

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
July 23rd, 2018**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on July 23rd, 2018 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 was teleconferenced in.

Roll call showed the following members present:

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

All directors were present, Al Kooima teleconferenced in, also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Debra Bieber, Ted Smith, Betty VanDerWerff and Carrie Law, along with Staff Assistant and Communications Specialist Amy Voelker and Journey Lineman Jeremy Rollag and Staking Engineer Trevor Reif.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. A motion to approve the amended agenda was made by Mr. Martinson, seconded by Mr. Hansen. The motion carried.

REVIEW AND CONSIDERATION OF MINUTES

A motion to approve the minutes of the regular board meeting of June 25th, 2018, was made by Mr. Johnson, seconded by Mr. Zylstra. The motion carried.

INTRODUCTION OF NEW EMPLOYEES

Debra Bieber introduced Jeremy Rollag, journey lineworker and Trevor Reif, Staking Engineer.

REVIEW OF CFC KEY RATIO TREND ANALYSIS

Manager McCarthy called upon Betty VanDerWerff to review the Key Ratio Trend Analysis report showing key system operating, expense, and growth ratios for a five-year period ending December 2017. This report included comparisons to other cooperatives in the nation, in South Dakota and in the East River system.

REVIEW AND CONSIDERATION OF REED LOAN

Manager McCarthy called upon Betty VanDerWerff to present the REED Loan for MNY Group, LLC (dba Life Floor). Mr. Hansen made a motion, seconded by Mr. Johnson to approve the REED Loan for MNY Group, LLC (dba Life Floor). The motion carried.

REVIEW AND CONSIDERATION OF SMEC RATE

Manager McCarthy called upon Betty VanDerWerff to present the adjustment for the SMEC rate schedule that was applicable only for the first three years following the acquisition as approved in the rate transition plan with the MNPUC. Mr. Rogen made a motion, seconded by Mr. Daniel to approve the rate adjustment. The motion carried.

RESAP OVERVIEW

Manager McCarthy called upon Debra Bieber to present an overview for the Rural Electric Safety Achievement Program (RESAP) inspection that took place at all three of the Sioux Valley Energy facilities June 26th and 27th. Sioux Valley Energy did very well with the overall inspection.

Mr. Daniel made a motion, seconded by Mr. Martinson to commend the staff along with all the employees on the RESAP inspection and what a great job they are all doing. The motion carried.

L&O SPECIAL MEETING RESOLUTION

Manager McCarthy presented the L&O Resolution for notice of special meeting class 1 members and nominated the voting delegates. Mr. Rogen made a motion, seconded by Mr. Martinson to approve the resolution along with nominating Mr. Zylstra as the voting delegate and Mr. Johnson as the alternate. The motion carried.

CEO AND BOARD DIRECTOR EVALUATIONS

Manager McCarthy held a discussion on the time frame for the CEO and Board director evaluations.

STRATEGIC ISSUE DISCUSSION

Manager McCarthy gave an update on the plans for the upcoming strategic planning session that will take place in August. He scheduled Chris Baumgartner to facilitate this session.

POLICY REVIEW DISCUSSION

Manager McCarthy reviewed Board Policy 1; Board Policy 2; and BOG 2-1, 2-2, 2-3, and 2-4. Mr. Hansen made a motion, seconded by Mr. Leuthold to approve all the updates and changes to the Board policies and guides. The motion carried.

APPOINT ACTING SECRETARY

President Weinacht appointed Mr. Daniel to act as secretary to sign documents needed that day, as Mr. Kooima attended via conference call.

REVIEW AND CONSIDERATION OF MAC MEETING DATE

Mr. Hansen made a motion, seconded by Mr. Zylstra to approve Thursday, September 27, 2018 to have the MAC meeting in Colman. 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. He also reported on his attendance at the SDREA manager's meeting.

Manager McCarthy reported on the LEAD program and how well this program is going.

