

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
November 25th, 2019**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on November 25th, 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	Dan Leuthold	Allan Weinacht
Don DeGreef	Gregg Johnson	Allan Kooima
Bruce Martinson	Mark Rogen	Dave Daniel
Gary Fish	Lucas Roskamp	

All directors were present. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Betty VanDerWerff, Carrie Vugteveen and Debra Biever along with Executive Assistant Amy Voelker. Guests in attendance were Brenda Schelhaas, Manager of Billing; Ed Anderson, General Manager of SDREA; Don Heeren, SDREA Board President and Chris Nordquist, DGR.

REVIEW AND CONSIDERATION OF AGENDA

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

REVIEW AND CONSIDERATION OF BOARD MEETING MINUTES

A motion to approve the minutes of the regular board meeting of October 28th, 2019 was made by Mr. Daniel, seconded by Mr. Johnson. The motion carried.

SDREA Visit

Ed Anderson, General Manger/CEO, from SDREA along with SDREA Board President Don Heeren addressed the Board and discussed various South Dakota initiatives.

REVIEW AND CONSIDERATION OF PROPOSED WRITE-OFF OF UNCOLLECTABLE ACCOUNTS

Manager McCarthy called upon Brenda Schelhaas to review the proposed write-off of uncollectible electric energy and accounts receivable-other accounts. The total write-off amount is \$15,520.11 compared to \$15,398.07 in 2018. We will retain \$9,537.36 in unretired capital credits to offset part of this write-off, resulting in a net write-off of \$5,982.75. A motion was made by Mr. Martinson to approve the proposed write-off of uncollectible accounts, seconded by Mr. Johnson. The motion carried.

REVIEW AND CONSIDERATION OF THE GENERAL RETIREMENT AND FORFEITURE OF UNCLAIMED CAPITAL CREDIT

Manager McCarthy called upon Betty VanDerWerff to present a proposed resolution for the 2019 general capital credit retirement and declaration of forfeiture. The resolution included a \$1,860,000 general retirement of capital credits along with forfeiture of unclaimed capital credits retired in 2013.

As stated in the resolution, Mr. Rogen made a motion to approve a \$1.86-million general capital retirement, along the forfeiture of the 2013 unclaimed capital credits seconded by Mr. Johnson. The motion carried.

WHEREAS, the Cooperative bylaws provide for the retirement of capital credits to members and former members of the Cooperative; and

WHEREAS, the Cooperative bylaws also provide that any unclaimed retired capital credits be irrevocably assigned and retained by the Cooperative.

THEREFORE, BE IT RESOLVED; that the Board of Directors of Sioux Valley Energy does hereby approve a general retirement of capital credits for 2019 in the amount of \$1,860,000,

AND BE IT FURTHER RESOLVED; that the Board of Directors of Sioux Valley Energy declares the forfeiture of unclaimed capital credits retired in 2013 to South Dakota accounts unless claimed within six months from the date of this resolution or notification required by the state.

REVIEW AND CONSIDERATION OF 2020-2023 CONSTRUCTION WORK PLAN

Manager McCarthy along with Chris Nordquist from DGR presented and reviewed the 2020-2023 Construction Work Plan. This four-year work plan totals \$78,362,168 and includes construction of 500 miles of line (125 miles per year). Mr. Fish made a motion to approve the four-year construction work plan and adopt the following resolution, seconded by Mr. Rogen. The motion carried

WHEREAS, the Sioux Valley Energy 2020 – 2023 Construction Work Plan has been prepared by DGR Engineering, Rock Rapids IA, in accordance with RUS Bulletin 1724D-101B; and

WHEREAS, the purpose of this plan is to provide a check of the system and load growth, and to recommend improvements consistent with the long-range planning that will prepare the system to adequately carry future peak loads,

NOW, THEREFORE BE IT RESOLVED, by the Board of Directors of Sioux Valley Energy, that the 2020 – 2023 Construction Work Plan be herewith approved, and that the necessary steps be taken to complete the planned installations, construction and conversion, in order to bring the system to needed capacities and reliability so as to carry the anticipated peak loads and provide reliable electric service in accordance with standards expected and needed by the membership of this cooperative.

REVIEW AND CONSIDERATION OF AGREEMENT TRANSFER OF SERVICE TERRITORY BETWEEN THE CITY OF AURORA AND SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.

Manager McCarthy presented and reviewed the transfer of service territory agreement between the city of Aurora and Sioux Valley-Southwestern Electric Cooperative, Inc. A motion was made by Mr. Roskamp for the proposed annexation agreement, seconded by Mr. DeGreef. The motion carried.

