

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
January 25, 2021**

The regular meeting of the Board of Directors of Sioux Valley-Southwestern Electric Cooperative, Inc. (DBA Sioux Valley Energy) was held on January 25, 2021 commencing at 8:30 a.m. via Zoom.

The meeting was called to order by President Allan Weinacht who presided and Allan Kooima, Secretary, acted as Secretary.

Roll call showed the following members present:

Rodney DeMent	Dan Leuthold	Allan Weinacht
Don DeGreef	Gregg Johnson	Allan Kooima
Bruce Martinson	Lucas Roskamp	Dave Daniel
Gary Fish	Mark Rogen	

All directors were present. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Betty VanDerWerff, Carrie Vugteveen, Ted Smith, and Debra Biever along with Executive Assistant, Brenda Schelhaas. Guest in attendance was Ben Pierson, Manager of Beneficial Electrification.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. A motion to approve the agenda was made by Mr. Fish, seconded by Mr. Martinson. The motion carried.

REVIEW AND CONSIDERATION OF MEETING MINUTES

A motion to approve the minutes of the December 21, 2020 regular board meeting was made by Mr. Daniel, seconded by Mr. DeGreef. The motion carried.

A motion to approve the minutes of the December 21, 2020 Work Plan and Budget meeting was made by Mr. Leuthold, seconded by Mr. Johnson. The motion carried.

PRE-AUDIT BOARD/AUDITOR DISCUSSION

A teleconference with Craig Popenhagen from the Cooperative's auditing firm, CliftonLarsonAllen, LLP was held. Mr. Popenhagen provided information on the upcoming annual financial audit for Sioux Valley Energy including focus areas, audit/accounting standards and fraud procedures. The firm will also be performing a Federal Single Audit that is required for FEMA funds that Sioux Valley Energy received in 2020. The audit is scheduled for the week of March 17, 2021.

REVIEW AND CONSIDERATION OF SMEC RATES

Manager McCarthy called upon Betty VanDerWerff to present the SMEC Power Cost Adjustment (PCA) rate. The PCA was over collected in 2020 so the proposal is to reduce the 2020 rate of .01414 to .00704.

Betty also provided information on the SMEC Conservation Improvement Program (CIP) rate. The CIP true-up is either positive or negative each year depending on SVE's actual CIP expenditures. In 2020 SVE spent about \$2,000 more than what was collected for CIP. The recommendation is to eliminate the CIP rate.

Mr. DeMent made a motion, seconded by Mr. Daniel to approve the SMEC Power Cost Adjustment rate and eliminate the SMEC Conservation Improvement Program rate as of February 1, 2021. The motion carried.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S QUARTERLY EXPENSE STATEMENT

Mr. Daniel, Treasurer, reported that he reviewed the General Manager's quarterly expense and credit card statements for the period of October through December 2020 and found all expenses to be in order. The report was accepted, and payment of the General Manager's statement in the amount of \$ 714.78 was approved per a motion made by Mr. Daniel, seconded by Mr. Johnson. The motion carried.

REVIEW AND CONSIDERATION OF ATTORNEY'S QUARTERLY EXPENSE STATEMENT

Executive Assistant, Brenda Schelhaas, presented the quarterly expense statement for Attorney Peterson. A motion to approve payment of the Attorney's expense statement for October through December 2020 in the amount of \$11,802.42 was made by Mr. Rogen, seconded by Mr. Fish. The motion carried.

REVIEW AND CONSIDERATION OF BOARD OPERATING GUIDE 7-3, EQUAL EMPLOYMENT OPPORTUNITY/AFFIRMATIVE ACTION

Manager McCarthy called upon Debra Biever to present Board Operating Guide 7-3 (BOG 7-3), Equal Employment Opportunity/Affirmative Action. Debra presented the changes and updates to the board. Mr. Fish made a motion to adopt the changes to BOG 7-3, seconded by Mr. Daniel. The motion carried.

DEPARTMENT OF ENERGY "CONNECTED COMMUNITY" GRANT APPLICATION

Manager McCarthy called upon Ben Pierson to present information regarding the Department of Energy "Connected Community" grant application. Ben provided the definition of a Connected Community, the project objective, and desired outcomes. The overall concept of the project is to prove that Grid-Interactive Efficient Building (GEB) principles can be implemented to change the load profile of a building or set of buildings in

order to better accept generation from a largely variable renewable energy source. The full application due date is March 3, 2021. If SVE’s application is awarded, this would be a three to five-year project which would begin in late 2021 or early 2022.

