

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
November 26, 2024**

The regular meeting of the Board of Directors of Sioux Valley-Southwestern Electric Cooperative, Inc. (DBA Sioux Valley Energy) was held on November 26, 2024 commencing at 8:30 a.m. in the Colman boardroom.

The meeting was called to order by President Dan Leuthold who presided and Don DeGreef, Secretary, acted as Secretary.

Roll call showed the following members present:

Don DeGreef	Dan Leuthold	Rodney DeMent
Ann Vostad	Dave Daniel	Gary Fish
Lucas Roskamp	Mark Rogen	Allan Weinacht
Leslie Heinemann	Gregg Johnson	

Also present were Attorney Mike Nadolski, General Manager Tim McCarthy, Strategic Leadership Team members Ted Smith, Jason Maxwell, Justin Moose, Kimberlee Hansen, and Carrie Vugteveen along with Executive Assistant, Brenda Schelhaas. Guests in attendance were Nick Nelson and Jody Lebahn.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. Mr. Daniel asked that SDREA Strategic Planning be added to agenda item 18) Reports on Meetings Attended. President Leuthold asked that Executive Session be moved to agenda item 7A). A motion to approve the amended agenda was made by Mr. Weinacht, seconded by Mr. Roskamp. The motion carried.

REVIEW AND CONSIDERATION OF MEETING MINUTES

A motion to approve the minutes of the October 22, 2024 regular board meeting was made by Mr. Johnson, seconded by Mr. Daniel. The motion carried.

2025 BUDGET PREVIEW AND RATE DESIGN

Manager McCarthy called upon Jason Maxwell to provide an overview of the 2025 budget. Key highlights of the overview included wholesale power purchases, sales revenue, and the rate outlook for 2025. Jason noted that Sioux Valley Energy's current rates are not sufficient to meet financial requirements and budgeted expense levels for 2025. The estimated revenues are approximately \$7.5 million short.

Nick Nelson, Rate and Financial Consultant, from Power System Engineering, Inc. (PSE) presented on Rate Design. This presentation included a study of current rates, revenue requirements, and rate design changes. The Board reviewed several rate scenarios and agreed that a rate increase will be needed in 2025. Mr. Daniel made a motion to approve a 4.9% rate increase effective January 1, 2025, seconded by Mr. Weinacht. The motion carried.

EXECUTIVE SESSION

Mr. Johnson made a motion to move into executive session to discuss internal cooperative business, seconded by Mr. Fish at 9:40 a.m. The motion carried. The executive session adjourned at 10:00 a.m.

REVIEW AND CONSIDERATION OF RUS LOAN RESOLUTIONS AND THE AUTHORIZATION OF SIGNATURES

Manager McCarthy called upon Attorney Nadolski to present the proposed Rural Utilities Service (RUS) Loan Resolutions and Authorization of Signatures. SVE received loan documents from RUS for a \$92,417,000 loan. This is the final process to secure funds from RUS to finance the four-year (2024-2027) construction work plan.

A motion was made by Mr. Roskamp to approve the RUS South Dakota 0012-U45 Loan Resolutions as presented by Attorney Nadolski, seconded by Ms. Vostad. The motion carried.

*SOUTH DAKOTA 0012-U45 MINNEHAHA
RESOLUTIONS*

WHEREAS, the Board of Directors has been presented with a Rural Utilities Service Loan Contract ("RUS Loan Contract"), dated as of September 30, 2024, between Sioux Valley-Southwestern Electric Cooperative, Inc., ("Corporation") and the United States of America, acting through the Administrator of the Rural Utilities Service to be executed by the Corporation; and

WHEREAS, the Board of Directors has been presented with a Treasury Direct Note ("RUS Note") dated as of September 30, 2024, between the Corporation and the United States of America, acting through the Administrator of the Rural Utilities Service ("RUS") to be executed by the Corporation; and

WHEREAS, the Board of Directors has been presented with a Restated Mortgage and Security Agreement dated as of September 30, 2024, between the Corporation and the United States of America, acting through the Administrator of the Rural Utilities Service, the National Rural Utilities Cooperative Finance Corporation, and CoBank, ACB, to be executed by the Corporation; and

WHEREAS, the President of the Corporation has recommended that the Board of Directors approve the execution and filing by the President of the RUS Loan Contract, the RUS Note, the Restated Mortgage and Security Agreement, and such other documents as required by the United States of America, acting through the Administrator of the Rural Utilities Service.

NOW, THEREFORE, BE IT,

1. RESOLVED that the Corporation borrow from United States of America (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS") an amount not to exceed **\$92,417,000.00**; and
2. RESOLVED that the Corporation accept the terms and conditions which the Administrator of RUS has established for obtaining the RUS loan, as such terms and conditions are set forth; and
3. RESOLVED that the President is authorized on behalf of the Corporation to execute and deliver under its corporate seal, which the Secretary is directed to affix and attest:
 - (a) as many counterparts respectively as shall be deemed advisable of an agreement with the Government, in the form of the RUS Loan Contract submitted to this meeting; and

- (b) a note payable to RUS in the principal amount of **\$92,417,000.00**, substantially in the form of the RUS note submitted to this meeting; and
- (c) as many counterparts as shall be deemed advisable of a Restated Mortgage and Security Agreement by and among the Borrower, the Government, National Rural Utilities Cooperative Finance Corporation, and CoBank, ACB which, among other things, pledges all of the Corporation's property to secure notes payable to the Government in the aggregate principal amount not to exceed **\$450,000,000.00** at any one time, and a financing statement, substantially in the form of the security instruments presented to this meeting; and

4. RESOLVED that the officers of the Corporation be, and each of them is authorized in the name and on behalf of the Corporation, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions; and

5. RESOLVED that President, Vice President, Secretary, Treasurer, General Manager/CEO, Chief Financial Officer (CFO), and any official(s) authorized to act in such corporate position(s) and to perform the functions of such position(s) are authorized on behalf of the Borrower (a) to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing election notices, in the form of such instruments attached to the note payable to RUS, and (b) to specify information and select options as provided in such instruments.

