

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
February 29th, 2016**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on February 29th, 2016 commencing at 9:55 a.m. at the Colman headquarters in Colman, South Dakota.

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

All directors were present. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Betty VanDerWerff, Debra Biever, Carrie Law, and Ted Smith, along with Staff Assistant and Communications Specialist Sheila Gross. Other employees in attendance included Tim Durst, Jager Rus, Ben Pierson, Paul Mantz, and Sharla Haugen, Advisory Council guests included Floyd Snoozy, Dian Hoven, Jeff Thompson, and Marvin VanKekerix.

REVIEW AND CONSIDERATION OF AGENDA

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

REVIEW AND CONSIDERATION OF MINUTES

A motion to approve the minutes of the regular board meeting of January 26th, 2016 was made by Mr. Zylstra, seconded by Mr. Johnson. The motion carried.

SAFETY STEERING TEAM PRESENTATION

Manager McCarthy called upon Sharla Haugen, Chair of the Safety Steering Team, to give the board an update on the safety steering team activities, results of the Continuous Improvement Teams' projects, and the ongoing efforts to enhance the safety culture at Sioux Valley Energy.

SOLAR PROJECT PRESENTATION

Manager McCarthy called upon Ben Pierson, System Engineer, to give the board an update on the solar project output data since its inception in May.

MREA RATE TRENDS FOR MN ELECTRIC COOPERATIVES

Manager McCarthy shared a presentation on the MREA rate trends for MN electric cooperatives including factors influencing retail rates, the makeup of membership rate classes, and comparisons to investor owned utilities and municipals.

REVIEW AND CONSIDERATION OF PROPOSED RESOLUTION FOR THE BASIN LOAD FORECAST

Manager McCarthy called upon Ted Smith who presented a resolution for the 2016 update of the Basin 2014 load forecast. The resolution requires board approval in order to apply for a RUS loan in 2016 for the construction work plan. Mr. Rogen made a motion to approve and adopt the following resolution, seconded by Mr. Kahler. The motion carried.

WHEREAS, Basin Electric Power Cooperative has completed a detailed forecast of total demand and energy requirements for the period of 2015 through 2035; and

WHEREAS, the forecast was prepared in accordance with current Rural Utilities Service regulations using reasonable methodologies; and

WHEREAS, the Board of Directors of Sioux Valley Energy has reviewed the study and its conclusions;

THEREFORE, BE IT RESOLVED, that the Board of Directors of Sioux Valley Energy does hereby adopt and approve the 2016 Update of the 2014 Load Forecast prepared by Basin Electric Power Cooperative as a reasonable forecast of the future demand and energy requirements for Sioux Valley Energy through the year 2035. And that the action taken and/or resolutions adopted as above set out have never been rescinded, altered, amended, modified or repealed, and are of the date hereof in full force and effect.

REVIEW AND CONSIDERATION OF PROPOSED RESOLUTION FOR THE COLMAN SHOP CONSTRUCTION PROJECT

Manager McCarthy called upon Ben Pierson to present the Colman shop construction project plans. Per a recommendation from the board, Mr. Pierson will also include bid specs for an elevator lift for the storage area and estimates for adding two feet on to the shop's sidewalls and doors for additional clearance. Bid packets will be sent to pre-qualified bidders. Mr. Pierson also presented a resolution to the board to request RUS approval of the construction plan at an estimated cost of \$1,000,000. Mr. Hansen made a motion to approve and adopt the following resolution, seconded by Mr. Kooima. The motion carried.

WHEREAS, the current aging shop at the headquarters in Colman, SD is no longer adequate to handle the needs of Sioux Valley-Southwestern Electric Cooperative; and

WHEREAS, Sioux Valley-Southwestern Electric Cooperative has land adjacent to an existing building at the headquarters in Colman, SD which has proven to be convenient for truck maintenance and storage;

NOW THEREFORE BE IT RESOLVED; that the Board of Directors of Sioux Valley-Southwestern Electric Cooperative do hereby request RUS approval of a plan to construct a new shop, at an estimated cost of \$1,000,000.

REVIEW AND CONSIDERATION OF PROPOSED RUS LABOR ONLY CONTRACT/OVERHEAD CONSTRUCTION WORK

Manager McCarthy called upon Ted Smith to present the proposed labor only contract for the overhead construction work for 2016 and 2017 not to exceed \$2.9-million. Bids were sent out to eight pre-qualified contractors. Mr. Martinson made a motion to authorize the Board Chair and Secretary to execute the labor only contract with Karian Peterson Power Line Contracting, seconded by Mr. Weinacht. The motion carried.

APPOINTMENT OF OPERATION ROUNDUP TRUSTEE FOR ROCK COUNTY

Deb Biever stated that a new Operation Roundup Trustee needs to be appointed for Rock County in lieu of Bruce Boelman's retirement from the Operation Roundup Board. It has been difficult to fill this vacancy and the directors discussed consideration of compensation in addition to mileage. Ms. Biever will research this issue and make a recommendation next month as an agenda item.

APPOINTMENT OF ADVISORY COUNCIL MEMBER

One additional member was appointed to the Advisory Council in accordance with Board Operating Guide #9-1. Tim Dunn will be added to District #4. Mr. Zylstra made a motion to approve the additional appointment, seconded by Mr. Drost. The motion carried.

REVIEW AND CONSIDERATION OF PROPOSED 2016 ANNUAL MEETING VENUE

Manager McCarthy called upon Carrie Law who presented three additional entertainment options per the board's request for the 2016 Annual Meeting venue. The board gave feedback on their top two choices.

