

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.  
April 20th, 2020**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on April 20th, 2020 commencing at 8:20 a.m. via teleconference. Teleconference was necessary due to the COVID-19 Pandemic.

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.

**REVIEW AND CONSIDERATION OF AGENDA**

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

**REVIEW AND CONSIDERATION OF BOARD MEETING MINUTES**

A motion to approve the minutes of the March 23rd, 2020 regular board meeting was made by Mr. Daniel, seconded by Mr. Fish. The motion carried.

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

**MREA RESOLUTION VOTING**

Due to the cancellation of MREA's Annual Meeting, their board of directors authorized a vote by mail. Discussion was held regarding this blanket vote and the issues included in this resolution. Mr. Weinacht and Mr. Kooima will cast our vote after the East River meeting on May 7th. The deadline for this ballot is May 15<sup>th</sup>.

### ANNUAL MEETING

Manager McCarthy lead a discussion regarding our Annual Meeting and the COVID-19 Pandemic. Manager McCarthy and Mr. Peterson reviewed our legal obligations and we are not required to have an Annual Meeting. Mr. Martinson made a motion that we don't have an Annual Meeting this year. Seconded by Mr. Kooima. The motion carried.

### DISTRICT MEETING, DIRECTOR ELECTIONS

Due to the COVID-19 Pandemic, most of our District Meetings were canceled except for the first two meetings which were held prior to the decision to cancel the remaining meetings. We have four directors who would have had uncontested elections at their District Meetings. All of these directors' petitions have been filed and verified. These directors' three-year terms will expire on July 1<sup>st</sup>. Our bylaws require a meeting in order to elect a Board Director. Carrie Vugteveen reviewed a Virtual District Meeting Proposal. In order to meet the bylaw requirement and continue to meet CDC guidelines of social distancing recommendations, we plan to hold the elections district meetings via conference calls. These meetings will be held as follows:

District 5 on June 2<sup>nd</sup> at 7:00 p.m.

District 6 on June 2<sup>nd</sup> at 7:45 p.m.

District 7 on June 4<sup>th</sup> at 7:00 p.m.

District 9 on June 4<sup>th</sup> at 7:45 p.m.

A motion was made by Mr. Fish to approve the meeting dates and times. Seconded by Mr. Roskamp. Motion carried.

### REVIEW AND CONSIDERATION OF 2019 FINANCIAL AUDIT REPORT

Manager McCarthy called upon Betty VanDerWerff who introduced Craig Popenhagen of the Clifton Larson Allen, LLP auditing firm. Via teleconference, Mr. Popenhagen, reviewed the financial audit of the books and records for Sioux Valley Southwestern Electric Cooperative. This audit was done remotely and all items were submitted electronically due to the COVID-19 Pandemic.

Mr. Popenhagen stated that the Cooperative is in strong financial condition and exercising effective internal controls. Mr. Popenhagen reported the unmodified opinion of the 2019 consolidated financial statements. Mr. Popenhagen stated that Clifton Larson Allen, LLP is under the opinion that the audit is accurate and correct and is a "clean audit". A motion to approve the 2019 Audit Report, as presented, was made by Mr. Kooima, seconded by Mr. Daniel. The motion carried.

Clifton Larson Allen, LLP's three-year agreement with SVE expires this year. Discussion was held whether to retain this firm going forward or to do a request for proposals. It was decided to request a three-year proposal from Clifton Larson Allen, LLP.

### DIRECTOR EXPENSE BUDGET

Manager McCarthy discussed a budget exercise that Staff recently completed. Staff reviewed each budget line item to identify areas that could be reduced or eliminated to help offset the economic impacts the cooperative will experience due to the pandemic and pushing back the planned May rate increase. Potential savings in the Director Expense Budget were discussed. Betty VanDerWerff will prepare a forecast for the director expenses. Mr. Fish made a motion to form a committee to look at director expenses. Seconded by Mr. Johnson. Motion carried. A committee will be formed and will meet with Manager McCarthy and Betty VanDerWerff to make budget recommendations for director expenses for the rest of the year. Members of this committee will include Mr. Weinacht, Mr. Kooima and Mr. Daniel.

