

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
June 23rd, 2015**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on June 23, 2015 commencing at 1:05 p.m. at the Brandon Service Center in Brandon, South Dakota.

The meeting was called to order by President Mark Rogen who presided and Rodney DeMent, Secretary, acted as Secretary. Upon the board reorganization, new President Rodney DeMent presided over the rest of the meeting and Allan Kooima, the newly elected Secretary, acted as Secretary.

Roll call showed the following members present:

Rodney DeMent	Gary Drost	Henning Hansen
Gregg Johnson	Mark Kahler	Allan Kooima
Bruce Martinson	Mark Rogen	Allan Weinacht
Arlyn Zylstra		

All directors were present except for Gary Fish. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Betty VanDerWerff, Carrie Law, and Debra Biever, and Staff Assistant and Communications Specialist Sheila Gross. Engineering employees Michele Nielson and Ben Pierson attended in Ted Smith's absence. Other employees attending included Ryan Gruber and Jennie Patrick. New District #9 director Gregg Johnson was welcomed to his first official meeting.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. Director Johnson requested to discuss some inquiries under other business. A motion to approve the amended agenda as presented was made by Mr. Drost, seconded by Mr. Kooima. The motion carried by majority vote.

REVIEW AND CONSIDERATION OF MINUTES

A motion to approve the minutes of the board meeting of May 26th, 2015 was made by Mr. Martinson, seconded by Mr. Weinacht. The motion carried by majority vote.

ANNUAL BOARD REORGANIZATION/ELECTION OF OFFICERS

President Rogen designated Attorney Peterson as temporary chairman to conduct the election portion of the meeting. Deb Biever assisted with the tabulation of ballots.

Attorney Peterson declared nominations open for the office of President. Upon completion of the tabulation of the ballots, Attorney Peterson reported that Rodney DeMent received a majority of the votes cast, whereupon Mr. DeMent was elected President.

Attorney Peterson declared nominations open for the office of Vice-President. Upon completion of the tabulation of the ballots, Attorney Peterson reported that Allan Weinacht received a majority of the votes cast, whereupon Mr. Weinacht was elected Vice-President.

Attorney Peterson declared nominations open for the office of Secretary. Upon completion of the tabulation of the ballots, Attorney Peterson reported that Allan Kooima received a majority of the votes cast, whereupon Mr. Kooima was elected Secretary.

Attorney Peterson declared nominations open for the office of Treasurer. Upon completion of the tabulation of the ballots, Attorney Peterson reported that Arlyn Zylstra received a majority of the votes cast, whereupon Mr. Zylstra was elected Treasurer.

Attorney Peterson declared nominations open for the Sioux Valley Energy board representative to fill a three-year term on the East River Electric Power Cooperative Board of Directors. Upon completion of the tabulation of the ballots, Attorney Peterson reported that Mark Rogen received a majority of the votes cast, whereupon Mr. Rogen was elected as the board representative for the East River Electric board.

REVIEW AND CONSIDERATION OF DATES FOR DECEMBER BOARD MEETING

Dates in December were considered for the regular Board meeting and Work Plan and Budget review. Mr. Martinson made a motion to schedule December 17th and 18th for the meeting dates; Mr. Kooima seconded the motion.

INTERNAL REVENUE SERVICE FORM 990

The Internal Revenue Service Form 990 was attached with the board meeting materials for review and presented at the board meeting by Betty VanDerWerff. The report was deemed accurate.

REVIEW AND CONSIDERATION OF EAST RIVER ELECTRIC CONTRACT EXTENSION

Manager McCarthy reviewed Amendment 5 to the wholesale power contract between East River Electric Power Cooperative and Sioux Valley Energy. The amendment extends the contract through year 2075. Mr. Martinson made a motion to approve the contract extension, seconded by Mr. Kooima. The motion carried by majority vote.

REVIEW AND CONSIDERATION OF REED LOAN FOR DAKOTA LAYERS

Betty VanDerWerff presented Dakota Layers' plan to build two pullet barns. In lieu of their recent bird flu contamination, they would like to reserve cash and are asking for funds through Federal loans or grants, along with REED to make this possible. The total cost of the project would be \$6.2-million dollars of which half would come from Farm Credit Services. Although some of the details are not available at this point, due to the urgency in the timeline of the project, the board was asked to consider granting approval to submit the application to REED to not hold up the project. REED would be responsible for due diligence in considering the application along with the loan risk. A motion was made by Mr. Zylstra to approve up to a \$1-million dollar request to REED on behalf of Dakota Layers subject to the due diligence process of REED, seconded by Mr. Rogen. The motion carried by majority vote.

REVIEW AND CONSIDERATION OF BOARD POLICIES – SECTION 8 AND ASSOCIATED OPERATING GUIDES/PROCEDURES

Manager McCarthy, Deb Biever and Betty VanDerWerff reviewed the board policies and associated operating guides and procedures in Section 8. Board Policy #8 Management and Leadership; BOG 8-1 Functions of the Board of Directors and Delegations to the General Manager/CEO; BOG 8-2 General Manager/CEO Search and Selection; BOG 8-3 Nomination and Election of Officers and Representatives of the Board of Directors; BOG 8-5 Board and General Manager/CEO Relations; BOG 8-6 Organization Plan; BOG 8-8 Signing of Documents; BOG 8-9 Organization Principles and Management Development; BOG 8-10 Code of Ethics and Conduct for Directors, Attorney and Employees; BOG 8-11 Requests for Attendance at Board Meetings; BOP

8-100 General Manager/CEO Search and Selection; BOG 8-101 Nomination and Election of Officers and Representatives of the Board of Directors; and BOP 8-103 Board Reviews of Special Circumstances or Allegations were reviewed and no changes were recommended.

