

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
May 21st, 2018**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on May 21st, 2018 commencing at 8:30 a.m. at the Colman Headquarters.

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	Arlyn Zylstra	Allan Weinacht
Henning Hansen	Gregg Johnson	Allan Kooima
Bruce Martinson	Gary Drost	Dave Daniel
Gary Fish	Mark Rogen	

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

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented. A motion to approve the agenda was made by Mr. Daniel, seconded by Mr. Martinson. The motion carried.

REVIEW AND CONSIDERATION OF MINUTES

A motion to approve the minutes of the regular board meeting of April 23rd, 2018 was made by Mr. Zylstra, seconded by Mr. Kooima. The motion carried.

SAFETY STEERING COMMITTEE ANNUAL UPDATE

Manager McCarthy called upon Terry Ebright to give the board an update on the Safety Steering Committee. He updated the board on activities, results of the Continuous Improvement Teams' projects, and the ongoing efforts to enhance the safety culture at Sioux Valley Energy.

REVIEW AND CONSIDERATION OF CREDENTIALS AND ELECTION COMMITTEE FOR ANNUAL MEETING

A list of Cooperative members who indicated they would be willing to serve on the Credentials and Election committee for the 2018 annual meeting was presented. A motion to appoint the following individuals to the Credentials and Election committee for the June 5th annual meeting was made by Mr. Drost, seconded by Mr. Weinacht. The motion carried. Committee includes: Greg Benda, Dian Hoven, Keith VanDuyn, Duane Harvey, Jim McGuire, John Kleinjan, and Marv VanKekerix.

STRATEGIC ISSUE DISCUSSION

Manager McCarthy did a follow up from the SVE economic development strategy session. He followed up on the four potential areas of focus: finance, community presence, workforce development/education, and quality of life.

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 reported on the REED and MAC meetings.

Manager McCarthy gave an update on the transmission system upgrade project for East River Electric.

Manager McCarthy gave an update on Prevailing Winds.

Manager McCarthy reported on the solar car race events.

Manager McCarthy had Carrie Law and Amy Voelker give an update on the upcoming EmPower year. We had a record number of 77 applications received.

ACCEPT MANAGER'S REPORT

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

REPORTS ON POWER SUPPLY MEETINGS

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

L&O Meeting – Mr. Johnson reported on his attendance at the L&O board meeting.

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

CoBank Directors Conference – Notice of the CoBank Directors Conference on July 10th – 12th was given. Mr. Daniel made a motion to authorize directors DeMent, Weinacht, Johnson, Kooima, Hanson, and Fish (also attending new director orientation), seconded by Mr. Martinson. The motion carried.

OTHER BUSINESS

Gary Drost shared letters of concern in regards to board representation for Minnesota Sioux Valley Energy members. Please find them in the attachment of the meeting minutes. He urged the Board to take them under advisement moving forward and asked that the current director structure be recognized going forward.

EXECUTIVE SESSION

A motion by Mr. Kooima, seconded by Mr. Hansen to move into executive session with all directors in attendance began at 11:32 a.m. to discuss legal issues, Dakota expansion agreement, and director attendance. Mr. Zylstra made a motion to adjourn the executive session at 11:50 p.m., seconded by Mr. Kooima. The motion carried. No action was taken in executive session.

REVIEW AND CONSIDERATION OF DAKOTA EXPANSION CONTRACT AGREEMENT

A motion was made out of executive session by Mr. Rogen, seconded by Mr. Daniel to approve the Dakota expansion agreement. The motion carried.

NEXT MEETING

The next regular board meeting will be held on Monday, June 25th, 2018 at the Colman Headquarters.

ADJOURNMENT

Mr. Drost made a motion, seconded by Mr. Weinacht to adjourn the Sioux Valley Energy board meeting at 12:00 p.m. The motion carried.

Allan Kooima, Secretary

Approved: _____

To the Sioux Valley Board of Directors:

I have asked the retired directors (that are still with us) who were part of the Sioux Valley/Southwest Minnesota Coop Electric merger to share their recollections of what they remember about board representation. You will be given an opportunity to see their comments.

