

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
September 30th, 2015**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on September 30, 2015 commencing at 9:30 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. Directors Hansen and Zylstra did not attend the afternoon session. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Betty VanDerWerff, Debra Bieber, Ted Smith, Jake VanDewater and Staff Assistant and Communications Specialist Sheila Gross. Kim Hansen, Chinelle Christensen, and NRECA representative, Jeff Kramer, attended the review of the Employee Compensation Plan.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. Manager McCarthy added the review of Board Operating Guide #7-3 and Directors Drost and Rogen added safety concerns under other business. A motion to approve the amended agenda as presented was made by Mr. Zylstra, seconded by Mr. Martinson. The motion carried by majority vote.

Due to time constraints later in the meeting, the consensus of the board was to table the agenda items for review of the outage notification program and the board self-appraisal until the October board meeting.

REVIEW AND CONSIDERATION OF MINUTES

A motion to approve the minutes of the regular board meeting of August 21st, 2015 was made by Mr. Martinson, seconded by Mr. Drost. The motion carried by majority vote.

**REVIEW AND CONSIDERATION OF SECTIONS 1, 2 AND 6 BOARD POLICIES –
POWER SUPPLY, ELECTRIC SERVICE, PRODUCTIVITY and BOG 7-3 EQUAL
EMPLOYMENT OPPORTUNITY/AFFIRMATIVE ACTION**

Ted Smith and Debra Bieber reviewed the board policies and associated operating guides in Sections 1, 2 and 6 for Power Supply, Electric Service, and Productivity. Board Policy #1 Power Supply; Board Policy #2 Electric Service; BOG 2-1 Conditions of Electric Service; BOG 2-2 Extension and Modification of Electric Service and Facilities; BOG 2-3 Secondary Service Equipment – Point of Ownership; BOG 2-4 Automated Metering; Board Policy #6 Productivity; BOG 6-1 Purchase of Materials, Supplies, and Equipment; and BOG 6-2 Employee Compensation Administration. In addition, Deb Bieber reviewed BOG 7-3 Equal Employment Opportunity/Affirmative Action to include updated language from the Department of Labor. Minor language changes were recommended for policies BOG 2-1 Conditions of Electric Service; BOG 2-2 Extension and Modification of Electric Service and Facilities; and BOG 7-3 Equal Employment Opportunity/Affirmative Action. A motion was made by Mr. Rogen to accept the review and recommended changes of Section 1, 2, and 6 policies along with BOG 7-3, seconded by Mr. Kooima. 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 REVISED LANGUAGE FOR ELECTION OF
DIRECTORS FOR UNEXPIRED TERMS**

Attorney Peterson presented two options for revised language to the Bylaws Article IV Section 9 – Vacancies. The proposed language sets guidelines for the election process of directors to fill unexpired terms instead of the appointment by the board of directors. Mr. Hansen made a motion to adopt the following proposed language to be presented to the membership as an amendment to the Bylaws Article IV Section 9 at the 2016 annual meeting, seconded by Mr. Kooima. The motion carried by majority vote.

The unexpired remainder of any vacant Director's term on the Board shall be filled by the vote of the members of the district in which the vacancy exists at the next regular district meeting. If the next district meeting is more than ninety days from the time a vacancy occurs, the petition, nomination and election process described in Article IV, Section 3, will be employed. If the next district meeting is ninety days or fewer from the time a vacancy occurs, nominations shall be received from the floor at the district meeting and the election shall proceed as described in Article IV, Section 3. The director elected to fill the unexpired portion of a term shall be seated immediately.

REVIEW OF EMPLOYEE COMPENSATION PLAN

Manager McCarthy called upon Deb Biever to present the Employee Compensation Plan Report along with information on health insurance options. Employees Kim Hansen and Chinelle Christensen were also present in addition to the NRECA Senior Principal Business Development Representative, Jeff Kramer. Debra Biever gave an overview of the Employee Compensation Report including descriptions of compensation and benefits for union and non-union employees at the Cooperative along with a comparison of wages and benefits to other cooperatives. She reviewed the objectives of the plan and changes to the market rate of pay for non-union employees based on the board approved Compensation Plan. The average market rate pay changes will be effective November 1st dependent upon acceptable performance of position responsibilities. The goal of the employee compensation plan is to have a sound, well-balanced overall package that attracts and retains high-quality employees.

Deb Biever presented 2016 health insurance bids and the pros and cons of both for our current provider, Blue Cross Blue Shield, and NRECA. Jeff Kramer explained the changes that have occurred to the NRECA plan since the cooperative left their plan and responded to questions from the board. Mr. Drost made a motion to approve the NRECA health insurance bid, seconded by Mr. Fish. The motion carried by majority vote.

2016 CONTRACT NEGOTIATIONS

Manager McCarthy stated that 2016 is the last year of the three-year Union Contract and the terms of the new contract will be negotiated soon with the Union representatives.