REVIEW OF BYLAWS – ARTICLE II and III – RIGHTS/LIABILITIES OF MEMBERS AND MEETINGS OF MEMBERS

Attorney Peterson reviewed Article II – Rights/Liabilities of Members and Article III – Meetings of Members in the Cooperative Bylaws.

CPP: FUTURE JUDICIAL OUTLOOK PRESENTATION

Attorney Peterson gave a presentation on the judicial outlook and the impact Justice Scalia's death could have on the future of the Clean Power Plan.

STRATEGIC PLANNING SESSION

Manager McCarthy reviewed a preliminary list of topics to consider for the next strategic planning session. He will be sending out a survey for the board to pick their top five priorities. Suggestions for facilitators and dates were given. Mr. Drost made a motion to set the Strategic Planning Session for August 1st and 2nd, seconded by Mr. Kahler. 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 reported on his attendance at the Managers' Advisory Committee meeting that was held at L&O which included an update on CPP, L&O projects, SPP, and the Lewis and Clark Water System.

Manager McCarthy stated that auditors from Clifton Larson Allen are in the process of conducting the annual audit. Results will be shared at the April board meeting.

Manager McCarthy reported on the third EmPOWER Youth Leadership session that took place in Brandon on February 15th. The focus of the session was communication skills.

Manager McCarthy called upon Carrie Law to give a legislative update and to discuss plans for the legislative dinner that will be held on March 21st prior to the MREA Annual Meeting.

Manager McCarthy shared that Carrie Law and Ted Smith gave presentations at the NRECA annual meeting related to the relevancy of the Touchstone Energy brand and our system replacement plan.

Manager McCarthy's written report also included new services for the month; service interruptions; community and government relation activities; employee training and development; and the January safety and wellness report.

ACCEPT MANAGER'S REPORT

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

REPORTS ON POWER SUPPLY MEETINGS

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

Basin Electric Board Meeting – Mr. Drost reported on his attendance at the Basin Electric board meeting.

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

REPORTS ON MEETINGS ATTENDED

East River Energize Forum – The directors and staff gave feedback on their attendance at the East River Energize Forum.

NRECA Annual Meeting – Directors DeMent, Hansen, Martinson and Weinacht reported on their attendance at the NRECA Annual Meeting.

SDREA Co-op Day at the Capitol – Directors Hansen, Kooima, Martinson and Rogen reported on their attendance at the SDREA Co-op Day at the Capitol.

Co-Bank Midwest Meeting – Directors Kahler and Johnson reported on their attendance at the Co-Bank Midwest Meeting.

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

SDREA CCD Fast Track – Notice was given for the SDREA CCD Fast Track that will be held in Pierre on April 6th – 8th. Mr. Rogen made a motion to authorize Mr. Fish to attend, seconded by Mr. Hansen. The motion carried.

CFC Forum – Notice of the CFC Forum that will be held on June 5th – 8th in Seattle, Washington was presented. Mr. Rogen and Mr. Martinson were authorized to attend per a motion by Mr. Kooima, seconded by Mr. Hansen. The motion carried.

NRECA Legal Seminar – Notice of the NRECA Legal Seminar that will be held on July 18th in Savannah, Georgia was given. Attorney Peterson was authorized to attend per a motion by Mr. Weinacht, seconded by Mr. Drost. The motion carried.

L&O Power Annual Meeting – Notice of the L&O Annual Meeting scheduled for Rock Rapids, Iowa on April 5th was presented. All directors were authorized to attend the L&O Power meeting per a motion by Mr. Rogen and a second by Mr. Martinson. Mr. Kahler made a motion to designate Director Weinacht as delegate and Director Rogen as alternate to the L&O Meeting and that the delegate (alternate) to the L&O Power Meeting be instructed to place in nomination the names of Gary Drost, Gregg Johnson, and Arlyn Zylstra as directors to represent the Cooperative on the L&O Power Board of Directors for the ensuing year. Mr. Martinson seconded the motion. The motion carried.

Minnesota Clean Power Plan Meeting – Manager McCarthy invited SVE's MN Directors and Board President to attend the Minnesota Clean Power Plan Meeting that was held on February 24th. Payment of per diem and mileage for President DeMent was authorized by per a motion by Mr. Rogen, seconded by Mr. Martinson.

EXECUTIVE SESSION

Mr. Weinacht made a motion, seconded by Mr. Kahler, to move into executive session at 3:05 p.m. for the purpose of discussing the power supply contract and 2016 rates for Novita Inc. and legal matters. Those in attendance included all Directors, Attorney Peterson, Manager McCarthy, Betty VanDerWerff, Carrie Law, Deb Biever, Ted Smith, Sheila Gross and Paul Mantz. Mr. Zylstra made a motion to adjourn the executive session at 3:35 p.m., seconded by Mr. Drost. The motion carried.

REVIEW AND CONSIDERATION OF ELECTRIC SUPPLY CONTRACT AND RATES FOR NOVITA, INC.

Mr. Rogen made a motion, seconded by Mr. Kahler, to authorize Manager McCarthy and President DeMent to execute the power supply contract and 2016 rates as presented in executive session. The motion carried.

NEXT MEETING

The next regular board meeting will be held on March 29th, 2016 at the Colman headquarters.

ADJOURNMENT

Mr. Martinson made a motion, seconded by Mr. Kooima, to adjourn the Sioux Valley Energy board meeting at 3:38 p.m. The motion carried.

Allan Kooima, Secretary

Approved: _____