

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.  
February 21<sup>st</sup>, 2017**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on February 21<sup>st</sup>, 2017 commencing at 8:30 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	Dave Daniel
Gregg Johnson	Arlyn Zylstra	Allan Kooima
Bruce Martinson	Mark Rogen	Allan Weinacht
Gary Fish		

All directors were present except for Henning Hanson. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Betty VanDerWerff, Ted Smith, Debra Biever, and Carrie Law, along with Staff Assistant and Communications Specialist Amy Voelker. Other employees in attendance included Chinelle Christensen, Molly Burmeister, Garth Park, Steve Neises, Casey Lowe and the safety steering committee.

**REVIEW AND CONSIDERATION OF AGENDA**

The agenda was presented for consideration. Avoided cost rate, appointment of MAC member and discussion of election for district 6 was added to the agenda. A motion to approve the amended agenda was made by Mr. Rogen, seconded by Mr. Kooima. The motion carried.

**REVIEW AND CONSIDERATION OF MINUTES**

A motion to approve the minutes of the regular board meeting of January 23<sup>rd</sup>, 2017 was made by Mr. Daniel, seconded by Mr. Zylstra. The motion carried.

**INTRODUCTION OF NEW EMPLOYEE**

Chinelle Christensen introduced Molly Burmeister, customer service representative in our Brandon office.

**SAFETY STEERING COMMITTEE ANNUAL UPDATE**

Manager McCarthy called upon Casey Lowe, Chair of the Safety Steering Committee, to give the board an update on the safety steering committee activities, why the safety steering team and safety committee combined into one committee, results of the Continuous Improvement Teams' projects, and the ongoing efforts to enhance the safety culture at Sioux Valley Energy.

**REVIEW AND CONSIDERATION OF PROPOSED RATE TARIFFS**

Manager McCarthy called upon Debra Biever to present the proposed rate tariffs that were updated from Power Systems Engineering (PSE) upon the 2017 Work Plan and Budget. A proposed rate tariff was developed using the guidelines previously established by the Board and reflected an overall rate increase of 4%. The recommendation would adjust all of the rate classes with the exception of the market rates as of May 2017. Mr. Martinson made a motion, second by Mr. Fish to approve the proposed rate tariffs as of May 1, 2017. The motion carried.

**REVIEW AND CONSIDERATION OF AVOIDED COST RATES**

Manager McCarthy presented a revised PURPA rate for board consideration. Mr. Rogen made a motion, seconded by Mr. Kooima to approve the revised PURPA rate effective February 1, 2017. The motion carried.

**MARGIN ALLOCATION FOR 2016**

Manager McCarthy called upon Betty VanDerWerff to update the board on the 2016 margin allocation. It was decided to allocate the 2016 G&T capital credits separate from the distribution margins. The change would let us receive the money from the G&T before we retire capital credits and distribute cash to our members.

CREDIT CARD PROCESSING INFORMATION

Manager McCarthy called upon Debra Biever to review our policy of limiting credit card transactions to \$1,000 per month per member. Debra shared a power point on the background information of credit card processing, types of payments Sioux Valley Energy receives per year and fees associated with credit card types. Mr. Fish moved to keep the credit card processing as is, seconded by Mr. Martinson. The motion carried.

REC PROGRAM

Manager McCarthy called upon Carrie Law to update the board on the request that we had from business to negotiate our REC program rates. It was decided by the strategic leadership team that this is such a new program we are going to leave it as is.

HOW A SUBSTATION WORKS

Manager McCarthy called upon Ted Smith to present how a substation works. Ted presented a power point and showed the steps of how a substation works on a model that was brought into the board room.

REVIEW AND CONSIDERATION OF MAC MEETING DATE

Dates for consideration of the next Member Advisory Council (MAC) meeting were discussed. Mr. Zylstra made a motion to approve April 11<sup>th</sup>, 2017 as the next MAC meeting date, seconded by Mr. Weinacht. The motion carried.

APPOINTMENT OF MEMBER ADVISORY COUNCIL MEMEBER

MAC member Floyd Snoozy was appointed to serve another 3-year term. Mr. Drost made a motion to approve the appointment for another three-year term, seconded by Mr. Daniel. The motion carried.

