

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
September 23rd, 2019**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on September 23rd, 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 and Debra Biever along with Executive Assistant Amy Voelker. Guest in attendance was Kimberlee Hansen, Manager of Human Resources and Administrative Services.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration with the addition of approval of medical task force recommendations, new MAC member approval, and MAC meeting date. A motion to approve the amended agenda was made by Mr. Fish, seconded by Mr. Kooima. The motion carried.

REVIEW AND CONSIDERATION OF BOARD MEETING MINUTES

A motion to approve the minutes of the regular board meeting of August 27th, 2019 was made by Mr. Johnson, seconded by Mr. Leuthold. The motion carried.

REVIEW AND CONSIDERATION OF VFI EXPENSE DEFERRAL RESOLUTION

Manager McCarthy called upon Betty VanDerWerff to present the Vacuum Fault Interrupter (VFI) Expense Deferral resolution. A motion was made to approve the VFI Expense Deferral resolution by Mr. DeMent, seconded by Mr. Martinson. The motion carried.

WHEREAS, Two of Sioux Valley-Southwestern Electric Cooperative's Vacuum Fault Interrupters (VFI) experienced an internal failure. The tops of the VFI's were rusted, which allowed moisture to enter the VFI's and cause a fault.

WHEREAS, Representatives from Cooper, the manufacturer, admitted that this is an issue they are aware of and it is due to a couple of factors. The lid support is not adequate and the steel that the lid is made of is susceptible to rust.

WHEREAS, Sioux Valley-Southwestern Electric has inspected all 3-phase VFI's and found that this is an issue with about 80 of them installed in the field.

WHEREAS, Sioux Valley-Southwestern Electric has decided to apply silicon to the rust spots until we can get permanent repairs which will include refurbishing and replacing the lid with a stainless-steel lid and installing a new gasket. The total cost is estimated at \$360,000 which is about 80% lower than the cost to replace the VFI's. This maintenance will increase the life of the VFI's which will benefit members now and in the future.

WHEREAS, Sioux Valley-Southwestern Electric will defer the total cost and expense the cost over a period of 15-years.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of Sioux Valley-Southwestern Electric Cooperative authorizes the Cooperative to submit an expense deferral plan to the Rural Utilities Service to approve deferring the cost to refurbish and replace the lid and gasket on the VFI's which will be amortized over the next 15 years starting in 2020.

BOARD EDUCATION

Directors are viewing a series of educational videos on a variety of governance topics. This month they viewed “What Directors Need to Know About Loan Covenants”.

REVIEW OF COMPENSATION

Manager McCarthy called upon Debra Biever to present an overview of the Employee Compensation Plan including descriptions of compensation and benefits for union and non-union employees at the Cooperative. Manager of Human Resources and Administrative Services Kimberlee Hansen was also present. Debra reviewed the wage 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 for employees whose performance meets expectations.

REVIEW AND CONSIDERATION OF MEDICAL INSURANCE TASK FORCE RECOMMENDATION

Manager McCarthy called upon Debra Biever to present the recommendations for insurance plan designs that would become effective January 2021. Mr. Martinson made a motion to approve the recommendations for the insurance plan designs that will go into effect January 2021, seconded by Mr. Rogen. The motion carried.

REVIEW OF FORM 990

The Internal Revenue Service Form 990 was attached with the board meeting materials for review and presented at the board meeting by Betty VanDerWerff.

REVIEW AND CONSIDERATION OF DISTRICT MEETING DATES

The proposed schedule of dates and locations for the 2020 district meetings was reviewed. Mr. Rogen made a motion to approve the 2020 proposed district meeting schedule, seconded by Mr. Fish. The motion carried.

<u>DATE</u>	<u>DIRECTOR/DISTRICT</u>	<u>TOWN</u>	<u>LOCATION</u>
3/5/20	Leuthold (8)	Luverne, MN	Grand Prairie Event Center
3/9/20	DeGreef (1)	White, SD	McKnight Hall
3/12/20	Martinson (3)	Flandreau, SD	William J Janklow Community Center
3/19/20	Roskamp (10)	Edgerton, MN	Edgerton Public School
3/23/20	Fish (6) & Rogen (6)*	Brandon, SD	Brandon Valley High School
3/24/20	DeMent (7)*	Hartford, SD	West Central School
3/26/20	Kooima (2)	Volga, SD	Sioux Valley School
3/30/20	Johnson (9)*	Pipestone, MN	Pipestone High School
3/31/20	Daniel (4)	Madison, SD	Dakota Prairie Playhouse
4/2/20	Weinacht (5)*	Colton, SD	Taopi Hall

REVIEW AND CONSIDERATION OF NEW MAC MEMBER

One member was appointed to the Advisory Council in accordance with Board Operating Guide #9-1. Robert Short was appointed to District #1. Mr. Rogen made a motion to approve the appointment to the Advisory Council for a three-year term, seconded by Mr. Fish. The motion carried.

REVIEW AND CONSIDERATION OF MAC MEETING DATE

Mr. Roskamp made a motion, seconded by Mr. Martinson to approve Thursday, December 5, 2019 to have the MAC meeting in Colman. The motion carried.

STRATEGIC ISSUE DISCUSSION

Manager McCarthy reviewed the actionable items from the strategic planning session that was held in August.

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 on the REED fund housing initiative with Avera Health. The housing initiative will provide financing for both single and multi-family housing developments in rural communities that are within the REED and Avera footprint.

Manager McCarthy gave an update on the Dakota Access Pipeline. East River and Southeastern continue to work with Energy Transfer on the new pumping station for the Dakota Access Pipeline near Harrisburg, SD.

Manager McCarthy shared that the CFC Board authorized a retirement of \$48.3 million of patronage capital for its 2019 fiscal year.

Manager McCarthy gave an update on the MadLabs Building at Dakota State University in Madison, SD. The grand opening event is scheduled for October 2nd.

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

ACCEPT MANAGER'S REPORT

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

REPORTS ON MEETINGS ATTENDED

East River Annual Meeting – Directors reported on the East River Annual Meeting that took place in Sioux Falls, SD.

NRECA Regional Meeting – Directors Martinson, Johnson, DeMent, Weinacht, DeGreef, and Roskamp reported on the NRECA Regional Meeting they attended in Milwaukee, WI.

EXECUTIVE SESSION

Mr. Martinson made a motion to move into executive session, seconded by Mr. DeMent at 1:19 p.m. for the purpose of the General Manager/CEO evaluation and board self-appraisals. Mr. Daniel made a motion to adjourn executive session at 2:55 p.m., seconded by Mr. Martinson. The motion carried.

NEXT MEETING

The next regular board meeting will be held on Monday, October 28th, 2019 at Colman Headquarters, Colman, SD.

ADJOURNMENT

Mr. Fish made a motion, seconded by Mr. DeMent to adjourn the Sioux Valley Energy board meeting at 2:56 p.m. The motion carried.

Allan Kooima, Secretary

Approved: _____