A minor change was made to BOG 8-4 Director Attendance at Meetings that allowed the board to appoint a staff member as a delegate or alternate at cooperative meetings. A motion was made by Mr. Hansen and seconded by Mr. Kahler to approve the recommended change. The motion carried by majority vote.

The format of BOG 8-7 Director Compensation and Benefits was revised for readability and making the director fee consistent for all meetings was recommended. In addition, a change was recommended to remove the hourly fee and set the parameters for the minimum and maximum reimbursement for a teleconference meeting. A motion was made by Mr. Martinson to approve the above recommended changes, seconded by Mr. Johnson. The motion carried by majority vote. After more consideration, the board also added language to clarify that meetings attended that are not specifically authorized are included as part of the director retainer. Mr. Martinson made a motion to approve this additional recommended change, seconded by Mr. Zylstra.

The board also reviewed BOP 8-102 Search for Director Candidates/Filling Director Vacancies and the attachment of the Statement of Qualifications for Director. The consensus of the board was to discuss this policy further as part of the July Strategic Planning Sessions.

A motion was made by Mr. Rogen to accept the review of Section 8 policies and to adopt all of the changes including the motions made, seconded by Mr. Kooima. Copies of the above policies and operating guides showing the revisions as approved are attached to and made a part of these minutes.

ACRE/REPAC MEMBERSHIP INFORMATION

Carrie Law showed a video and presented information to the board on the ACRE/REPAC political action committee and how membership dues are used. August 31st is the deadline for ACRE enrollment if the board would like to participate.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Manager McCarthy reviewed key highlights of his written report. He reported on wholesale power purchases, sales and revenue for the month; the strategic planning session for capital expenditure consideration; the CFC Integrity Fund; and the upcoming L&O special meeting of Class I members and East River annual meeting. He also reported on his attendance at the Member Advisory Council meetings of Basin Electric and East River Electric along with the SDREA Manager's Meeting. Manager McCarthy gave updates on the closing process and timeline for the Alliant Energy acquisition; the status of the line replacement project for 2015; and activities with the EmPOWER Youth Leadership program including the Washington, DC Youth trip in which Shantelle DesMarais, one of our participants, was selected to be the MN delegate for the Youth Council.

Manager McCarthy's written report also included new service requests; service interruptions; estate capital credit retirements; member, public, and government relation activities; an update on employee changes and the medical insurance plan; and the May safety and wellness report.

Manager McCarthy called upon Carrie Law to provide updates on the district meeting survey, the annual meeting, and the Cooperative's solar array project. Ms. Law presented the results and feedback from members who participated in the district meeting survey. She also asked for feedback from the directors on the annual meeting venue, facilities, and business meeting that was held on June 2nd. She also demonstrated how to access the dashboard on Sioux Valley Energy's website to monitor the output of the solar array at the Brandon Service Center.

Since Jake VanDewater, Chief Operating Officer for Sioux Valley Wireless, was not in attendance, a verbal review of the wireless report was not given. The written report included 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 May.

ACCEPT MANAGER'S REPORT

A motion to accept the manager's report was made by Mr. Zylstra, seconded by Mr. Drost. 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 Cooperative Board Meeting – Directors Drost, Johnson, and Zylstra reported on their attendance at the L&O Power Cooperative board meeting.

REPORTS ON MEETINGS ATTENDED

Director Summer School – Mr. Kahler reported on his attendance and completion of the Credentialed Cooperative Director (CCD) program at the Director Summer School held on June 4th – 10th.

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

East River Annual Meeting – Notice of the East River Annual Meeting that will be held on September 9th was presented. Mr. Rogen made a motion to authorize all directors to attend, seconded by Mr. Martinson. Mr. Drost made a motion to select Bruce Martinson as the delegate for the East River annual meeting and Allan Weinacht as the alternate, seconded by Mr. Kooima. The motions carried by majority vote.

MREA Legislative Visit – Notice of the MREA Legislative Visit that will be held in Washington, DC, on September 29th – October 2nd was presented. Mr. Rogen was authorized to attend by a motion from Mr. Martinson, seconded by Mr. Weinacht.

OTHER BUSINESS

As a new director, Mr. Johnson inquired about the status and procedures for the overhead line construction project in the Edgerton, MN area and our process for investigating member stray voltage concerns.

EXECUTIVE SESSION

Mr. Zylstra made a motion, seconded by Mr. Drost to move into executive session for the purpose of discussing wireless matters at 5:11 p.m. Manager McCarthy, Attorney Peterson, and all directors on the roll call were present. Mr. Kahler made a motion to adjourn the executive session at 5:16 p.m., seconded by Mr. Zylstra. The motions carried by majority vote.

NEXT MEETING

The next board meeting will be Tuesday, July 28th, 2015 at East River Electric Cooperative beginning at 9:00 a.m.

ADJOURNMENT

Chair DeMent declared the meeting adjourned at 5:16 p.m.

Allan Kooima, Secretary

Approved: _____