

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.  
May 28, 2024**

The regular meeting of the Board of Directors of Sioux Valley-Southwestern Electric Cooperative, Inc. (DBA Sioux Valley Energy) was held on May 28, 2024 commencing at 8:30 a.m. in the Colman boardroom.

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:

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

Also present were Attorney Mike Nadolski, General Manager Tim McCarthy, Strategic Leadership Team members Ted Smith, Jason Maxwell, Justin Moose, Kimberlee Hansen, and Carrie Vugteveen along with Executive Assistant, Brenda Schelhaas. Guest in attendance was Ben Pierson.

**INTRODUCTION OF GUEST**

President Fish introduced District 10 Member Advisory Council member Arlyn Zylstra.

**INTRODUCTION OF NEW EMPLOYEE**

Chinelle Christensen introduced Landon Hazelton, Journey Lineworker. Landon joined the team on May 1.

**REVIEW AND CONSIDERATION OF AGENDA**

The agenda was presented for consideration. President Fish asked that Executive Session be moved toward the end of the board meeting. A motion to approve the amended agenda was made by Mr. Weinacht, seconded by Mr. Johnson. The motion carried.

**REVIEW AND CONSIDERATION OF MEETING MINUTES**

A motion to approve the minutes of the April 19, 2024 regular board meeting was made by Mr. Roskamp, seconded by Mr. DeGreef. The motion carried.

**REVIEW AND CONSIDERATION OF CONSTRUCTION WORK PLAN LOAN APPLICATION AND DEBT LIMIT RESOLUTION**

Manager McCarthy introduced Tom Jones of Rural Utility Service (RUS). Mr. Jones reviewed the construction work plan and the long-range financial forecast for Sioux Valley Energy. A motion was made by Mr. Rogen, seconded by Mr. DeGreef to approve the application submission requesting a \$92,417,000, Treasury Rate, 35-year maturity loan from the Rural Utilities Service and to direct the Board President and Secretary to execute the balance of the loan documents to complete the loan application, and approve the

corporate debt limit resolution. The motion carried. The previous debt limit resolution of \$350,000,000 had been approved in July 2020.

WHEREAS, the corporate debt limit of Sioux Valley-Southwestern Electric Cooperative Inc. was established at three hundred fifty million dollars (\$350,000,000) as set by previous board resolution.

WHEREAS, the 2024-2027 construction work will require a substantial investment in new electric plant facilities to meet the growing electric service needs of our membership.

WHEREAS, a major portion of the cost to construct new electric plant facilities will be financed with long-term debt; and

WHEREAS, Sioux Valley-Southwestern Electric Cooperative Inc.'s mortgage pledges all of its property to secure notes payable to the Government, in the aggregate principal amount, not to exceed the corporate debt limit at any one time; and

WHEREAS, the Board of Directors have the authority to set the corporate debt limit.

NOW, THEREFORE, BE IT, RESOLVED, that the Sioux Valley-Southwestern Electric Cooperative Inc. Board of Directors hereby approves and adopts a corporate debt limit of four hundred fifty million dollars (\$450,000,000) as of May 28, 2024.

FORD F-150 LIGHTNING UPDATE

Ben Pierson gave an overview of a trip he made to Rapid City, SD driving the Ford F-150 Lightning. He discussed the truck's range, charging stops, and gas comparison. Ben also discussed an EV timeline showing projected goals for several automobile manufacturers.

REVIEW AND CONSIDERATION OF CITY OF BROOKINGS ANNEXATION RESOLUTION

Manager McCarthy called upon Ted Smith to present and review a transfer of service territory agreement between the City of Brookings and Sioux Valley-Southwestern Electric Cooperative, Inc. Mr. Weinacht made a motion to approve the proposed annexation agreement, seconded by Mr. Roskamp. The motion passed.

