

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
April 25, 2023**

The regular meeting of the Board of Directors of Sioux Valley-Southwestern Electric Cooperative, Inc. (DBA Sioux Valley Energy) was held on April 25, 2023 commencing at 1:00 p.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 Debra Biever, Justin Moose, Ted Smith, Jason Maxwell (via Zoom), and Carrie Vugteveen along with Executive Assistant, Brenda Schelhaas. Guests in attendance were Henning Hansen, John Kleinjan, and Robert Short.

INTRODUCTION OF GUESTS

President Fish introduced Henning Hansen, John Kleinjan, and Robert Short, Member Advisory Council (MAC) members from District 1.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. Mr. Johnson asked that Relationship with CFC and CoBank be added to the agenda under Other Business. A motion to approve the amended agenda was made by Mr. Johnson, seconded by Mr. Daniel. The motion carried.

REVIEW AND CONSIDERATION OF MEETING MINUTES

A motion to approve the minutes of the March 28, 2023 regular board meeting was made by Mr. DeGreef, seconded by Mr. Leuthold. The motion carried.

REVIEW AND CONSIDERATION OF 2022 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 2022 financial statements. Mr. Popenhagen stated that the audit went smoothly and the SVE staff were 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 2022 Audit Report, as presented, was made by Mr. Weinacht, seconded by Mr. Roskamp. The motion carried.

DISTRICT MEETING OVERVIEW

Carrie Vugteveen gave an overview of the 2023 district meetings including historical total attendance, attendance totals per district, and historical attendance by district. A total of 4,364 people attended the district meetings this year.

ANNUAL MEETING PREVIEW

Carrie Vugteveen previewed the annual meeting which will be held on June 6. She noted a new format which will include three venues. West Central School in Hartford will be the main location, and the meeting will be broadcast to the Generations Event Center in Luverne and Sioux Valley School in Volga. Each location will feature the same menu, bingo, and kids' activities with live music following the meeting.

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 2023 and found all expenses to be in order. The report was accepted, and payment of the General Manager's statement in the amount of \$4,653.38 was approved per a motion made by Mr. Daniel, seconded by Mr. DeGreef. The motion carried.

REVIEW AND CONSIDERATION OF ATTORNEY'S QUARTERLY EXPENSE STATEMENT

Executive Assistant, Brenda Schelhaas, presented the quarterly expense statement for Attorney Nadolski. A motion to approve payment of the Attorney's expense statement for January through March 2023 in the amount of \$8,404.61 was made by Mr. Johnson, seconded by Mr. Rogen. The motion carried.

LARGE POWER COINCIDENTAL PEAK PILOT RATE

Debra Biever provided information on the Large Power Coincidental Peak Pilot Rate. This rate would initially be tested with a maximum of ten large power accounts. The new rate would bill each member their kW recorded during the 30-minute window that SVE is billed demand by its power suppliers, referred to as coincidental kW peak. Currently, SVE's large power rate bills the member's non-coincidental (maximum) peak each month. Dr. Heinemann made a motion to approve the Large Power Coincidental Peak Pilot Rate, seconded by Mr. DeGreef. The motion carried.

RESIDENTIAL BATTERY STORAGE PILOT

Debra Biever reviewed the residential battery storage project that the Beneficial Electrification department will be starting soon. She explained the specifics of the project and asked for volunteers from the Board.

REVIEW OF SOUTH DAKOTA COGENERATION REPORT

Manager McCarthy called upon Debra Biever to provide information about the South Dakota Cogeneration Report. Each year SVE is required to file the Minnesota Co-Gen Report with the Board of Directors. South Dakota doesn't have this requirement but going forward the South Dakota Co-Gen Report will be provided to the Board along with the Minnesota report as informational only. Debra then reviewed the 2022 Combined Co-Generation Report.

CAPITAL CREDIT SPECIAL EARLY RETIREMENT PROCESS

Debra Biever presented information regarding a proposed change in the capital credit retirement process. The current process provides an early payout at a discounted rate for members with a capital credit allocation balance of \$250 or less who are moving off SVE lines. The proposed change would provide an early payout at a discounted rate for those with a capital credit allocation balance of \$1,000 or less. Discussion was held. Mrs. Vostad made a motion to approve the early retirement of capital credits at a discounted rate to members' final bills as long as their total capital credit accrual is \$1,000 or less, seconded by Mr. Daniel. The motion passed with Mr. DeMent voting against.