WHEREAS, the Cooperative and the City entered into a Territorial Agreement dated January 19, 1976, pursuant to the provisions of Chapter 49-34A, SDCL, which Agreement was approved and ratified by the Public Utilities Commission for the State of South Dakota, and

WHEREAS, thereafter the City did annex certain territories to the City, which territories were service territory of the Cooperative, and

WHEREAS, the City has proposed to purchase the facilities and assume service to all consumers in the newly annexed areas pursuant to Resolution 19-22 (Ex. "A") and the cooperative is required to transfer said territory in accordance therewith, now therefore,

FOR AND IN CONSIDERATION of the mutual promises, conditions and terms contained herein, the parties do hereby covenant, contract and agree as follows, to-wit:

1.

The cooperative hereby relinquishes all service rights to the City in the following described territory, to-wit:

The West One-half of the Southwest Quarter of the Northeast Quarter (W $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$) of Section Three (3), Township One Hundred Nine (109) North, Range Forty-nine (49) West of the 5th P.M., County of Brookings, State of South Dakota.

in accordance with the maps attached hereto as "Exhibit A1".

2.

The Cooperative hereby is required to sell and the City hereby is required to purchase the electric lines, poles, appurtenances and facilities located within and/or near the above described property and to pay for the costs of reintegrating the Cooperative's system, all in accordance with the schedule attached hereto as "Exhibit B".

3.

The purchase price for facilities being sold to the City shall be \$0.00, as the cooperative does not have any facilities in the affected area.

4.

As and for additional consideration for the purchase of the Cooperative's facilities and the right to serve existing and all future customers within the above described territory assumed by the City, the City furthermore agrees to pay as compensation for service rights, an annual amount equal to the sum of twenty-five percent of the gross revenues received from power sales to consumers of electric power within the annexed area. The obligation of the annexing municipality to compensate the utility for service rights shall continue for eleven years from the date of the offer to purchase by the annexing municipality. During the eleven-year period, compensation for service rights to any one customer location within the annexed area shall be paid by the annexing municipality for a period of seven years or until the expiration of the eleven-year period, whichever is less. Gross revenues received shall be determined by applying the rate in effect by the municipality at the time of purchase.

5.

The City agrees to apply to the South Dakota Public Utilities Commission of the State of South Dakota for the transfer and assignment of the Cooperative's certified service territory to the City.

6.

It is understood and agreed that the Date of Possession of said territory shall be December 1, 2019. The parties agree to work together to effect a smooth transition causing the least inconvenience to electric patrons located within the City.

7.

The Cooperative agrees to refund to its customers, as of, or prior to the Date of Possession, any refundable deposits and there shall be no assumption by the City of such refundable deposits. From and after the Date of Possession, the Cooperatives agrees to indemnify, and save harmless the City against any and all claims based upon transactions occurring prior to the Date of Possession with respect to refundable deposits.

8.

At the time of transfer of individual consumers, the consumer meters shall be jointly read by representatives of the City and the Cooperative. This reading shall be used to determine the final bill to be issued by the Cooperative and the initial reading for use by the City. The Cooperative shall be entitled to all revenues derived from sales prior to said meter reading, and shall be responsible for collection of those revenues, except: any receivables still outstanding 60 days following the transfer date shall be purchased by the City, and further collection shall be the responsibility of the City. The Cooperative shall make diligent effort to collect its revenues within the 60 day period.

9.

The Cooperative's cash retirement of consumers' retained capital credits shall be consistent with Cooperative policy.

10.

The Cooperative shall assign to the City all right-of-way easements of record pertaining to the facilities to be purchased by the City through this Agreement. The City shall prepare the assignment documents.

REVIEW AND CONSIDERATION TO RESCHEDULE MAC MEETING

It was presented to reschedule the MAC meeting from December to January. A motion made by Mr. Leuthold to reschedule the MAC meeting to January 23rd, 2020 at the Brandon Service Center, seconded by Mr. Fish. The motion carried.

DISTRICT MEETING DISCUSSION

Manager McCarthy called upon Carrie Vugteveen to discuss the \$25 bill credit for the 2020 district meetings. After discussion with the Board, Mr. Johnson made a motion to keep the \$25 bill credit and make no changes to the 2020 district meetings, seconded by Mr. Martinson. The motion was approved on a 10-1 vote with Mr. DeMent opposing the motion.

BOARD EDUCATION

Directors are viewing a series of educational videos on a variety of governance topics. This month they viewed “The Board’s Role in Cybersecurity”.

REVIEW OF DIRECTORS COMPENSATION

Manager McCarthy presented BOG 8-7. Directors held a discussion on the director compensation. They reviewed the policy and Amy Voelker will revise requested sections. This policy will be brought back to the Board for approval, along with information requested about checking into per diems for meals during travel and director compensation survey results from NRECA.