REVIEW AND CONSIDERATION OF DISTRICT MEETING DATES AND ANNUAL MEETING DATE

Manager McCarthy called upon Carrie Vugteveen to present the proposed schedule of dates for the 2021 district meetings and the 2021 annual meeting. Due to the COVID-19 pandemic, the proposal is that district meetings will only be held for those meetings with elections. Carrie also provided an example of an electronic district election nominating petition that is being developed. Due to the recent bylaw changes, electronic member signatures will now be accepted.

Mr. DeMent made a motion to approve the 2021 proposed district meeting dates and annual meeting date, seconded by Mr. Roskamp. The motion carried.

<u>DATE</u>	<u>DIRECTOR/DISTRICT</u>	<u>TOWN</u>
5/10/21	Martinson (3)	Flandreau
5/11/21	DeGreef (1)	Elkton
5/13/21	Leuthold (8)	Luverne
6/8/21	Annual Meeting	Luverne Drive-In

SCHOLARSHIP COMMITTEE VOLUNTEER

Carrie Vugteveen shared information regarding the scholarship committee that meets each year in February. This committee consists of two Operation Round Up board members, two Sioux Valley Energy employees, a school counselor, and a SVE board member. Carrie requested a volunteer from the Board for the committee. Mr. DeGreef volunteered to serve on the committee. Mr. Daniel made a motion to approve Mr. DeGreef as this year’s board scholarship committee member, seconded by Mr. Roskamp. The motion carried.

STRATEGIC PLANNING

Manager McCarthy discussed the items on the agenda for strategic planning in 2021. The agenda includes rate strategy, asset direction/headquarter location, five-year capital credit retirement plan, political participation, and the value-added loan program (expand beyond agriculture).

Manager McCarthy also shared some potential board education topics including CFC (Darrin Lynch-interpreting financial statements), MAC tour of Deer Creek, ADP tour, MTI tour and a board tour in the summer of 2021.

EXECUTIVE SESSION

Mr. Leuthold made a motion to move into executive session to discuss internal cooperative business, seconded by Mr. Daniel at 10:25 a.m. The motion carried. All directors were in attendance. The executive session adjourned at 11:10 a.m.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Manager McCarthy discussed key highlights from the East River General Manager's Report including Great River Energy's retirement of the Coal Creek Station units in North Dakota, business development, SolarWinds software supply chain attack, COVID-19 vaccination process, the Congressional relief package that didn't include the Flexible Financing for Rural America Act, Governor Noem's annual budget address, and Minnesota's seventh special session since the COVID-19 pandemic began.

Manager McCarthy reviewed wholesale power purchases, sales, and revenue. Manager McCarthy noted that the December financials will be included in the February board report.

Manager McCarthy discussed the 2021 mileage rate, IRS form 990 questionnaire, and network security testing that was recently performed.

Manager McCarthy reviewed the reported injury accidents, vehicle accidents and liability claims for 2020. He noted that all were down significantly from 2019. Near misses were slightly higher than 2019 but it is encouraging that near misses are being reported.

ACCEPT MANAGER'S REPORT

A motion to accept the Manager's Report was made by Mr. Daniel, seconded by Mr. Fish. The motion carried.

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– Mr. Kooima reported on his attendance of the SDREA board meeting.

SDREA Annual Meeting – Mr. Weinacht reported on his attendance of the SDREA annual meeting.

NOTICES OF MEETINGS, SELECTION OF DELEGATES AND ATTENDANCE AUTHORIZATION

East River Energize Forum, February 3-4, 2021 Sioux Falls, SD – All directors were authorized to attend by a motion made by Mr. Roskamp, seconded by Mr. Daniel. The motion carried.

MREA Annual Meeting, March 1-2, 2021 St. Paul, MN – All directors were authorized to attend by a motion made by Mr. Fish, seconded by Mr. Rogen. The motion carried.

CoBank Central Region Customer Meeting, March 18, 2021 Virtual – All directors were authorized to attend by a motion made by Mr. Daniel, seconded by Mr. Rogen. The motion carried.

OTHER BUSINESS

Discussion was held regarding holding board meetings in person and opening the service center doors to the public. Timing for both will depend upon several factors including COVID-19 vaccination for employees/board directors as well as community spread numbers.

NEXT MEETING

The next regular board meeting will be held on Tuesday, February 23, 2021 at 8:30 a.m. via Zoom.

ADJOURNMENT

Mr. DeMent made a motion, seconded by Mr. Leuthold to adjourn the Sioux Valley Energy board meeting at 12:25 p.m. The motion carried.

Allan Kooima, Secretary

Approved: _____