REVIEW AND CONSIDERATION OF 2023 AFFIRMATIVE ACTION PROGRAM

Manager McCarthy called upon Debra Biever who reviewed the three different Affirmative Action programs addressed in the Cooperative's Affirmative Action Plan for calendar year 2023. The Affirmative Action programs include one for minorities and women, one for individuals with disabilities, and one for protected veterans. Discussion was held. A motion was made by Mr. Daniel, seconded by DeGreef, to adopt the 2023 Affirmative Action Plans and affirm that the Cooperative is complying with the requirements of the plan. The motion passed with Dr. Heinemann voting against.

HARTFORD SERVICE CENTER

Ted Smith provided an update on the Hartford Service Center and the water issues that have been on-going at that facility. SVE has been in communication with the owner of the building.

STRATEGIC PLANNING

Discussion was held regarding topics for the Board's strategic planning session that will be held in July. Topics include SVE's contract with East River Electric, review of SVE's largest capital credit holders, financial forecast key assumptions, rate making design process/Cost of Service Study results, review of the Class C list by load size, and the Hartford Service Center.

BOARD TOUR

President Fish stated that the Board will be touring Dakota Ethanol on May 31, 2023 prior to the board meeting. SVE will provide hard hats and safety glasses for all attending.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Manager McCarthy reviewed wholesale power purchases, sales, and revenue. He noted that commercial requests for new services this year are much higher than anticipated.

Ted Smith provided an update on the Brandon Service Center addition. A contractor bidding meeting was held at the Brandon Service Center in April. The architect for the project went through the building addition specifics for all contractors present who have an interest in bidding on the project. The bid opening will be held at 9:00 a.m. on Wednesday, May 17 at the Brandon Service Center.

Manager McCarthy discussed key highlights of the East River General Manager's report including the Mid-West Electric Consumer Association, Western States Power Corporation, 2022 financial audit, grant applications, interest rates, banking failures, and the distribution automation task force.

ACCEPT GENERAL MANAGER'S REPORT

A motion to accept the General Manager's Report was made by Mr. Johnson, seconded by Mr. Roskamp. The motion carried.

DEBRA BIEVER RESIGNATION

The Board congratulated Debra Biever on her new job opportunity and thanked her for over 27 years of dedicated service to SVE. President Fish requested a resolution be prepared in appreciation of Debra Biever who will be leaving Sioux Valley Energy on May 19, 2023.

REPORTS ON POWER SUPPLY MEETINGS

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

REPORTS ON MEETINGS ATTENDED

SDREA Board Meeting – Director Daniel reported on his attendance of the SDREA Board Meeting.

L&O Power Coop Annual Meeting – Director DeMent reported on the L&O Power Coop Annual Meeting.

NRECA Legislative Conference – Directors DeGreef and Johnson reported on their attendance of the NRECA Legislative Conference that was held in Washington, DC.

NOTICES OF MEETINGS, SELECTION OF DELEGATES, AND ATTENDANCE AUTHORIZATION

MREA District 5 Meeting, July 20, 2023 Sleepy Eye, MN – All directors were authorized to attend by a motion made by Mr. Daniel, seconded by Mr. Rogen. The motion carried.

CoBank Energy Directors Conference, July 24-26, 2023 Colorado Springs, CO – Directors DeMent, Heinemann, Leuthold, and Roskamp were authorized to attend by a motion made by Mr. Weinacht, seconded by Mr. Johnson. The motion carried.

BLC 951.1 Developing Effective Boardroom Decision-Making, July 27-28, 2023 Virtual – Directors DeGreef and Vostad were authorized to attend by a motion made by Mr. Rogen, seconded by Mr. Leuthold. The motion carried.

OTHER BUSINESS

Discussion was held regarding SVE’s loans and the agencies that money is borrowed from. The Board asked that Staff provide an annual update on SVE’s loans.

EXECUTIVE SESSION

Mr. Roskamp made a motion to move into executive session to discuss internal cooperative business, seconded by Mr. DeGreef at 5:25 p.m. The motion carried. All directors were in attendance. The executive session adjourned at 5:39 p.m.

NEXT MEETING

The next regular board meeting will be held on Wednesday, May 31, 2023. The Board will meet at 8:15 a.m. and carpool to Dakota Ethanol for a tour of the facility. The board meeting will be held in the Colman boardroom following the tour.

ADJOURNMENT

Mr. Leuthold made a motion to adjourn the Sioux Valley Energy board meeting at 5:40 p.m., seconded by Mr. Roskamp. The motion carried.

Donald DeGreef, Secretary

Date Approved: _____