REVIEW AND CONSIDERATION OF UPDATE TO THE BASIN LOAD FORECAST FOR SIOUX VALLEY ENERGY

Manager McCarthy called upon Ted Smith to review the 2025 update to the 2023 Basin load forecast for the time period from 2025 to 2050. Mr. Weinacht made a motion to approve the 2025 Update to the 2023 Load Forecast resolution, seconded by Mr. Rogen. The motion carried.

WHEREAS, Basin Electric Power Cooperative has completed a detailed forecast of total demand and energy requirements for the period of 2025 through 2050; and

WHEREAS, the forecast was prepared in accordance with current Rural Utilities Service regulations using reasonable methodologies; and

WHEREAS, the Board of Directors of Sioux Valley Energy has reviewed the study and its conclusions;

THEREFORE, BE IT RESOLVED, that the Board of Directors of Sioux Valley Energy does hereby adopt and approve the 2025 Update to the 2023 Load Forecast prepared by Basin Electric Power Cooperative as a reasonable forecast of the future demand and energy requirements for Sioux Valley Energy through the year 2050.

And that the action taken and/or resolutions adopted as above set out have never been rescinded, altered, amended, modified or repealed, and are of the date hereof in full force and effect.

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 2025. Pricing analysis was done for three contractors, and discussion was held by the Board. Mr. Johnson 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. Weinacht. the motion carried.

BRANDON SERVICE CENTER UPDATE

Ted Smith gave an update on the Brandon building project. The only items left in the new addition are the Frontier Room table top which needs to be replaced as it was damaged during assembly, delivery of dispatch and break room furniture, and the delivery and installation of the generator. The refresh of the existing office area is moving along well. A walk through is scheduled for December 2 at which time a punch list will be created. The contractor is planning to take care of the punch list items the first week of December and plans to start moving furniture back in the second week of December. At this point, the entire project, except the generator, is projected to be complete by December 13.

NETWORK SECURITY TESTING

Manager McCarthy called upon Justin Moose to review the annual network and web application security testing that was recently completed by SBS Cybersecurity. Justin stated that there were no high priority security vulnerabilities identified during the testing.

BOARD RESOLUTION TO ADOPT EXECUTIVE COMPENSATION 457 (F) PLAN

Kimberlee Hansen reviewed a board resolution to adopt the Employee Deferred Compensation 457(f) Plan. The implementation process includes a board resolution, a consulting services agreement with Homestead Funds, and notification of the Department of Labor. Mr. Rogen made a motion to approve the resolution, seconded by Dr. Heinemann. The motion carried.

Whereas, the Board of Directors of Sioux Valley Energy, hereafter referred to as the "Board," desires to provide supplemental retirement savings and/or incentive compensation payments to certain employees;

Resolved, that Sioux Valley Energy (the "Employer") hereby adopts the Deferred Compensation 457(f) Plan in the form presented, to be effective on the 1st day of January, 2025; and

Resolved, that the officers of the Employer are authorized to execute any documents necessary to adopt this Deferred Compensation 457(f) Plan and to begin the investment of assets in the Homestead Funds.

POLICY REVIEW

Manager McCarthy reviewed Board Policy 7 and Board Operating Guides 7-1, 7-2, 7-3, and 7-4. Mr. Daniel made a motion, seconded by Mr. Roskamp, to approve the board policy and board operating guides. The motion carried.

STRATEGIC PLANNING

Manager McCarthy stated the Strategic Leadership Team continues to move forward with SVE's Culture of Care and Safety Excellence.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Manager McCarthy reviewed wholesale power purchases, sales, revenue, and the revenue and expense statement. He also discussed the CVR demand reduction program.

Manager McCarthy presented key highlights of the East River General Manager's report including GEVO news, Basin Electric financials, WAPA RECs, the Mid-West Resolutions Committee meeting, the SD PUC large load session, and SCOTUS' denial of the Power Plant Rule stay request.

ACCEPT GENERAL MANAGER'S REPORT

A motion to accept the General Manager's Report was made by Mr. Weinacht, seconded by Ms. Vostad. The motion carried.

REPORTS ON POWER SUPPLY MEETINGS

L&O Power – Directors Roskamp and Leuthold reported on their attendance of the L&O Power board meeting.

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

REPORTS ON MEETINGS ATTENDED

SDREA Strategic Planning Session – Director Daniel asked for input from directors and the Strategic Leadership Team regarding the SDREA Strategic Planning session that he will be attending.

NOTICES OF MEETINGS, SELECTION OF DELEGATES, AND ATTENDANCE AUTHORIZATION

SDREA Annual Meeting, January 16-17, 2025 Pierre, SD – All directors were authorized to attend, Director Weinacht was nominated to serve as the voting delegate, and Director Roskamp as the alternate per a motion made by Mr. Weinacht, seconded by Mr. Roskamp. The motion carried.

OTHER BUSINESS

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

NEXT MEETING

The next regular board meeting will be held on Tuesday, December 17, 2024 immediately following the 2025 Work Plan and Budget meeting in the Brandon Frontier Room.

ADJOURNMENT

Mr. Roskamp made a motion to adjourn the Sioux Valley Energy board meeting at 1:15 p.m., seconded by Mr. Johnson. The motion carried.

Donald DeGreef, Secretary

Date Approved: _____