

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.  
September 22, 2023**

The regular meeting of the Board of Directors of Sioux Valley-Southwestern Electric Cooperative, Inc. (DBA Sioux Valley Energy) was held on September 22, 2023 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
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 Ted Smith, Kimberlee Hansen, Jason Maxwell, Justin Moose, and Carrie Vugteveen along with Executive Assistant, Brenda Schelhaas. Guests in attendance were Chris Graff, Jay Buchholz, and Marvin VanKekerix.

**INTRODUCTION OF GUEST**

President Fish introduced District 5 Member Advisory Council (MAC) member Marvin VanKekerix.

**INTRODUCTION OF NEW EMPLOYEE**

Justin Moose introduced Colton Spader, apprentice electrician. Colton joined the Sioux Valley Energy team on September 18.

**REVIEW AND CONSIDERATION OF AGENDA**

The agenda was presented for consideration. President Fish asked that agenda item 7) REED Fund Overview be moved down the agenda as the presenter has not arrived. He also asked that Board Retreat be added to the Executive Session agenda. A motion to approve the amended agenda was made by Mr. Leuthold, seconded by Mr. Weinacht. The motion carried.

**REVIEW AND CONSIDERATION OF BOARD MEETING MINUTES**

A motion to approve the minutes of the August 22, 2023 regular board meeting was made by Dr. Heinemann, seconded by Mr. Daniel. The motion carried.

**FIRST 24 HOURS TABLETOP EXERCISE**

Manager McCarthy called upon Terry Ebright, Safety Manager, to present a tabletop exercise regarding the steps that would be taken if an SVE employee had a serious injury or died as the result of an accident. Terry reviewed the contact chains and highlighted this area of the Emergency Response Plan.

REED FUND OVERVIEW

Eric Fosheim, Economic Development Manager at East River Electric, provided an overview of the Rural Electric Economic Development (REED) Fund. His overview included the history of the fund, legal and operational structure, capital resources (federal and private), terms, and eligibility.

SUBSTATION MODEL DEMONSTRATION

Manager McCarthy called upon Chris Graff, System Engineer, to give a presentation on the main components of a substation.

SMEC DIRECTOR RESOLUTION

Manager McCarthy shared that his position on the SMEC Board of Directors will expire at the end of this year. Manager McCarthy must be voted into his position on the board. Mr. Johnson made a motion to support Manager McCarthy serving on the SMEC Board of Directors, seconded by Mr. Leuthold. The motion carried.

**WHEREAS**, Tim McCarthy is currently the General Manager/CEO of Sioux Valley-Southwestern Electric Cooperative, Inc. (DBA Sioux Valley Energy) and Tim McCarthy meets the qualifications of a director as per SMEC Bylaws and Articles;

**NOW, THEREFORE BE IT RESOLVED**, that the Sioux Valley-Southwestern Electric Cooperative, Inc. (DBA Sioux Valley Energy) Board of Directors nominates General Manager/CEO Tim McCarthy to represent them on the SMEC Board of Directors.

REVIEW AND CONSIDERATION OF ANNUAL MEETING DATE AND VENUES

Manager McCarthy called upon Carrie Vugteveen to discuss a proposed date of June 11, 2024 and three venues (Brandon Valley High School, Pipestone Area High School, Sioux Valley School-Volga) for the 2024 Annual Meeting. Mrs. Vostad made a motion to hold the Annual Meeting on June 11, 2024 at the three proposed locations, seconded by Mr. Johnson. The motion carried.

SERVICE TERRITORY HISTORY

Ted Smith presented information on Sioux Valley Energy's service territory. His review included background/history, the current situation, and potential future growth.

REVIEW AND CONSIDERATION OF BROOKINGS ANNEXATION RESOLUTION

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

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

**(City of Brookings Resolution 22-103)**

THIS AGREEMENT made and entered into this 22<sup>nd</sup> day of September, 2023 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 22, 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 22-093; The resolution annexing the Northwest Quarter (NW<sup>1</sup>/<sub>4</sub>) of Section Thirteen (13) excluding the south Eight Hundred Sixty Feet (S 860') of the North One Thousand Nine Hundred Seventy Feet (N 1,970') of the West Six Hundred Twenty-eight Feet (W 628'), Excluding the North One Thousand One Hundred Ten Feet (N 1, 11 O') and Excluding Lot H-2 thereof; All in Section Thirteen (13), Township One Hundred Ten (110) North, Range Fifty (50) West of the 5th P.M., County of Brookings, State of South Dakota; and