REVIEW AND CONSIDERATION OF DATE AND LOCATION FOR THE 2017 STRATEGIC PLANNING SESSION

Manager McCarthy presented proposed dates for a board and staff strategic planning session and stated that we would discuss topics at the March board meeting to put together an agenda. A motion was made by Mr. Kooima, seconded by Mr. Weinacht, that the strategic planning session be scheduled for Thursday, August 17<sup>th</sup> starting at noon and Friday, August 18<sup>th</sup> at an off-site location to be determined.

REVIEW AND CONSIDERATION OF CREDENTIALS AND ELECTION COMMITTEES FOR DISTRICT MEETINGS

The credentials and election committees willing to serve for the election meetings that will be held in districts 5, 6 and 7 were presented. Mr. Zylstra made a motion to approve the following credentials and election committees, seconded by Mr. Drost. The motion carried.

District #7-Thursday, March 23

Marvin VanKekerix	Connie Fitzgerald
Greg Benda	Ernie Kroeger
Duane Harvey	

District #5-Thursday, March 30

Cheryl Carstens	Floyd Snoozy
Marvin VanKekerix	Dian Hoven
Greg Benda	

District #6-Tuesday, April 4

Cheryl Carstens	Nancy Hinricher
Marvin VanKekerix	Duane Harvey
Harry Buck	Jake Droge
Jed Huisman	

REVIEW AND CONSIDERATON 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 the East River MAC meeting.

Manager McCarthy talked about the Sioux Falls development strategic planning session that he participated in.

Manager McCarthy reported on the response that we sent to Pipestone County on the set back ordinance and how we coordinated our response through Xcel Energy and had both attorneys involved.

Manager McCarthy reported the network security testing results for SBS Cybersecurity, LLC. Overall the Sioux Valley Energy network configuration minimizes the risk of an outside intrusion and will allow for the early detection and prevention of outside attacks. He gave an update on the phishing emails that were sent to employees.

Manager McCarthy reported on the scholarships that were chosen by our scholarship committee for this year. Sioux Valley Energy awarded 19 students with \$12,000 in scholarships.

Manager McCarthy reported the final walk through has been completed for the Colman shop project. The walk through went well and the move process will start soon.

Manager McCarthy reported on the third EmPOWER session that took place in Brandon. There was a great turn out of kids and the sessions that were held throughout the day included different communications skills.

#### ACCEPT MANAGER'S REPORT

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

#### REVIEW AND CONSIDERATION OF ALTERNATIVE DATE FOR JUNE BOARD MEETING

Due to a conflict with the June board meeting date, a motion was made by Mr. Drost to reschedule the June board meeting date to June 20<sup>th</sup>, 2017, seconded by Mr. Johnson. The motion carried.

#### DISTRICT 6 ELECTION

Discussion was held and agreed on for terms by the District 6 directors. Mr. Fish agreed to take the two year term and Mr. Rogen agreed to take the three year term to offset the election process moving forward.

#### 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 leadership team reported on their attendance at the East River Energize Forum.

MREA Annual Meeting – Directors DeMent, Rogen, Martinson, Zylstra, Johnson, and Drost reported on their attendance at the MREA Annual Meeting.

#### NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

L&O Annual Meeting – Notice of the L&O Annual Meeting on April 4<sup>th</sup> in Iowa was given. All directors were authorized to attend last month. Mr. Rogen made a motion, seconded by Weinacht to nominate Mr. Drost, Mr. Zylstra, and Mr. Johnson as directors to represent the Cooperative on the L&O Power Board of Directors for the ensuing year. The motion carried.

EXECUTIVE SESSION

Mr. Martinson made a motion, seconded by Mr. Kooima, to move into executive session, to discuss legal matters and PURPA agreements, at 2:20 p.m. Mr. Weinacht made a motion to adjourn the executive session at 2:50 p.m., seconded by Mr. Zylstra. The motion carried.

NEXT MEETING

The next regular board meeting will be held on March 29<sup>th</sup>, 2017 at the Colman headquarters.

ADJOURNMENT

Mr. DeMent adjourned the Sioux Valley Energy board meeting at 2:55 p.m.

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Allan Kooima, Secretary

Approved: \_\_\_\_\_