I have shared with you many times that the SMCE portion of the merged coop (SVE) would have three (3) board seats going forward. Also there was an agreement that the three representatives to the L&O board would be L&O/SVE consumers. As you can see the former board members comments closely align with what I've said for years. I felt that when Jan Bobendrier retired we had finally put this issue to rest. However it seems that periodically an individual or two continue to bring this back to the table. For years after the merger this was never an issue as everyone understood what the agreements were. I might add that the state line was never an issue early on in the merger either. But as the original directors have retired this history has been lost and these have both gotten to be an issues. It's too bad that so much (negative) time has been wasted on this.

As I am about to retire I ask that this issue be put to rest and that the agreements that were made be honored. I also request that these letters be entered into the minutes so this peace of history will not be lost for ever.

Sincerely,


Gary C. Drost

From: uli@unitelsd.com
Subject: REA letter
Date: May 20, 2018, 6:25:31 PM
To: <gcdrost@gmail.com> gcdrost@gmail.com

To whom it may concern:

I am Ernest Kroeger a retired member the Sioux Valley Energy. I was a board member for 23 years. I was also a director of East River Electric for several years before I retired.. If I remember correctly the merger of Sioux Valley Empire Electric Association, Inc. between Southwestern Minnesota was in 1996

The new name is Sioux Valley Energy..

We had several discussions at the board meetings about the number of board members on the new coop. The population and the size of the territory entered into the process. It was decided to have 3 new board members to the new Sioux Valley Energy board.

The REA (rural electric association) was organized to provide electricity for rural America. At that period of time when investor owned utilities wouldn't provide electricity to rural America . If the number of directors was determined by population, many rural areas would have only a few directors. The founding leaders could foresee this happening.

From: Melvin & Fiddy Hamann melfid@alliancecom.net
Subject: SV Energy
Date: May 15, 2018 at 10:20:00 AM
To: <gcdrost@gmail.com> gcdrost@gmail.com

To SV Energy
Board,

It has come to my attention that there is some discussion whether Mn needs three districts on the board.

I was a member on the planning committee when SW Mn planned a merger with SV Energy back in 1996/1997. It was decided that SV Energy would keep their directors and SW Mn would reduce their seven board members down to three to be completed in three years and was done in year 2000. It was also decided that a Mn. board member would serve on L and O board and a SV Energy member would serve on East River board.

It seems every thing was going quite well until some body decided you didn't need three Mn. members on the board. Maybe if the Mn. districts are not big enough you could move some of the SD districts into Mn. But really it doesn't make any difference if a district has 1000 homes in it or if it has 10,000 homes in it. That board member still only has one vote.

Mn. gave up a lot to make the merger work. We came on board in very good financial condition and lost some good board members. I would encourage you to just leave it alone. Thank you, Mel Hamann, a former board member.

May 11, 2018
Luverne, MN

To Whom It may concern:

I overheard some people discussing the fact the Minnesota has three (3) directors on the board of Sioux Valley Electric Coop and South Dakota has five (8) and they were talking about taking one (1) away from Minnesota and placing one (1) more on the South Dakota side.

I was on the board when the two (2) coops merged and at that time, it was a gentlemen's agreement that Minnesota would always have three (3) directors. I think that agreement should always be honored. I am still a coop member and I thank you for your consideration in this matter.

Marvin Laackmann
Marvin Laackmann
1487 115th Street
Luverne, Minnesota 56156

Edgerton, MN 56128

May 15, 2018

Dear Gary,

As requested I am submitting the following information.

It was a given fact that Minnesota SMCE would have three members on the board of SVSWEC at all times. This remains an important factor in the merger with the cooperatives: Sioux Valley-Southwestern Electric cooperative.

This information is submitted by a former Director of seventeen years.

Yours truly,

Bernard Baker

A handwritten signature in cursive script that reads "Bernard".

Sioux Valley Energy

May 15, 2018

To the Board of SVE,

I have come to understand that you, as the Board, are now considering a change to the agreement which was made when SWMC joined together with SV. At that time we agreed to always have 3 members from Minnesota on the new board. I was a member of that new board until 2006.

Also, the three members the Minnesota portion were then to be members of the G & O Board.

I feel that these agreements, which were made in good faith, should not be changed.

Sincerely,

Eunice Bartels

Luverne, MN