Manager McCarthy reported on the Heartland Annual meeting he attended in Sioux Falls and gave an update on "The Farmstead" project.

Manager McCarthy reported on the new peak that we set for the month of June.

Manager McCarthy gave an update of changes that are going on at Basin Electric, along with DGC.

Manager McCarthy gave updates from Mid-West Electric, the Western Area Power Administration, the Corps of Engineers and the Mid-West CEO Bill Brummond.

Manager McCarthy shared that we will be taking part in the Basin Building Cooperative Connections the month of August.

Manager McCarthy gave an update on the Basin-East River Wholesale Power Contract.

Manager McCarthy gave an update on the SDREA legislative committee, the regulatory, legislative and legal issues.

ACCEPT MANAGER'S REPORT

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

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S QUARTERLY EXPENSE STATEMENT

Arlyn Zylstra, Treasurer, reported that he reviewed the General Manager's expense and credit card statements for the period of April through June, 2018 and found all expenses to be in order. The report was accepted and payment of the General Manager's statement in the amount of \$3,086.66 was approved per a motion by Mr. Rogen, seconded by Mr. Hansen. The motion carried.

REVIEW AND CONSIDERATION OF ATTORNEY'S QUARTERLY EXPENSE STATEMENT

Amy Voelker presented the quarterly expense statements for Attorney Peterson. A motion to approve payment of the Attorney's expense statements for April through June, 2018 in the amount of \$27,791.64 was made by Mr. Martinson, seconded by Mr. Daniel. 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.

REPORTS ON MEETINGS ATTENDED

CoBank Directors Conference – Directors DeMent, Weinacht, Johnson, Kooima, Hansen, and Fish reported on their attendance at the CoBank Directors Conference held July 10th-12th.

MREA District 5 Meeting – Directors Hansen, Martinson, Johnson, Leuthold, DeMent and Zylstra reported on their attendance at the MREA District 5 meeting in Sleepy Eye, MN.

Legal Seminar – Attorney Peterson reported on his attendance at the legal seminar.

Basin Electric Tour – Director Leuthold reported on his attendance for the Basin Electric Tour up to Bismarck, ND.

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

NRECA Regional Meeting – Notice of the NRECA Regional Meeting that will be held September 17th – 19th was presented. Mr. Rogen made a motion to authorize directors Weinacht, Martinson, DeMent, Johnson, and Hansen to attend, seconded by Mr. Leuthold. The motion carried.

All-Employee Safety Meeting – Notice of the all-employee safety meeting that will take place August 22nd was presented. Mr. Zylstra made a motion to authorize Director Leuthold to attend, seconded by Mr. Hansen. The motion carried.

East River Electric Annual Meeting & District 1 Caucus – Notice of the East River Electric Annual Meeting that will be held September 6th was given. Mr. Rogen made a motion to nominate Mr. DeMent as the District 1 ER Caucus voting delegate and Mr. Rogen as the alternate, seconded by Mr. Zylstra. Mr. Martinson made a motion for all directors to attend the East River Annual meeting with Mr. Fish as the voting delegate and Mr. Martinson as the alternate, seconded by Mr. Hansen. The motion carried.

Basin Annual Meeting – Notice of the Basin Electric Annual Meeting that will be held November 7th was given. Mr. DeMent made a motion for all directors to attend the Basin Annual Meeting, seconded by Mr. Zylstra. A motion to nominate Mr. DeMent as voting delegate and Mr. Fish as alternate, Mr. DeMent accepted the motion, seconded by Mr. Martinson. The motion carried.

NEXT MEETING

The next regular board meeting will be held on August 27th along with a strategic planning session on the 28th, at East River Electric in Madison.

ADJOURNMENT

Mr. Zylstra made a motion, seconded by Mr. Martinson, to adjourn the Sioux Valley Energy board meeting at 2:00 p.m. The motion carried.

Allan Kooima, Secretary

Approved: _____