**AGREEMENT  
TRANSFER OF SERVICE TERRITORY  
between the CITY OF BROOKINGS and  
SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.**

**(City of Brookings Resolution 24-025)**

THIS AGREEMENT made and entered into this 28 day of May, 2024 by and between SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC., hereinafter referred to as the "Cooperative" and the MUNICIPAL UTILITY BOARD for the CITY OF BROOKINGS, SOUTH DAKOTA, hereinafter referred to as the "City", WITNESSETH:

WHEREAS, the Cooperative and the City entered into a Territorial Agreement dated January 19, 1976, pursuant to the provisions of Chapter 49-34A, SDCL, which Agreement was approved and ratified by the Public Utilities Commission for the State of South Dakota, and

WHEREAS, thereafter the City did annex certain territories to the City, which territories were service territory of the Cooperative, and

WHEREAS, the City has proposed to purchase the facilities and assume service to all consumers in the newly annexed areas pursuant to letter proposals dated November 6, 2023 and the Cooperative is required to transfer said territory in accordance therewith, now therefore,

FOR AND IN CONSIDERATION of the mutual promises, conditions and terms contained herein, the parties do hereby covenant, contract and agree as follows, to-wit:

I.

The Cooperative hereby relinquishes all service rights to the City in the following described territory, to-wit: Resolution 24-025; The resolution annexing the Northeast Quarter of the Northwest Quarter (NE ¼ NW ¼) Except Outlot "A" thereof, of Section Three (#), Township On Hundred Nine (109) North, Range fifty (50) West of the 5th P.M. County of Brookings, State of South Dakota.

in accordance with the maps attached hereto as "Exhibit A1 ".

II.

The Cooperative hereby is required to sell and the City hereby is required to purchase the electric lines, poles, appurtenances and facilities located within and/or near the above described property and to pay for the costs of reintegrating the Cooperative's system, all in accordance with the schedule attached hereto as "Exhibit B".

III.

The purchase price for facilities being sold to the City shall be \$1,260.97, as itemized and set forth in said Exhibit B attached. Said purchase price shall be paid by the City within 30 days of the Date of Possession.

IV.

As and for additional consideration for the purchase of the Cooperative's facilities and the right to serve existing and all future customers within the above described territory assumed by the City, the City furthermore agrees to pay as compensation for service rights, an annual amount equal to the sum of twenty-five percent of the gross revenues received from power sales to consumers of electric power within the annexed area. The obligation of the annexing municipality to compensate the utility for service rights shall continue for eleven years from the date of the offer to purchase by the annexing municipality. During the eleven-year period, compensation for service rights to any one customer location within the annexed area shall be paid by the annexing municipality for a period of seven years or until the expiration of the eleven-year period, whichever is less. Gross revenues received shall be determined by applying the rate in effect by the municipality at the time of purchase.

V.

The City agrees to apply to the South Dakota Public Utilities Commission of the State of South Dakota for the transfer and assignment of the Cooperative's certified service territory to the City.

VI.

It is understood and agreed that the Date of Possession of said territory shall be \_\_\_\_\_. The

parties agree to work together to effect a smooth transition causing the least inconvenience to electric patrons located within the City.

VII.

The Cooperative agrees to refund to its customers, as of, or prior to the Date of Possession, any refundable deposits and there shall be no assumption by the City of such refundable deposits. From and after the Date of Possession, the Cooperative agrees to indemnify, and save harmless the City against any and all claims based upon transactions occurring prior to the Date of Possession with respect to refundable deposits.

VIII.

At the time of transfer of individual consumers, the consumer meters shall be jointly read by representatives of the City and the Cooperative. This reading shall be used to determine the final bill to be issued by the Cooperative and the initial reading for use by the City. The Cooperative shall be entitled to all revenues derived from sales prior to said meter reading, and shall be responsible for collection of those revenues, except: any receivables still outstanding 60 days following the transfer date shall be purchased by the City, and further collection shall be the responsibility of the City. The Cooperative shall make diligent effort to collect its revenues within the 60 day period.

IX.

The Cooperative's cash retirement of consumers' retained capital credits shall be consistent with Cooperative policy.

X.

The Cooperative shall assign to the City all right-of-way easements of record pertaining to the facilities to be purchased by the City through this Agreement. The City shall prepare the assignment documents.

BRANDON SERVICE CENTER UPDATE

Ted Smith gave an update on the Brandon building project. Ted stated that there has been lots of progress and the project is on schedule. He also reviewed the change orders that have been needed and the costs associated with the changes.

BYLAW REVIEW

Manager McCarthy called upon Attorney Nadolski to review Bylaw Articles 3, 4, and 5.

