

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
December 15, 2022**

The regular meeting of the Board of Directors of Sioux Valley-Southwestern Electric Cooperative, Inc. (DBA Sioux Valley Energy) was held on December 15, 2022 commencing at 12:40 p.m. via Zoom. The teleconference format was necessary due to inclement weather.

The meeting was called to order by President Gary Fish who presided and Don DeGreef, Secretary, acted as Secretary.

Roll call showed the following members present:

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| Rodney DeMent | Dan Leuthold | Allan Weinacht |
| Ann Vostad | Dave Daniel | Gary Fish |
| Don DeGreef | Lucas Roskamp | Mark Rogen |
| Gregg Johnson | Dr. Leslie Heinemann | |

Also present were Attorney Mike Nadolski, General Manager Tim McCarthy, Strategic Leadership Team members Debra Biever, Ted Smith, Justin Moose, Carrie Vugteveen, and Jason Maxwell along with Executive Assistant, Brenda Schelhaas.

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. Weinacht. The motion carried.

REVIEW AND CONSIDERATION OF MEETING MINUTES

A motion to approve the minutes of the November 22, 2022 regular board meeting was made by Mr. Johnson, seconded by Mr. Leuthold. The motion carried.

Due to the electronic meeting platform, President Fish called upon General Manager McCarthy to preside over the meeting.

REVIEW AND CONSIDERATION OF 2023 ANNUAL MEETING

Manager McCarthy called upon Carrie Vugteveen to discuss a proposed date and change to the Annual Meeting format. The concept includes a main site (West Central School in Hartford) for the live business meeting along with hosting two satellite sites in other locations (Sioux Valley School in Volga and Generations Event Center in Luverne). The business meeting would be live streamed from the main site to the satellite sites. Each location would have a meal, bingo, and local entertainment. Discussion was held and Dr. Heinemann made a motion to hold the Annual Meeting as proposed above on June 6, 2023, seconded by Mr. Weinacht. The motion carried.

OPERATION ROUND UP GUIDELINES AND POLICY CHANGES

Manager McCarthy called upon Carrie Vugteveen to review the changes that were recently made by the Operation Round Up Board of Directors to the Sioux Valley Energy Customers' Trust Scholarship Program and the Sioux Valley Energy Customers' Trust Funding Policy and Guidelines.

RESOLUTION TO AMEND REVENUE DEFERRAL PLAN

Manager McCarthy called upon Jason Maxwell to review a resolution to amend SVE’s revenue deferral plan. The resolution will defer the current amount of deferred revenue of \$2,547,000 along with an additional amount of \$2,453,000 for a total of \$5,000,000. Mr. Rogen made a motion to approve the proposed revenue deferral plan, seconded by Mr. Weinacht. The motion carried.

WHEREAS, Basin Electric, our electric generation provider has issued substantial bill credits this year which reduced the amount of our power costs. Allowing the revenue deferral amendment would minimize a general rate increase that would be needed due to increased costs due to inflation and increased interest rates. The deferred revenue would minimize the general rate increases and have less of a financial impact on our customers who are already dealing with increased costs in other sectors.

AND WHEREAS, the Board of Directors of Sioux Valley-Southwestern Electric Cooperative, Inc. believes that it is in the best interest of the membership for long-term rate stability to defer a portion of that extraordinary revenue to future years;

AND WHEREAS, the Board of Directors of Sioux Valley-Southwestern Electric Cooperative, Inc. is not aware of any potential impact on its tax exempt or “cooperative” status;

AND WHEREAS, the South Dakota Public Utilities Commission has no jurisdiction over the cooperative’s rate making activities and therefore no approval is necessary.

AND WHEREAS, Sioux Valley-Southwestern Electric Cooperative, Inc. has a current RUS approved revenue deferral plan, inclusive of amendments, which provides for the following revenue recognition:

2022=\$2,547,000
Current Revenue Deferral Plan Total = \$2,547,000

NOW THEREFORE IT BE RESOLVED, that Sioux Valley-Southwestern Electric Cooperative, Inc. wishes to amend their RUS approved revenue deferral plan to provide for the revenue that was to be recognized in 2022 to be carried forward and an additional \$2,453,000 for a total of \$5,000,000 to be recognized during the period of 2023-2026.
Amended Revenue Deferral Plan Total=\$5,000,000.

AND BE IT FURTHER RESOLVED, that the cash equivalent of the deferred revenue shall be segregated in a special fund until such time as it is subsequently amortized back into revenue;

AND BE IT FURTHER RESOLVED, that Sioux Valley-Southwestern Electric Cooperative, Inc. will accept the responsibility for implementation of the plan.