### SMALL BUSINESS ASSOCIATION PAYCHECK PROTECTION PLAN (SBA PPP)

Recently, the Small Business Paycheck Protection Plan was launched by the Small Business Administration to protect small businesses and their employees. Coops continue receiving mixed messages from local lenders on their eligibility for the PPP, with some applications being denied and many being held in abeyance until lenders receive clarification from SBA and the Department of Treasury. The first round of money from this program has been distributed but there is discussion regarding a second round of funding. We do have our application complete and will consider applying if additional funds become available.

### EARLY CAPITAL CREDIT RETIREMENT

Some cooperatives have been processing their capital credit retirements early this year. Depending upon our financial position, this is something that may be considered as part of our COVID-19 Pandemic response.

### SECURITY DEPOSITS

Electric deposits are being refunded by some cooperatives to help members with financial hardships they may face as a result of COVID-19. Discussion was held regarding the security deposits we currently have on file. We will continue to review accounts on an individual basis and consider a partial or full refund based on the credit history of our member.

### FINANCIAL ASSISTANCE TO MEMBERS

The Staff budget exercise identified \$131,000 that can potentially be reallocated to help our members with their electric bills.

Manager McCarthy asked the Board to agree conceptually to have Staff utilize the early capital credit retirement, security deposits and financial assistance to members as needed.

### REVIEW AND CONSIDERATION OF GENERAL MANAGER'S QUARTERLY EXPENSE STATEMENT

Mr. Daniel, Treasurer, reported that he reviewed the General Manager's expense and credit card statements for the period of January through March 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 \$3,103.76. was approved per a motion by Mr. DeGreef, seconded by Mr. DeMent. The motion carried.

### REVIEW AND CONSIDERATION OF ATTORNEY'S QUARTERLY EXPENSE STATEMENT

Brenda Schelhaas presented the quarterly expense statements for Attorney Peterson. A motion to approve payment of the Attorney's expense statements for January through March 2020 in the amount of \$11,194.84 was made by Mr. Daniel, seconded by Mr. Leuthold. The motion carried.

### STRATEGIC PLANNING

Manager McCarthy recognized employees and Staff for their efforts during this pandemic. Due to social distancing and remote work operations, it was necessary to change our work order process to an automated process. This process touches most departments and required a lot of thought and cooperation. We will continue to utilize this automated work order process after the pandemic has subsided.

### 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 noted that the number of new service requests in March were higher than this time last year. Our organizational structure changes are delayed due to the pandemic and the process to define our culture is also on hold until we are operating under normal business conditions.

Manager McCarthy gave an update on the REED fund.

Manager McCarthy gave an update on CFC, Co-Bank and RUS. He discussed some areas we would like to see them consider during this pandemic including relaxing some financial requirements and giving some leniency on financial ratios.

Manager McCarthy reviewed several members whose accounts are subject to disconnect.

### ACCEPT MANAGER'S REPORT

A motion to accept the manager's report was made by Mr. DeMent, seconded by Mr. Johnson. The motion carried.

REPORTS ON POWER SUPPLY MEETINGS

East River – Mr. DeMent reported on the East River board meeting that was held via teleconference.

L & O Power – Mr. Leuthold reported on the L & O board meeting that was held via teleconference.

REPORTS ON MEETINGS ATTENDED

L & O Annual Meeting – Mr. DeMent reported on the L & O annual meeting that was held via teleconference on April 7.

NOTICES OF MEETINGS AND AUTHORIZATIONS, SELECTION OF DELEGATES/ATTENDANCE

- 2020 MRET Annual Meeting, April 30, 1:00-2:00 p.m. via ZOOM
- CoBank Directors Conference, July 13-15, Colorado Springs, CO
- NRECA Regional 5 and 6 Meeting, September 15-17, Des Moines, IA

NEXT MEETING

The next regular board meeting will be held on Tuesday, May 26th, 2020 via teleconference.

ADJOURNMENT

Mr. DeMent made a motion, seconded by Mr. Roskamp to adjourn the Sioux Valley Energy board meeting at 11:10 a.m. The motion carried.

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Allan Kooima, Secretary

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