

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
October 25th, 2016**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on October 25, 2016 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	Allan Weinacht
Henning Hansen	Gregg Johnson	Allan Kooima
Bruce Martinson	Mark Rogen	Dave Daniel
Arlyn Zylstra	Gary Fish	

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

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. Manager McCarthy added the review and consideration of district 6 wording for election to agenda item #8.5. A motion to approve the amended agenda was made by Mr. Martinson, seconded by Mr. Daniel. The motion carried.

REVIEW AND CONSIDERATION OF MINUTES

A motion to approve the minutes of the regular board meeting of September 23rd, 2016 was made by Mr. Weinacht, seconded by Mr. Zylstra. The motion carried.

SDREA VISIT FROM ED ANDERSON

Ed Anderson came for a visit from SDREA. He talked with the board about many topics and updates for SDREA. Some of the topics were dues structures, a look ahead for 2017, SDREA budget, and their upcoming 75th anniversary in 2017.

REVIEW AND CONSIDERATION OF PROPOSED WRITE-OFF OF UNCOLLECTIBLE ACCOUNTS

Brenda Schelhaas, Manager of Customer Services, reviewed the proposed write-off of uncollectible electric energy and accounts receivable-other accounts. The total write-off amount is \$11,735.17 compared to \$17,435.51 in 2015. We will retain \$7,437.24 in unretired capital credits to offset part of this write-off, resulting in a net write-off of \$4,297.93. A motion was made by Mr. Weinacht to approve the proposed write-off of uncollectible accounts, seconded by Mr. Zylstra.

REVIEW AND CONSIDERATION OF SDSU PARTNERSHIP REED LOAN AND REDG GRANT

Manager McCarthy called upon Betty VanDerWerff to review the SDSU partnership REED loan and REDG grant. Sioux Valley Energy received an inquiry from SDSU Growth Partnership, Ltd. about the Rural Economic Development Loan/Grant (REDLG) program through the US Department of Agriculture (USDA) and the Rural Electric Economic Development (REED) revolving loan fund through East River. The total project cost is \$1,100,000 to pay the SD Board of Regents for the Research Park land. They are requesting a \$300,000 REDLG zero-interest loan and a \$300,000 REED loan through Sioux Valley. Mr. Zylstra made a motion to approve the SDSU partnership REED loan and REDG grant, seconded by Mr. Johnson. The motion carried.

REVIEW AND DISCUSSION OF KEY ACCOUNT SURVEY

Manager McCarthy called upon Carrie Law to review the key account survey. Carrie Law reviewed the results of the first key account customer satisfaction and attitude survey. The report included telephone and online survey responses from twenty-five key account commercial customers that were conducted during July-August 2016.

REVIEW AND CONSIDERATION OF THE DISTRICT 6 ELECTION MEETING BALLOT

Review and consideration of the wording for the ballot of the district 6 election meeting was proposed.

The District 6 election will be an at-large election with the top two candidates having the most votes selected to fill the director seats for District 6. The candidate who receives the most votes will serve a 3 year term and the candidate who receives the second most votes will serve a 2 year term for the first election following the passage of the amendment in the Bylaws Article IV. Section 4. Director Districts. In the case of a tie, candidates will draw lots for what term they will fill. Thereafter, the elected directors shall be elected for a three year term.

Mr. Kooima made a motion to elect the wording for the district 6 election ballot, Mr. Weinacht seconded the motion. The motion carried.

REVIEW AND CONSIDERATION OF DATES FOR FEBRUARY BOARD MEETING

Due to a conflict with the NRECA annual meeting date, a new date of February 21st, 2017 was recommended for the February regular Board meeting. Mr. Martinson made a motion to schedule February 21st, 2017 for the meeting date, seconded by Mr. Johnson. The motion carried.

MEMBER ADVISORY COUNCIL

The date of January 26th, 2017 was presented for consideration of the next MAC meeting date. Mr. Daniel made a motion to approve January 26th, 2017 as the next MAC meeting date, seconded by Mr. Kooima. The motion carried.

REVIEW AND CONSIDERATION OF ATTORNEY'S QUARTERLY EXPENSE STATEMENT

Amy Voelker presented the quarterly expense statements for Attorney Peterson. A motion to approve payment of the Attorney's expense statements for July through September, 2016 in the amount of \$15,821.78 was made by Mr. Weinacht, seconded by Mr. Daniel.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S QUARTERLY EXPENSE STATEMENT

Arlyn Zylstra, Treasurer, reported that he reviewed the General Manager's expense and credit card statements for the period of July through September, 2016 and found all expenses to be in order. The report was accepted and payment of the General Manager's statement in the amount of \$761.43 was approved per a motion by Mr. Weinacht, seconded by Mr. Martinson. 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. He also reported on the East River MAC meeting.

Manager McCarthy reported on the Basin MAC meeting. He talked about the discussion that occurred about long term planning and transmission service agreements.

Manager McCarthy reported that the first EmPOWER session for the new group will take place on Friday, November 11th at the Pipestone Country Club.

Manager McCarthy reported on the great member turn out that we had between all four of the Grassroots nights.

Manager McCarthy reported on the Washington, DC fly-in that he, Carrie Law, and Mark Rogen attended. They had very good meetings with both the South Dakota and Minnesota legislators.

ACCEPT MANAGER'S REPORT

A motion to accept the manager's report was made by Mr. Hansen, seconded by Mr. Zylstra. 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 COOPERATIVE BOARD MEETING – Mr. Johnson reported on his attendance at the L&O Power Cooperative board meeting.

SDREA Board Meeting – Mr. Hansen reported on his attendance at the SDREA board meeting.

REPORTS ON MEETINGS ATTENDED

NRECA LEGISLATIVE VISIT – Director Rogen reported on the NRECA Legislative visit in Washington, DC.

EXECUTIVE SESSION

A motion by Mr. Martinson, seconded by Mr. Weinacht to move into executive session with all directors in attendance began at 12:50 p.m. for the purpose of discussing market rate tariffs. Mr. Drost made a motion to adjourn the executive session at 1:41 p.m., seconded by Mr. Martinson. The motion carried.

APPROVAL OF MARKET RATE TARIFFS

Mr. Rogen made a motion, seconded by Mr. Drost, to approve the market rate tariffs for ADP, Dakota Ethanol, Valero, and Novita as discussed in executive session. The motion carried.

EXECUTIVE SESSION

A motion made by Mr. Martinson, seconded by Mr. Hansen to go back into executive session at 1:43 p.m. for the approval of minutes from the October executive session. The meeting was adjourned at 2:00 p.m. by board chair Rodney DeMent.

NEXT MEETING

The next regular board meeting will be held on Tuesday, November 22nd, 2016 at the Colman headquarters.

Allan Kooima, Secretary

Approved: _____