

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
January 28th, 2019**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on January 28th, 2019 commencing at 8:30 a.m. at the Colman headquarters in Colman, South Dakota.

The meeting was called to order by President Allan Weinacht who presided and Allan Kooima, Secretary, acted as Secretary.

Roll call showed the following members present:

Rodney DeMent	Arlyn Zylstra	Allan Weinacht
Henning Hansen	Gregg Johnson	Allan Kooima
Bruce Martinson	Mark Rogen	Dave Daniel
Gary Fish	Dan Leuthold	

All directors were present. Gary Fish was in attendance by conference call. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Ted Smith, Carrie Law, and Debra Biever along with Executive Assistant Amy Voelker. Molly Williams, Cole Anderson, Matt Determan, along with MAC member Clark Stoel were guests.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration, with the addition of discussion of district meetings and removal of CFC visit. A motion to approve the agenda was made by Mr. DeMent, seconded by Mr. Leuthold. The motion carried.

REVIEW AND CONSIDERATION OF MINUTES

A motion to approve the minutes of the regular board meeting of December 17th, 2018 was made by Mr. Martinson, seconded by Mr. Kooima. The motion carried.

REVIEW AND CONSIDERATION OF 2019 WORK PLAN AND BUDGET MINUTES

A motion to approve the minutes of the 2019 work plan and budget meeting minutes of December 17th, 2018 was made by Mr. Rogen, seconded by Mr. Kooima. The motion carried.

REVIEW AND CONSIDERATION OF THE 2018 WORK PLAN AND BUDGET MINUTES

A motion to approve the minutes of the 2018 work plan and budget meeting minutes of December 19th, 2017 was made by Mr. Kooima, seconded by Mr. Zylstra. The motion carried.

INTRODUCTION OF NEW EMPLOYEE

Debra Biever introduced Cole Anderson, the new apprentice lineman that was hired for our Hartford area.

DEFERRED COMPENSATION PACKET

Debra Biever let the directors know that the deferred compensation packets were ready and if any directors were interested, that they would need to fill them out with her following the board meeting.

REVIEW OF SMEC RATES

Manager McCarthy called upon Betty VanDerWerff to review the SMEC rates. There were no recommended changes to the current rates.

PRE-AUDIT BOARD/AUDITOR DISCUSSION

A teleconference with Craig Popenhagen from the Cooperative's auditing firm, Clifton, Larson, Allen and Company was held. Mr. Popenhagen provided information on the upcoming audit for Sioux Valley Energy including focus areas and audit/accounting standards. The audit is scheduled for the week of March 4th.

STRATEGIC ISSUE DISCUSSION

Manager McCarthy discussed thoughts and concerns in regards to Basin Electric from the strategic planning discussion in August with the Board.

BOARD EDUCATION

Directors are viewing a series of educational videos on a variety of governance topics. This month they viewed "Finding the Right Level of Transparency".

DISTRICT MEETING DISCUSSION

Manager McCarthy called upon Carrie Vugteveen to give an update on district meetings.

TERRITORIAL INTEGRITY

Manager McCarthy called upon Carrie Vugteveen to give an update on the territorial integrity legislation.

REVIEW AND CONSIDERATION OF 2019 ANNUAL MEETING

Manager McCarthy called upon Carrie Vugteveen to present options and dates for the 2019 Annual Meeting. Mr. Daniel made a motion to have the Annual Meeting on June 4th, 2019 at the Pipestone High School, Pipestone, MN, seconded by Mr. Kooima. The motion carried.

REVIEW AND CONSIDERATION OF BOARD POLICY 8-11

Manager McCarthy reviewed Board Policy 8-11. Mr. Martinson made a motion, seconded by Mr. Hansen, to approve updates and changes to Board Policy 8-11. The motion carried.

REVIEW AND CONSIDERATION OF ATTORNEY'S QUARTERLY EXPENSES

Amy Voelker presented the quarterly expense statement for October through December 2018 for Lynn, Jackson, Shultz and Lebrun, P.C. in the amount of \$9,677.45. A motion to accept the attorney's quarterly expense statement was made by Mr. Zylstra, seconded by Mr. Johnson. The motion carried.

REVIEW AND CONSIDERATION OF GENERAL MANAGER QUARTERLY EXPENSES

Arlyn Zylstra, Treasurer, reported that he reviewed the General Manager's expense and credit card statements for the period of October through December 2018 and found all expenses to be in order. The report was accepted and payment of the General Manager's statement in the amount \$4,781.46 was approved by Mr. Johnson, seconded by Mr. Kooima. The motion carried.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

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

Manager McCarthy gave an update that we will not have to use any deferred revenue for 2018.

Manager McCarthy gave an update that Tom Boyko from East River was re-elected to the Midwest Board.

Manager McCarthy shared that Mark Hoffman, East River's Engineering Manager was selected to be the new Operations Manager on January 1, 2019.

Manager McCarthy shared that the East River 2019-2022 Construction Work Plan will be presented in January with the request of approval in February.

Manager McCarthy gave an update on the GHG (greenhouse gas) rule changes for new power plants.

Manager McCarthy gave an update on the DSU smart home project that East River staff has been researching over the past several months with Dakota State University.

ACCEPT MANAGER'S REPORT

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

REPORTS ON POWER SUPPLY MEETINGS

East River – Mr. DeMent reported on his attendance at the East River board meeting.

L&O Power – Mr. Leuthold reported on his attendance at the L&O Power board meeting.

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

REPORTS ON MEETINGS ATTENDED

SDREA Annual Meeting – Directors reported on the SDREA Annual Meeting they attended in Pierre.

MREA NRECA BLC Classes – Director Rogen reported on the NRECA BLC classes he attended in Maple Grove, MN.

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

MREA Annual Meeting Class –Director Johnson was authorized to attend the NRECA BLC 975.1 Capital Credits Issues and Decisions pre-conference session on Monday, February 18, 2019 before the MREA Annual Meeting per a motion by Mr. Kooima, seconded by Mr. DeMent. The motion carried.

MREA Annual Meeting Voting Delegate Alternate – Mr. Rogen made a motion for Director Martinson to be the alternate voting delegate at the MREA Annual Meeting, seconded by Mr. DeMent. The motion carried.

Lyon Rural Electric Cooperative Annual Meeting -- Notice of the Lyon Rural Electric Cooperative Annual Meeting that will be held March 18th, 2019 was presented. Mr. Martinson made a motion to authorize directors Leuthold and Zylstra to attend, seconded by Mr. Hansen. The motion carried.

NEXT MEETING

The next regular board meeting will be held on Monday, February 25th, 2019 at Colman Headquarters, Colman, SD.

ADJOURNMENT

Mr. Zylstra made a motion, seconded by Mr. DeMent to adjourn the Sioux Valley Energy board meeting at 2:45 p.m. The motion carried.

Allan Kooima, Secretary

Approved: _____