The Northeast Quarter (NE<sup>1</sup>/<sub>4</sub>) of Section Thirteen (13), Excluding the North One Thousand One Hundred Ten Feet (N 1, 11 O') of the West Four Hundred Seventy-eight Feet (W 478') and Excluding the North Five Hundred Eighty-four Feet (N 584') of the East Five Hundred Twentyfour Feet (E 524') thereof, All in Section Thirteen (13), Township One Hundred Ten (110) 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 \$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 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 September 22, 2023. 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. A few change orders have been needed but the project is going as planned at this time. Ted then reviewed several tracts of land in the Hartford area that may be available for purchase in the future.

REVIEW AND CONSIDERATION OF 2024 DISTRICT MEETING SCHEDULE

The proposed schedule of dates and locations for the 2024 district meetings was reviewed. Mr. Rogen made a motion to approve the 2024 proposed district meeting schedule, seconded by Mr. Johnson. The motion carried.

<u>MEETING DATE</u>	<u>DIRECTOR/DISTRICT</u>	<u>TOWN</u>	<u>LOCATION</u>
Thursday, February 22	Daniel (4)	Madison SD	Dakota Prairie Playhouse
Monday, February 26	Heinemann (3)*	Flandreau SD	William J Janklow Community
Tuesday, February 27	Weinacht (5)	Colton SD	Taopi Hall
Thursday, February 29	Roskamp (10)	Edgerton MN	Edgerton Public School
Monday, March 11	Fish (6) & Rogen (6)	Brandon SD	Brandon High school
Tuesday, March 12	DeMent (7)	Hartford SD	West Central School
Thursday, March 14	Johnson (9)	Pipestone MN	Pipestone High School
Thursday, March 21	Vostad (2)	Volga SD	Sioux Valley School
Monday, March 25	DeGreef (1)*	Elkton SD	Elkton Community Center
Tuesday, March 26	Leuthold (8)*	Luverne MN	Generations

STRATEGIC PLANNING

There was no new information regarding strategic planning.

REVIEW AND CONSIDERATION OF GENERAL MANAGER’S REPORT

Manager McCarthy presented key highlights of the East River General Manager’s report including the Dakota Energy Annual Meeting, comments on the EPA power plant proposal, summer peaks, the NERC report, the Basin Annual Meeting and Members-Only Meeting, and Basin financials.

Manager McCarthy reviewed wholesale power purchases, sales, and revenue. He then discussed the revenue and expense statement and the consolidated statement. He also noted that the overall system CP for August 2023 was 171.8 MW which set a new all-time peak.

ACCEPT GENERAL MANAGER’S REPORT

A motion to accept the General Manager’s Report was made by Mr. Weinacht, seconded by Dr. Heinemann. The motion carried.

Dr. Heinemann left the board meeting.

#### REPORTS ON POWER SUPPLY MEETINGS

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

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

#### REPORTS ON MEETINGS ATTENDED

American Coalition for Ethanol (ACE) – Director Rogen reported on his attendance of this meeting.

BLC 965.1 Electric Vehicles: Strategy and Policy Considerations – Director DeGreef reported on his attendance of this class.

NRECA Regional 5&6 Meeting – Directors Roskamp, Weinacht, DeMent, and Fish reported on their attendance of this meeting.

#### NOTICES OF MEETINGS, SELECTION OF DELEGATES, AND ATTENDANCE AUTHORIZATION

Economic Outlook Seminar, October 3, 2023, Sioux Falls or Virtual – Director Degreef was authorized to attend by a motion made by Mr. Roskamp, seconded by Mrs. Vostad. The motion carried.

BLC 901.1 Rules and Procedures for Effective Board Meetings, November 29, 2023, Pierre, SD – All directors were authorized to attend by a motion made by Mr. Rogen, seconded by Mr. Leuthold. The motion carried.

#### EXECUTIVE SESSION

Mr. Weinacht made a motion to move into executive session at 1:20 p.m. to discuss internal cooperative business, seconded by Mr. Johnson. The motion carried. The executive session adjourned at 1:35 p.m.

#### OTHER BUSINESS

Mr. DeMent thanked the Strategic Leadership Team for the appreciation luncheon that was served to SVE employees to celebrate the ACSI score of 89.

#### NEXT MEETING

The next regular board meeting will be held on Tuesday, October 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 1:36 p.m., seconded by Mr. DeGreef. The motion carried.

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Donald DeGreef, Secretary

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