

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

The regular meeting of the Board of Directors of Sioux Valley-Southwestern Electric Cooperative, Inc. (DBA Sioux Valley Energy) was held on February 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	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, Jason Maxwell, Ted Smith, and Carrie Vugteveen along with Executive Assistant, Brenda Schelhaas. Guests in attendance were Nancy Hinricher and Elisabeth Roelofs.

**REVIEW AND CONSIDERATION OF AGENDA**

The agenda was presented for consideration. President Fish asked that item 14) Review and Consideration of City of Brookings Annexation Resolution be moved to item 6A. A motion to approve the amended agenda was made by Mr. Daniel, seconded by Mr. Roskamp. The motion carried.

**REVIEW AND CONSIDERATION OF MEETING MINUTES**

A motion to approve the minutes of the January 26, 2023 regular board meeting was made by Mr. Johnson, seconded by Mr. Rogen. The motion carried.

**SAFETY STEERING COMMITTEE UPDATE**

Manager McCarthy called upon the Safety Steering Committee (SSC) to give the Board an update. The committee explained the Safety Balanced Scorecard and initiatives designed to strengthen SVE's overall culture of safety excellence including keeping the SSC visible and accountable to all employees, updating the SSC 'I Will' video with all new SSC members, and creating 'I Will' posters. The committee also discussed the creation and use of the 'All 4 Every Time' stickers. Present from the SSC were Kim Brendsel, Craig Namken, Josh Bjorkland, Jeremy Rollag, Cole Anderson, Derek Locke, Tim Durst, Mike Uhing, Daren Hoffer, and Debra Biever. Terry Ebright, Manager of Safety, also attended.

**WIDESPREAD SYSTEM OUTAGE SAFETY PROCEDURES**

Terry Ebright discussed the work that SVE employees do during storm restoration. He explained that employees don't work any differently during restoration work than they do on any given day. SVE allows crews to work 16-hour workdays and requires them to go home at night even during widespread outages. "All 4 Every Time" is also followed during storm restoration.

**REVIEW AND CONSIDERATION OF CITY 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. Daniel made a motion to approve the proposed annexation agreement, seconded by Mr. Johnson. The motion carried.

**AGREEMENT  
TRANSFER OF SERVICE TERRITORY  
between the CITY OF BROOKINGS and  
SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.  
(City of Brookings Resolution 22-091)**

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THIS AGREEMENT made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 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 22-091; The resolution annexing the North 18.84 Acres of Tract 1 of BMU WTP Addition in the Northwest ¼ of Section 20, Township 110 North, Range 50 West of the 5<sup>th</sup> P.M., in Brookings County, 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 \_\_\_\_\_. 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.

ECONOMIC DEVELOPMENT UPDATE

Manager McCarthy called upon Brandon Lane and Jay Buchholz to provide an economic development and REVIVE 2030 program update. They reviewed many projects that have begun or are in the development phase throughout the Sioux Valley Energy footprint.

LOGO DESIGN

Carrie Vugteveen presented the Strategic Leadership Team's final logo recommendation for board approval. The new logo has brighter colors, will match SVE's trucks better, and will be easier to reproduce on a consistent basis. Mr. Rogen made a motion to approve the logo as presented, seconded by Mr. Johnson. The motion carried.

DISCUSSION OF REC PROGRAM

Debra Biever reviewed the Renewable Energy Credit (REC) Program with the Board. She explained how RECs are allocated and their value to SVE. The money generated by REC sales to members is earmarked for renewable energy projects. SVE plans to purchase a battery to use for peak shaving and pilot two residential battery storage systems in 2023.

NOTICES OF MEETINGS, SELECTION OF DELEGATES, AND ATTENDANCE AUTHORIZATION

L & O Power Coop Annual Meeting, April 4, 2023 Worthington, MN – All directors were authorized to attend, Director Dement was nominated to serve as the voting delegate and Director Weinacht as the alternate by a motion made by Mr. Rogen, seconded by Mr. Johnson. The motion carried.

CCD 2630 Strategic Planning, April 4, 2023 Pierre, SD – Director Vostad was authorized to attend by a motion made by Mr. Roskamp, seconded by Mr. Weinacht. The motion carried.

BLC 965.1 Electric Vehicles: Strategy and Policy Considerations, April 13-14, 2023 Virtual – Director DeGreef was authorized to attend by a motion made by Mr. Daniel, seconded by Mr. Leuthold. The motion carried.

NRECA Legislative Conference, April 16-19, 2023 Washington, DC – Director DeGreef and Director Johnson were authorized to attend by a motion made by Mr. Weinacht, seconded by Ms. Vostad. The motion carried.

REVIEW AND CONSIDERATION OF MEETING DATES

Due to a conflict with another meeting, the July board meeting date was changed from July 21, 2023 to July 19, 2023 by a motion made by Mr. Roskamp, seconded by Mr. Daniel. The motion carried.

Due to a conflict with the Christmas holiday, December 18 and 19 were set for the work plan and budget meeting and the December regular board meeting per a motion made by Mr. DeGreef, seconded by Mr. Weinacht. The motion carried.

ACCEPT GENERAL MANAGER'S REPORT

A motion to accept the General Manager's Report as written was made by Mr. DeGreef, seconded by Dr. Heinemann. The motion carried.

REVIEW AND CONSIDERATION OF THE MINNESOTA COGENERATION FILING AND REPORT

Manager McCarthy called upon Debra Biever to review the documents for the 2023 Minnesota annual cogeneration filing and report. Mr. Weinacht made a motion to approve the 2023 Minnesota annual cogeneration filing and the 2023 Minnesota annual cogeneration report, seconded by Ms. Vostad. The motion carried.

STRATEGIC PLANNING

Discussion was held regarding topics for the Board's strategic planning session that will be held in July. Suggested topics included SVE's contract with East River Electric and a review of SVE's largest capital credit holders.

EXECUTIVE SESSION

Mr. Weinacht made a motion to move into executive session to discuss internal cooperative business, seconded by Mr. DeGreef at 1:30 p.m. The motion carried. All directors were in attendance. The executive session adjourned at 1:58 p.m.

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

East River Energize Forum – Director Daniel reported on the Board's attendance of the East River Energize Forum that was held in Sioux Falls, SD.

NRECA Directors Conference – Directors Weinacht, DeGreef, and Daniel reported on their attendance of the NRECA Directors Conference that was held in Kansas City, MO.

MREA Annual Meeting – Directors Roskamp and Rogen reported on their attendance of the MREA Annual Meeting that was held virtually due to the weather in St. Paul, MN.

OTHER BUSINESS

There was no other business.

NEXT MEETING

The next regular board meeting will be held on Tuesday, March 28, 2023 at 8:30 a.m. in the Colman boardroom.

ADJOURNMENT

Mr. Weinacht made a motion to adjourn the Sioux Valley Energy board meeting at 3:07 p.m., seconded by Mr. Roskamp. The motion carried.

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Donald DeGreef, Secretary

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