had approximately 44 students present.

#### 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

East River Board Meeting – Mr. Rogen reported on his attendance at the East River board meeting.

L&O POWER COOPERATIVE BOARD MEETING – Mr. Johnson reported on his attendance at the L&O Power Cooperative board meeting for October and November.

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

#### REPORTS ON MEETINGS ATTENDED

BASIN ANNUAL MEETING – Directors that attended the Basin Annual Meeting gave a short report and discussion.

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

MREA Annual Certification for 2017 Membership Meetings – Mr. Zylstra made a motion to select Mr. Johnson as delegate; respectively, for the MREA 2017 membership meetings seconded by Mr. Martinson. The motion carried. Mr. Rogen made a motion to select Mr. Zylstra as first alternate; respectively, for the MREA 2017 membership, seconded by Mr. Martinson. The motion carried.

SDREA Annual Meeting – Notice of the SDREA Annual Meeting that will be held January 12<sup>th</sup>-13<sup>th</sup> in Pierre, SD was given. Mr. Martinson made a motion to authorize all directors to attend, seconded by Mr. Fish. The motion carried.

East River Energize Forum – Notice of the East River Energize Forum on February 1<sup>st</sup> and 2<sup>nd</sup> in Sioux Falls was given. All directors were authorized to attend per a motion by Mr. Rogen, seconded by Mr. Weinacht. The motion carried.

NRECA Annual Meeting – Notice of the NRECA Annual Meeting was presented that will be held February 27<sup>th</sup>—March 1<sup>st</sup> in San Diego, CA, which includes director education and Tech Advantage opportunities. Directors DeMent, Martinson, and Weinacht were authorized to attend per a motion by Mr. Zylstra, seconded by Mr. Kooima. The motion carried.

CoBank Regional Customer Meetings – Notice of the CoBank Regional Customer Meetings that will be held in Omaha on February 23<sup>rd</sup> – 24<sup>th</sup>, Minneapolis on March 20<sup>th</sup> – 21<sup>st</sup>, and Fargo on March 27<sup>th</sup> – 28<sup>th</sup> were presented. Directors Weinacht, Johnson and Daniel were authorized to attend the Omaha meetings per a motion by Mr. Rogen, seconded by Mr. Hansen. The motion carried.

MREA Annual Meeting – Notice of the MREA Annual Meeting that will be held February 14<sup>th</sup> – 15<sup>th</sup> St. Paul, MN was given. Directors DeMent, Hansen, Martinson, Rogen, Zylstra, Johnson and Drost were authorized to attend per a motion by Mr. Hansen, seconded by Mr. Johnson. The motion carried.

Scholarship Committee – Mr. Kooima volunteered to be the board representative on the Scholarship Committee.

EXECUTIVE SESSION

A motion by Mr. Zylstra, seconded by Mr. Hansen to move into executive session with all directors in attendance began at 2:35 p.m. for the purpose of an employee issue. Mr. Martinson made a motion to adjourn the executive session at 2:42 p.m., seconded by Mr. Zylstra. The motion carried. The board meeting was adjourned.

NEXT MEETING

The next regular board meeting, along with work plan and budget, will be held on Wednesday, December 21<sup>st</sup>, 2016 at the Colman headquarters.

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Allan Kooima, Secretary

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