

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
November 28, 2023**

The regular meeting of the Board of Directors of Sioux Valley-Southwestern Electric Cooperative, Inc. (DBA Sioux Valley Energy) was held on November 28, 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	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 Ben Pierson, Molly Burmeister, and Nick Nelson.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. President Fish asked that items 4B) Board Retreat Results and 17B) Board Performance Review be added to the agenda. A motion to approve the amended agenda was made by Mr. Rogen, seconded by Mr. Daniel. The motion carried.

REVIEW AND CONSIDERATION OF BOARD MEETING MINUTES

A motion to approve the minutes of the October 24, 2023 regular board meeting was made by Mr. Johnson, seconded by Mr. Leuthold. The motion carried.

BOARD RETREAT RESULTS

President Fish gave an overview of the board retreat that was held on November 9, 2023. The retreat was facilitated by Mitch Majeski of Peak Solutions. The Board plans to hold a retreat every two to three years.

**2024 BUDGET PREVIEW AND SIOUX VALLEY ENERGY RATE DESIGN
DISCUSSION**

Manager McCarthy called upon Jason Maxwell to provide an overview of the 2024 budget. Key highlights of the overview included wholesale power purchases, sales revenue, and the rate outlook for 2024. The presentation included a projected 0.9% kWh sales increase. Discussion was held by the Board regarding the proposed increase. A motion was made by Mr. Rogen to project a 2.4% kWh sales increase for the 2024 budget, seconded by Mr. Daniel. The motion carried with Mr. DeMent voting against.

Nick Nelson, Rate and Financial Consultant, from Power System Engineering, Inc. (PSE) presented the results of the 2023 Cost of Service Study to the Board. This presentation included study objectives, revenue requirements, cost of service study results, and rate

design objectives. Sioux Valley Energy's current rates are not sufficient to meet the financial requirements and budgeted expense levels for 2024. The Board reviewed several rate scenarios and agreed that a rate increase will be needed in 2024. They directed Jason and the rate committee to plan for a rate increase effective April 2024. Additional information will be provided to the Board at the Workplan and Budget meeting that will be held on December 18, 2023.

EXECUTIVE SESSION

Mr. Leuthold made a motion to move into executive session at 11:30 a.m. to discuss internal cooperative business, seconded by Mr. Weinacht. The motion carried. The executive session adjourned at 11:37 a.m.

REVIEW AND CONSIDERATION OF RUS LABOR ONLY CONSTRUCTION CONTRACT-UNDERGROUND

Manager McCarthy called upon Ted Smith to present the proposed labor only contract for underground construction work for 2024. Pricing analysis was done for three contractors, and discussion was held by the Board. Mr. Weinacht made a motion to authorize the Board Chair and Secretary to execute one-year labor only contracts to May Construction and Precision Contracting on a non-bid basis, seconded by Mr. Rogen. the motion carried.

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.

REVIEW AND CONSIDERATION OF ATTORNEY COMPENSATION

The Board reviewed a request from Attorney Mike Nadolski to increase his current hourly rate from \$225 to \$235 effective January 1, 2024. A motion was made by Mr. Rogen to increase Attorney Nadolski's hourly rate from \$225 to \$235 effective January 1, 2024, seconded by Mr. Johnson. The motion carried.

SDREA BOARD OF DIRECTORS

Director Daniel was nominated to serve a three-year term on the SDREA Board of Directors by a motion made by Mr. Rogen, seconded by Mrs. Vostad. The motion carried.

POLICY REVIEW BOARD OPERATING GUIDE 8-7 DIRECTOR COMPENSATION AND BENEFITS

Board Operating Guide 8-7 Director Compensation and Benefits was reviewed. No changes will be made to the policy at this time.

STRATEGIC PLANNING

There was no discussion regarding strategic planning this month.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Carrie Vugteveen and Manager McCarthy discussed a commitment that Sioux Valley Energy has made to the Tri-Valley School district. SVE will donate \$10,000 a year for the next five years toward a scoreboard in the gymnasium. The scoreboard will feature SVE's logo/name and safety ads will run on the scoreboard.

Manager McCarthy reviewed wholesale power purchases, sales, and revenue. He then discussed the revenue and expense statement and the consolidated statement.

Justin Moose informed the board that SVE is discontinuing the sale of Kohler generators. Due to the number of other contractors now installing and maintaining these generators, it is no longer necessary to offer this service.

Justin Moose then provided the Board with information regarding SBS Cybersecurity testing. SBS Cybersecurity completed SVE's annual network and web application testing during October. Two medium priority vulnerabilities were identified and have been addressed.

Manager McCarthy presented key highlights of the East River General Manager's report including Basin financials, new load interconnection requests, Navigator's cancelation of pipeline plans, Summit lawsuits, the South Dakota Governor's Pheasant Hunt, and the Dakota Energy vs. East River and Basin Electric lawsuit.

ACCEPT GENERAL MANAGER'S REPORT

A motion to accept the General Manager's Report was made by Mr. Weinacht, seconded by Mr. Daniel. 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 – Director Leuthold reported on his attendance of the L&O Power board meeting.

REPORTS ON MEETINGS ATTENDED

MREA Fall DC Legislative Visit – Director Rogen reported on his attendance of this legislative visit.

BLC 975.1 Capital Credit Issues and Decisions – Director DeGreef reported on his attendance of this class.

SVE/SEC Legislative Forum – Directors Daniel, DeMent, Heinemann, and Rogen reported on their attendance of this forum.

NOTICES OF MEETINGS, SELECTION OF DELEGATES, AND ATTENDANCE AUTHORIZATION

SDREA Annual Meeting, January 11-12, 2024 Pierre, SD – All directors were authorized to attend, and Director Rogen was nominated to serve as the voting delegate and Director DeGreef as the alternate by a motion made by Mr. Weinacht, seconded by Mrs. Vostad. The motion carried.

NRECA PowerXchange, March 1-6, 2024 San Antonio, TX – All directors were authorized to attend, and Director Fish was nominated to serve as the voting delegate and Director DeGreef as the alternate by a motion made by Mr. DeMent, seconded by Mr. Weinacht. The motion carried.

MREA Annual Meeting, March 19-20, 2024 St. Paul, MN – All directors were authorized to attend, and Director Roskamp was nominated to serve as the voting delegate and Director Johnson as the alternate by a motion made by Mr. DeMent, seconded by Mr. Weinacht. The motion carried.

OTHER BUSINESS

President Fish noted that the annual ACRE and REPAC contributions will be included on the December director expense statements.

BOARD MEETING PERFORMANCE FEEDBACK

Mr. Rogen and President Fish noted that good discussion was held regarding the budget presentation.

NEXT MEETINGS

The 2024 Work Plan and Budget meeting will be held on Monday, December 18, 2023 at 8:30 a.m. The next regular board meeting will be held on Tuesday, December 19, 2023 at 8:30 a.m. Both meetings will be held in the Colman boardroom.

ADJOURNMENT

Mr. Johnson made a motion to adjourn the Sioux Valley Energy board meeting at 2:10 p.m., seconded by Mr. DeGreef. The motion carried.

Donald DeGreef, Secretary

Date Approved: _____