REVIEW AND CONSIDERATION OF 2016 DISTRICT MEETING SCHEDULE

The 2016 proposed district meeting schedule was reviewed. A new date will need to be selected for the Brandon meeting due to a conflict. The schedule will be revised for the board to approve at their October meeting.

MEMBER ADVISORY COUNCIL

Manager McCarthy asked for feedback on enhancing the engagement of the Member Advisory Council. He also suggested inviting the EmPOWER Youth Leadership students to the next meeting. The date of November 19th was presented for consideration of the next MAC meeting date. Mr. Drost made a motion to approve November 19th as the next MAC meeting date, seconded by Mr. Kooima. The motion carried by majority vote.

STRATEGIC PLAN UPDATE

Manager McCarthy gave a status update on the strategic plan objectives and tasks. A copy of the ongoing working document will be sent to the board on a quarterly basis.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Manager McCarthy distributed a booklet from CFC on meeting the distributed generation challenges and the book, "Wired Differently" written by Vern Dosch to the board.

He reviewed key highlights of his written report along with the East River General Manager's report. We received a bill credit in the amount of \$157,799 from L&O Power for the Basin/BNSF settlement. He gave an update on the status of the rubber elbow cover up product recall for Utility Safety Innovations, LLC through RESCO; the status of the grid-enabled large capacity water heaters and information learned at the Water Heater Summit; and the final closing adjustments discussed at the SMEC board meeting.

Manager McCarthy reported that Carrie Law had worked with media outlets, chambers of commerce, and businesses to thwart an attempted payment scam on our members.

Manager McCarthy shared information on the Director Gold Program, a new director certification program.

Manager McCarthy's written report also included wholesale power purchases, sales, revenue, and new services for the month; a report on financial condition; a report on electric service; member, community and government relation activities; employee training and development; and the August safety and wellness report.

ACCEPT MANAGER'S REPORT

A motion to accept the manager's report was made by Mr. Martinson, seconded by Mr. Kooima. 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 and Johnson reported on their attendance at the L&O Power Cooperative board meeting.

REPORTS ON MEETINGS ATTENDED

East River Electric Annual Meeting – The directors and staff reported on their attendance at East River Electric's annual meeting.

NRECA Regional Meeting/CFC/RESCO – Directors Kooima and Martinson reported on their attendance at the NRECA Regional Meeting.

Midwest Resolutions Committee Meeting – Mr. Drost reported on his attendance at the Midwest Resolutions Committee Meeting.

Open House for New SMEC Members – The directors shared positive feedback on the open house event held in Hills, MN on September 28th for the new Sioux Valley Energy members. Over 265 members attended.

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

CoBank Board Election/Bylaw Amendment – Mr. Rogen made a motion to authorize Chair DeMent to cast a ballot for the 2015 CoBank Board Election, the capitalization bylaws amendment, and to approve or withhold the nominating committee candidates. Mr. Martinson seconded the motion. The motion carried by majority vote.

MN Legislative Meeting – Mr. Martinson made a motion to authorize all directors to attend the MN Legislative Meeting that will be held at the Pipestone Service Center on October 5th. Mr. Rogen seconded the motion. The motion carried by majority vote.

Basin Annual Meeting – Notice of the Basin Annual Meeting that will be held November 3rd – 5th in Bismarck, North Dakota was given. Mr. Hansen made a motion to authorize Gary Fish to attend, seconded by Mr. Weinacht. The motion carried by majority vote.

Legislative Forum – Mr. Rogen made a motion to authorize all directors and Attorney Peterson to attend the Sioux Valley Energy/Southeastern Electric Legislative Forum in Sioux Falls on November 23rd. Mr. Martinson seconded the motion. The motion carried by majority vote.

NRECA Winter School for Directors – Notice of the NRECA Winter School for Directors that will be held in Nashville, Tennessee on December 11th – 16th was presented. Directors Johnson and Fish were authorized to attend per a motion by Mr. Drost, seconded by Mr. Weinacht. The motion carried by majority vote.

OTHER BUSINESS

Directors Drost and Rogen shared safety concerns related to speeding and cell phone use in cooperative vehicles. The staff will address their concerns.

EXECUTIVE SESSION

Mr. Kooima made a motion, seconded by Mr. Drost, to move into executive session at 2:00 p.m. for the purpose of conducting the General Manager/CEO appraisal and salary adjustment. Directors DeMent, Drost, Fish, Johnson, Kooima, Martinson, Rogen and Weinacht were present along with Attorney Peterson and Manager McCarthy. Mr. Drost made a motion to adjourn the executive session and the regular board meeting at 3:15 p.m., seconded by Mr. Fish. The motion carried by majority vote.

NEXT MEETING

The next board meeting will be Tuesday, October 27th, 2015 at the Colman headquarters.

Allan Kooima, Secretary

Approved: _____