APPOINTMENT OF MEMBER ADVISORY COUNCIL MEMBERS

In accordance with Board Operating Guide 9-1, directors nominate members from their respective district to serve on the Member Advisory Council. A motion was made by Mr. Johnson, seconded by Mr. Daniel that the following nominees be appointed for three-year terms on the Member Advisory Council. The motion carried.

- District 2 Mark Berkland
- District 3 Darnell Albers
- District 4 Greg Benda

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| District 5 | Floyd Snoozy Jeff Thompson |
| District 6-Fish | Monte Albertson |
| District 6-Rogen | Joe Kafka |
| District 9 | Connie Hillard |
| District 10 | Clark Stoel |

STRATEGIC PLANNING

Manager McCarthy discussed the Board's requested change to the budgeting process. Due to this change, strategic planning agenda items will be needed in January, and the budget process will begin earlier at the end of June next year.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Manager McCarthy reviewed wholesale power purchases, sales, and revenue. New service requests through November are much higher than budgeted due to the increase in city residential and commercial requests.

Manager McCarthy gave an overview of the November 2022 revenue and expense statement and the year-to-date October 2022 consolidated statement. He also reviewed the 2022 year-end projections.

Debra Biever reviewed a request from a landlord in the Hartford area who no longer wanted SVE to offer prepaid metering as an option for his business tenants who rent shop space out of his buildings. Discussion was held, and the Board will not be taking the option of prepaid metering away from this landlord's tenants.

Manager McCarthy discussed key highlights of the East River General Manager's report including Basin Electric financial performance, Basin bill credit, Basin Electric Annual meeting, Basin Members-Only meeting, Lincoln County-Sioux Falls maintenance center, cryptocurrency, midwestern harvests and ransomware, Sioux Falls slaughterhouse ordinance, and the EPA "Social Cost of Carbon" proposal.

ACCEPT GENERAL MANAGER'S REPORT

A motion to accept the General Manager's Report was made by Mr. Weinacht, seconded by Mr. DeGreef. The motion carried.

President Fish presided over the remainder of the meeting.

REPORTS ON POWER SUPPLY MEETINGS

East River – Mr. DeMent reported on his attendance of the East River board meeting.

L&O Power – Mr. Leuthold reported on his attendance of the L&O Power board meeting.

REPORTS ON MEETINGS ATTENDED

SDREA Board Meeting – Director Daniel reported on his attendance of the SDREA board meeting.

SVE/SEC Legislative Forum – Directors Fish, DeGreef, Weinacht, Johnson, and DeMent reported on their attendance of this forum.

SDREA Board Leadership Classes – Directors Fish, Daniel, and Weinacht reported on their attendance of these leadership classes.

Mid-West Electric Consumers Association Annual Meeting – Directors Roskamp, DeGreef, Rogen, and Johnson reported on their attendance of the annual meeting.

NRECA Winter School for Directors – Director Heinemann reported on his attendance of these leadership classes.

NOTICES OF MEETINGS, SELECTION OF DELEGATES, AND ATTENDANCE AUTHORIZATION

East River Energize Forum, February 1-2, 2023 Sioux Falls, SD – All directors were authorized to attend by a motion made by Mr. Roskamp, seconded by Mr. Weinacht. The motion carried.

NRECA Directors Conference, February 4-7, 2023 Kansas City, MO – Directors Daniel, Fish, Heinemann, and Weinacht were authorized to attend, and Director DeGreef was authorized to attend virtually by a motion made by Mr. Rogen, seconded by Mr. Roskamp. The motion carried.

BLC 937.1 Applying Emotional Intelligence in the Boardroom, February 20, 2023 St. Paul, MN – Director Johnson was authorized to attend by a motion made by Mr. Weinacht, seconded by Mr. Daniel. The motion carried.

BLC 958.1 Succession Planning: Developing the Purpose-Driven Organization, February 25, 2023 Virtual – Director DeGreef was authorized to attend by a motion made by Mr. Roskamp, seconded by Mr. Johnson.

NRECA PowerXchange, March 3-8, 2023 Nashville TN – Directors DeMent and Roskamp were authorized to attend and Director DeMent was nominated to serve as the voting delegate and Director Roskamp as the alternate by a motion made by Mr. Johnson, seconded by Mr. Daniel. The motion carried.

EXECUTIVE SESSION

No executive session was held.

OTHER BUSINESS

There was no other business.

NEXT MEETING

The next regular board meeting is tentatively scheduled for Tuesday, January 24, 2023 at 8:30 a.m. in the Colman boardroom.

ADJOURNMENT

Mr. Roskamp made a motion to adjourn the Sioux Valley Energy board meeting at 3:20 p.m., seconded by Mr. DeGreef. The motion carried.

Donald DeGreef, Secretary

Date Approved: _____