

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
September 23rd, 2016**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on September 23, 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 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. A motion to approve the agenda was made by Mr. Daniel, seconded by Mr. Kooima. The motion carried.

REVIEW AND CONSIDERATION OF MINUTES

A motion to approve the minutes of the regular board meeting of August 23rd, 2016 was made by Mr. Rogen, seconded by Mr. Martinson. The motion carried.

INTRODUCTION OF NEW EMPLOYEE

Chinelle Christensen introduced Kim C. Hansen, our newest employee in the wiring department.

REVIEW AND CONSIDERATION OF EMPLOYEE COMPENSATION PLAN

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. Employee Kim Hansen was also present. Debra also reviewed the objectives of the plan and 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. Mr. Rogen made a motion to approve the employee compensation plan, seconded by Mr. Weinacht. The motion carried.

REVIEW AND DISCUSSION OF COOPERATIVE MISSION STATEMENT

Manager McCarthy held a discussion on the Cooperative Mission Statement. He would like the employee group input with discussion and brainstorming over the next few months and will bring back a revised mission statement that will meet Sioux Valley Energy's new approach and vision for employees, members and the cooperative to the Board in November.

REVIEW OF THE 2016 STRATEGIC THINKING SESSION

Manager McCarthy reviewed and summarized the take away items from the 2016 strategic thinking session that we need to work on over the next year.

REVIEW AND DISCUSSION FOR BOARD TRAINING TOPICS

Manager McCarthy requested board discussion about training topics they would be interested in hearing at board meetings. The board had many suggestions. The

suggestions were recorded and we will move forward and work them into future board meetings.

REVIEW AND CONSIDERATION OF THE 2017 DISTRICT MEETING SCHEDULE

The proposed schedule of dates and locations for the 2017 district meetings was reviewed. Mr. Johnson made a motion to approve the 2017 proposed district meeting schedule, seconded by Mr. Kooima. The motion carried.

<u>DATE</u>	<u>DIRECTOR/DISTRICT</u>	<u>TOWN</u>	<u>LOCATION</u>
3/6/17	Drost (8)	Luverne, MN	Blue Mound Meeting & Banquet Center
3/7/17	Zylstra (10)	Edgerton, MN	Edgerton Public School
3/13/17	Kooima (2)	Volga, SD	Sioux Valley Middle School Gym
3/14/17	Daniel (4)	Madison, SD	Dakota Prairie Playhouse
3/16/17	Johnson (9)	Pipestone, MN	Pipestone High School
3/20/17	Martinson (3)	Flandreau, SD	William J Janklow Community Center
3/21/17	Hansen (1)	Elkton, SD	Elkton Community Center
3/23/17	DeMent (7)*	Hartford, SD	West Central School
3/28/17	Fish (6) & Rogen (6)*	Brandon, SD	Brandon Valley High School
3/30/17	Weinacht (5)*	Colton, SD	Taopi Hall

Discussion was held on how to hold the District 6 election meeting. Suggestion was to hold it as an at-large election and to get the wording put into writing and reviewed by Attorney Peterson. This was tabled and will be brought back to the October board meeting.

REVIEW AND CONSIDERATION OF COBANK LOAN AGREEMENT

Manager McCarthy reviewed the CoBank loan documents that were rewritten to make them more uniform. A packet was received from CoBank with a new Credit Agreement which takes the place of the existing Master Loan Agreement. Updated Promissory Notes for the existing loans we have with CoBank were also received. This does not change any loans we have with CoBank. Attorney Peterson has reviewed the documents. A motion to approve the revised CoBank Loan Agreement and Promissory Notes was made by Mr. Hansen, seconded by Mr. Weinacht. The motion carried.

REVIEW AND UPDATE ON SMEC

Manager McCarthy gave an update on SMEC. CFC has agreed to do a cost of service study and rate analysis and design for all 12 co-ops. These are projected to start in the first quarter of 2017.

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 mentioned the pilot programs for load management strategies and performance with class "A" members, along with the 2017 draft of capital improvement projects.

Manager McCarthy reported that Mark Rogen did a nice job as the resolutions committee chair presenting the proposed changes and additions to the resolutions for the East River.

Manager McCarthy reported that the FFB Loan guaranteed by RUS has been approved.

Manager McCarthy reported on the 2016 work plan progress.

Manager McCarthy reported that we have our first REC residential member from the Brookings area.

Manager McCarthy reported that we had twenty-seven EmPOWER students and five employees volunteer at The Banquet Project S.O.S.

Manager McCarthy gave an update on the Pipestone County Right-of-Way proposed utility ordinance.

Manager McCarthy reported that Carrie Law completed her ACRE visits and met with 18 legislators.

ACCEPT MANAGER'S REPORT

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

REPORTS ON MEETINGS ATTENDED

East River Annual Meeting – The directors reported on their attendance at the East River Electric's annual meeting.

Midwest Resolutions Committee Meeting – Director Drost reported on the Midwest Energy Resolutions Committee Meeting.

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

NOTICES OF MEETINGS, SELECTION OF DELEGATES/ATTENDANCE AUTHORIZATION

CCD Fast Track – Mr. Zylstra made a motion to authorize Dave Daniel to attend the CCD Fast Track in Maple Grove, MN, November 15th – 17th, seconded by Mr. Kooima. The motion carried.

NRECA BLC Courses – Mr. Weinact made a motion to authorize Rodney DeMent and Al Kooima to attend the NRECA BLC Course in Pierre, SD December 1st -2nd, seconded by Mr. Martinson.

Mid-West Electric Consumers Association Annual Meeting – Mr. Kooima made a motion to authorize Rodney DeMent and Arlyn Zylstra to attend the Mid-West Consumers Association Annual Meeting December 6th-8th, in Denver, CO, seconded by Mr. Martinson. Rodney DeMent was selected as delegate and Arlyn Zylstra was selected as alternate.

EXECUTIVE SESSION

A motion by Mr. Martinson, seconded by Mr. Zylstra to move into executive session with all directors in attendance began at 1:30 p.m. for the purpose of reviewing cooperative/legal matters, board self-appraisals and the General Manager/CEO appraisal and salary adjustment. The regular meeting was adjourned by Mr. Weinacht and second by Mr. Zylstra at 4:01 p.m.

NEXT MEETING

The next regular board meeting will be held on Tuesday, October 25th, 2016 at the Colman headquarters.

Allan Kooima, Secretary

Approved: _____