

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.  
April 26, 2022**

The regular meeting of the Board of Directors of Sioux Valley-Southwestern Electric Cooperative, Inc. (DBA Sioux Valley Energy) was held on April 26, 2022 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:

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

Also present were Attorney Alan Peterson, General Manager Tim McCarthy, Strategic Leadership Team members Debra Biever, Carrie Vugteveen, Ted Smith, and Jason Maxwell along with Executive Assistant, Brenda Schelhaas. Guests in attendance were Keith VanDuyn, Brandon Lane, and Mike Nadolski.

#### INTRODUCTION OF GUESTS

President Fish introduced District 2 Member Advisory Committee (MAC) member Keith VanDuyn and Mike Nadolski, attorney with Lynn, Jackson, Shultz & Lebrun. Carrie Vugteveen introduced Brandon Lane, Economic Development and Community Relations Executive. Brandon joined the team on April 18.

#### REVIEW AND CONSIDERATION OF AGENDA

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

#### REVIEW AND CONSIDERATION OF MEETING MINUTES

A motion to approve the minutes of the March 22, 2022 regular board meeting was made by Mr. Rogen, seconded by Mr. Roskamp. The motion carried.

#### REVIEW AND CONSIDERATION OF AMENDED AGENDA

Mr. Johnson asked that a member concern regarding the recent tree giveaway be added to the agenda. A motion to approve the amended agenda was made by Mr. Johnson, seconded by Mr. Rogen. The motion carried.

#### MEMBER CONCERNS

Mr. Johnson discussed a complaint he received from a member in his district regarding SVE's tree giveaway policy. This member wanted two set of trees because they have two accounts with SVE. The tree giveaway policy is that each membership receives one set of trees. Discussion was held and the policy will not be changed.

Manager McCarthy presented a member concern regarding the \$25 bill credit that members receive when they attend their district meeting. This member wanted District 4 meetings to be held in a summer month as they vacation in the winter and aren't able to attend the meeting in the winter. Discussion was held and the District 4 meeting will continue to be held in February or March each year.

#### REVIEW AND CONSIDERATION OF 2021 FINANCIAL AUDIT REPORT

Manager McCarthy called upon Jason Maxwell who introduced Craig Popenhagen of the CliftonLarsonAllen, LLP auditing firm. Mr. Popenhagen reviewed the annual audit of Sioux Valley Energy's 2021 financial statements. The audit was performed remotely again this year, and all items were submitted electronically. Mr. Popenhagen stated that the audit went smoothly and the SVE staff was easy to work with.

Mr. Popenhagen also stated that the Cooperative is in strong financial condition and exercising effective internal controls. He reported a "clean audit". Mr. Popenhagen noted that the financial reports are presented fairly and that there were no compliance issues. He also reviewed financial ratios, revenue and expense ratios, growth ratios, and plant ratios to illustrate how the Cooperative compares with other cooperatives in the area. A motion to approve the 2021 Audit Report, as presented, was made by Mr. Weinacht, seconded by Mr. Daniel. The motion carried.

#### WEST CENTRAL SCHOOL SCOREBOARD

Carrie Vugteveen presented a request for a commitment to sponsor the West Central School scoreboard. Mr. Johnson made a motion to support a commitment of \$7,000 per year for five years beginning with the 2023 budget year, seconded by Mr. Rogen. The motion carried.

#### DISTRICT MEETING OVERVIEW

Carrie Vugteveen gave an overview of the 2022 district meetings including historical attendance, attendance totals per district, and historical attendance by district. Carrie also provided a registration map that showed the service location of each member who registered. A total of 3,805 people attended the district meetings this year.

#### REVIEW AND CONSIDERATION OF CITY OF LUVERNE ANNEXATION RESOLUTION

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

**AGREEMENT  
TRANSFER OF SERVICE TERRITORY  
between the CITY OF LUVERNE and  
SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.  
(City of Luverne Resolution 07-22)**

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THIS AGREEMENT made and entered into this 26th day of April, 2022 by and between SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC., hereinafter referred to as the "Cooperative" and the MUNICIPAL UTILITY BOARD for the CITY OF LUVERNE, MINNESOTA, hereinafter referred to as the "City", WITNESSETH:

WHEREAS, the Cooperative and the City entered into a Territorial Agreement on April 12, 1974, pursuant to the provisions of Chapter 216B.39 of the Minnesota Statutes, which Agreement was approved and ratified by the Public Utilities Commission for the State of Minnesota, 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, pursuant to the provisions of Chapter 216B.44 of the Minnesota Statutes, in the newly annexed areas pursuant to letter proposals dated January 24, 2022 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 7-22; That part of the Southwest Quarter ( SW 1 / 4 ) of Section Thirty-five ( 35 ), Township 103 North, Range 45 West of the 5th P.M., Rock County, Minnesota, described as follows:

Commencing at the Southwest Corner of said Section 35; thence South 89° 28' 15" East on the south line of said SW 1 / 4 for a distance of 607. 25 feet to the Point of Beginning; thence continuing South 89' 28' 15" East on said south line for a distance of 920.00 feet; thence North 00° 04' 52" East for a distance of 149. 02 feet; thence North 48° 04' 12" West for a distance of 475. 70 feet; thence North 89° 28' 15" West for a distance of 561. 58 feet; thence South 00° 04' 52" West for a distance of 459. 00 feet to the Point of Beginning, containing 8. 42 acres, inclusive of 0. 70 acres of public road right-of-way on the south side thereof.