EXECUTIVE SESSION

Mr. DeMent made a motion to move into executive session, seconded by Mr. Martinson at 12:05 p.m. to review a proposed credit support change for a market rate load. Mr. Kooima made a motion to adjourn executive session at 12:29 p.m., seconded by Mr. Roskamp. The motion carried.

REVIEW AND CONSIDERATION OF PROPOSED CREDIT SUPPORT CHANGE

Mr. Kooima made a motion to approve the proposed credit support change that was discussed in executive session, seconded by Mr. Roskamp. The motion carried.

STRATEGIC PLANNING

Manager McCarthy presented section C4 recommended wording of our Balance Scorecard. The updated wording will read “Inform and educate on the concept of beneficial electrification”. Manager McCarthy also presented the quarterly review of our initiatives from our strategic planning spreadsheet.

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 reviewed the year-end projections.

Manager McCarthy gave an update from the East River MAC meeting. This was his last month as chair. He gave an update on the newly elected officers.

Manager McCarthy shared that the selection process for the new Mid-West CEO is proceeding.

Manager McCarthy gave an update on FERC regulations.

Manager McCarthy shared that Minnesota is pushing for clean car standards in the state. It will help increase access and demand for electric vehicles and require dealerships to offer more EV options.

ACCEPT MANAGER’S REPORT

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

REPORTS ON POWER SUPPLY MEETINGS

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

REPORTS ON MEETINGS ATTENDED

Basin Annual Meeting – Directors reported on their attendance at the Basin Annual meeting.

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

Leadership Education Program – Notice of the Leadership Education Program that will be held January 6th – 7th in Sioux Falls, SD was given. Directors DeMent, Weinacht, and Roskamp were authorized to attend.

SDREA Annual Meeting – Notice of the SDREA Annual Meeting that will be held January 16th – 17th in Pierre, SD was given. Directors DeGreef, DeMent, Weinacht, Martinson, Rogen, Daniel, Fish and Attorney Peterson were authorized to attend.

Winter DC Legislative Visit – Notice of the Winter DC Legislative visit through MREA that will be held January 28th – 29th was given. Director Rogen was authorized to attend.

East River Energize Forum – Notice of the East River Energize Forum that will be held February 5th – 6th in Sioux Falls, SD was given. Directors Weinacht, Kooima, Martinson, Rogen, Roskamp, Johnson, Fish and Attorney Peterson were authorized to attend.

Coop Day at the Capitol – Notice of the Coop Day at the Capitol that will be held February 19th in Pierre, SD was given. Directors DeGreef, DeMent, Weinacht, Martinson, Daniel, and Kooima were authorized to attend.

CoBank Customer Meeting (Omaha) – Notice of the CoBank Customer Meeting that will be held February 20th – 21st in Omaha, NE was given. Director Rogen was authorized to attend.

NRECA Annual Meeting – Notice of the NRECA Annual Meeting that will be held March 1st – 4th in New Orleans, LA was given. Directors Weinacht, Roskamp, DeMent and Daniel were authorized to attend.

MREA Annual Meeting – Notice of the MREA Annual Meeting that will be held March 17th – 18th in St. Paul, MN was given. Directors DeMent, Weinacht, Martinson, Rogen, Roskamp and Johnson were authorized to attend.

CoBank Customer Meeting (Minneapolis) – Notice of the CoBank Customer Meeting that will be held March 23rd – 24th in Minneapolis, MN was given. Director Johnson was authorized to attend.

CoBank Customer Meeting (Fargo) – Notice of the CoBank Customer Meeting that will be held March 30th – 31st in Fargo, ND was given. Directors DeGreef, Kooima and Martinson were authorized to attend.

2020 Legislative Conference – Notice of the 2020 Legislative Conference that will be held April 26- 28th was given. Directors Johnson and DeMent were authorized to attend.

A motion was made by Mr. Martinson for authorization of said directors to attend listed meetings above, seconded by Mr. DeMent. The motion carried.

SDREA Voting Delegate – Mr. Rogen made a motion to appoint Mr. Daniel as SDREA Voting delegate along with Mr. DeMent as alternate, seconded by Mr. Martinson. The motion carried.

NEXT MEETING

The next regular board meeting along with work plan and budget will be held on Monday, December 23rd, 2019 at Colman Headquarters, Colman, SD.

ADJOURNMENT

Mr. Fish made a motion, seconded by Mr. Roskamp to adjourn the Sioux Valley Energy board meeting at 2:35 p.m. The motion carried.

Allan Kooima, Secretary

Approved: _____