POLICY REVIEW

Manager McCarthy reviewed Board Policy 8, Board Operating Guides 8-1 through 8-11, and Board Operating Procedures 8-100 through 8-103. Dr. Heinemann made a motion, seconded by Mr. Leuthold, to approve the board policy, board operating guides, and board operating procedures. The motion carried.

STRATEGIC PLANNING

Manager McCarthy reviewed a draft agenda for the Strategic Planning Session which will be held on June 20. Discussion was held regarding the proposed agenda topics, and the draft agenda was amended.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Manager McCarthy informed the Board that the signed financial report for 2023 is available for their review.

Justin Moose gave a brief update on the Community Solar Project. There will be a presentation at the June board meeting regarding the project.

Manager McCarthy reviewed wholesale power purchases, sales, revenue, and the 2024 work order status report. Discussion was held regarding the Service Order Surveys.

Manager McCarthy presented key highlights of the East River General Manager's report including the Mid-West Water and Power Committee Meeting, extension of lines of credit, Basin Electric-Crow Creek Sioux Tribe negotiations, a cyberattack on a rural Texas water system, the EPA's final Power Plant Rule, and an emergency waiver for E15.

ACCEPT GENERAL MANAGER'S REPORT

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

REPORTS ON POWER SUPPLY MEETINGS

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

L&O Power – Directors Roskamp, Johnson, and Leuthold reported on their attendance of the L&O Power board meeting.

REPORTS ON MEETINGS ATTENDED

NRECA Legislative Conference – Directors Heinemann and Johnson reported on their attendance at this conference.

BLC 988.1 The Board's Role in Safety – Director DeGreef reported on his attendance at this class.

NOTICES OF MEETINGS, SELECTION OF DELEGATES, AND ATTENDANCE AUTHORIZATION

Basin Electric Caucus District 1, June 6, 2024 Madison, SD – Director DeMent was approved to attend and nominated to serve as the delegate per a motion made by Mr. Rogen, seconded by Mr. Johnson. The motion carried.

MREA District 5 Meeting, July 17, 2024 Sleepy Eye, MN – Directors DeMent and Weinacht were approved to attend and Mr. DeMent nominated to serve as the delegate and Mr. Weinacht nominated to serve as the alternate per a motion made by Mr. Rogen, seconded by Ms. Vostad. The motion carried.

BLC 965.1 Electric Vehicles: Strategy and Policy Considerations, August 6, 2024  
Bloomington, MN – Directors Heinemann and Johnson were authorized to attend by a motion made by Mr. DeGreef, seconded by Ms. Vostad. The motion carried.

MREA Energy Issues Summit, August 7-8, 2024 Bloomington, MN – All directors were authorized to attend by a motion made by Mr. Weinacht, seconded by Dr. Heinemann. The motion carried.

Basin Electric Annual Meeting, August 13-15, 2024 Bismarck, ND – All directors were authorized to attend, and Mr. DeGreef was nominated to serve as the delegate and Mr. Roskamp as the alternate per a motion made by Ms. Vostad, seconded by Dr. Heinemann. The motion carried.

American Coalition for Ethanol (ACE), August 14-16, 2024 Omaha, NE – All directors were authorized to attend by a motion made by Mr. Rogen, seconded by Mr. Roskamp. The motion carried.

OTHER BUSINESS

Discussion was held regarding the annual board reorganization/election of officers. Directors were each asked to express their interest in the officer positions that will be elected at the June board meeting.

Kimberlee Hansen gave an update on Steve Dvergsten's upcoming trip to Guatemala. This trip is part of NRECA's international program, Powering a Brighter Future.

EXECUTIVE SESSION

Dr. Heinemann made a motion to move into executive session to discuss internal cooperative business, seconded by Mr. Daniel at 2:45 p.m. The motion carried. All directors were in attendance. The executive session adjourned at 3:25 p.m.

NEXT MEETING

The next regular board meeting will be held on Wednesday, June 19, 2024 at 8:30 a.m. in the Colman boardroom.

ADJOURNMENT

Dr. Heinemann made a motion to adjourn the Sioux Valley Energy board meeting at 3:30 p.m., seconded by Mr. Leuthold. The motion carried.

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Donald DeGreef, Secretary

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