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 \$0.00, as the cooperative does not have any facilities in the affected area.

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 amount equal to the amount of margin the cooperative would lose over the course of the next ten years on the annexed property as per Minnesota Statute 216B.44 paragraph B. percent of the gross revenues received from power sales to consumers of electric power within the annexed area.

## V.

The City agrees to apply to the Minnesota Public Utilities Commission of the State of Minnesota 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.

## 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 January through March 2022 and found all expenses to be in order. The report was accepted, and payment of the General Manager's statement in the amount of \$4,818.20 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 January through March 2022 in the amount of \$16,470.16 was made by Mr. Roskamp, seconded by Mr. Daniel. The motion carried.

### EMPLOYEE CULTURE SURVEY RESULTS

Debra Biever introduced Rana DeBoer from Keystone Group International. All SVE employees completed a survey in March, and Rana presented the results of the survey in the Sioux Valley Energy Culture Report. Rana provided a heat map which showed areas of strength and opportunities for growth within SVE. There are four stages of Conscious Culture with Stage 4 being the strongest culture. Overall, SVE scored a healthy Stage 3 with a Safety Culture score in Stage 4. The Strategic Leadership Team will continue working with Rana to develop a Culture Roadmap focusing on growth opportunities and enhancing areas of strength.

### EXECUTIVE SESSION

Mr. Weinacht made a motion to move into executive session to discuss internal cooperative business, seconded by Mr. Leuthold at 11:05 a.m. The motion carried. All directors were in attendance and no action was taken. The executive session adjourned at 12:07 p.m.

### EMPLOYEE "THANK YOU" BONUS

Discussion was held regarding a bonus for all employees to help with current inflationary pressures and show appreciation for all their efforts these past two years during the COVID-19 pandemic. Mr. Weinacht made a motion to approve a \$2,500 "thank you" bonus for all employees, seconded by Mr. Rogen. The motion carried.

### BOARD REDISTRICTING

The Board asked that some additional information be provided to help with the board redistricting process. The Strategic Leadership team will gather this information prior to the next board meeting.

### STRATEGIC PLANNING

Manager McCarthy discussed the August 22-23 Strategic Planning session that will be facilitated by CoBank. The agenda includes growth patterns, economic development, beneficial electrification, bitcoin mining, electronic currency, power supply contract, cybersecurity, and board redistricting.

### REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Manager McCarthy thanked the Board for the bonuses that were approved for all employees.

Manager McCarthy updated the Board on the rebranding process that Touchstone Energy has been working on. The plan is to bring information to employees and the MAC and then to the Board for a final decision on how to move forward.

Manager McCarthy reviewed wholesale power purchases, sales, and revenue. He noted that there were 48 new service requests in March compared to 46 this same time last year. Manager McCarthy highlighted areas of the March 2022 revenue and expense statement. He also noted that the DUO two-factor authentication system was implemented this past month, and plans are moving forward for the Community Solar project that will be located at the Colman Service Center.

Manager McCarthy discussed key highlights from the East River General Manager's report including SD housing infrastructure funding, farmland carbon sequestration program, SPP update, FEMA/grant support, EPA power plant regulations, South Dakota candidates file petitions, and 20 candidates file to run for Hagedorn's seat in Minnesota.

### ACCEPT MANAGER'S REPORT

A motion to accept the Manager's Report was made by Mr. Weinacht, seconded by Mr. Leuthold. 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 – Director Daniel reported on his attendance of the SDREA board meeting that was held in Pierre, SD.

NRECA Directors Conference – Director Rogen reported on his attendance of the NRECA Directors Conference that was held in Austin, TX.

L&O Power Coop Annual Meeting – Directors Weinacht and DeMent reported on their attendance of the L&O Power Coop annual meeting that was held in Larchwood, IA.

CoBank Customer Meeting – Director DeGreef reported on his attendance of the CoBank Customer Meeting that was held virtually.

BLC 927.1 Cybersecurity: The Board's Oversight Role – Director DeGreef reported on his attendance of BLC 927.1 that was held virtually.

NOTICES OF MEETINGS, SELECTION OF DELEGATES, AND ATTENDANCE AUTHORIZATION

MRET Annual Meeting, May 19, 2022 Virtual – All directors were authorized to attend by a motion made by Mr. Roskamp, seconded by Mr. Daniel. The motion carried.

CoBank Energy Directors Conference, July 12-14, 2022 Chicago, IL – Directors Daniel, DeGreef, Johnson, and Leuthold were authorized to attend by a motion made by Mr. Roskamp, seconded by Mr. Weinacht. The motion carried.

SDREA Legal Seminar, June 28-29, 2022 Chamberlain/Oacoma, SD; NRECA Legal Seminar, July 18-20, 2022 Portland, ME; NRECA Legal Seminar, August 8-10, 2022 Monterey, CA – Attorney Nadolski was authorized to attend by a motion made by Mr. Johnson, seconded by Mr. DeGreef. The motion carried.

NEXT MEETING

The next regular board meeting will be held on Tuesday, May 24, 2022 at 8:30 a.m. in the Colman boardroom.

ADJOURNMENT

Mr. DeGreef made a motion, seconded by Mr. Weinacht to adjourn the Sioux Valley Energy board meeting at 2:25 p.m. The motion carried.

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Don DeGreef, Secretary

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