

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
October 22, 2024**

The regular meeting of the Board of Directors of Sioux Valley-Southwestern Electric Cooperative, Inc. (DBA Sioux Valley Energy) was held on October 22, 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	
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. Guest in attendance was Jay Buchholz.

INTRODUCTION OF GUESTS

Mr. Daniel introduced District 4 Member Advisory Council member Mark Moran.

INTRODUCTION OF NEW EMPLOYEE

Justin Moose introduced Tyler Mutzinger, Information Systems Specialist. Tyler joined the team on October 1.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. A motion to approve the agenda was made by Mr. Fish, seconded by Dr. Heinemann. The motion carried.

REVIEW AND CONSIDERATION OF MEETING MINUTES

A motion to approve the minutes of the September 30, 2024 regular board meeting was made by Mr. Johnson, seconded by Mr. Daniel. The motion carried.

REVIEW AND CONSIDERATION OF PROPOSED WRITE-OFF OF UNCOLLECTABLE ACCOUNTS

Manager McCarthy called upon Toni Kruger to review the proposed write-off of uncollectable electric energy and miscellaneous receivable/loan accounts. The total write-off amount is \$28,988.38 compared to 16,767.47 in 2023. SVE will retain \$6,273.52 in unretired capital credits to offset part of this write-off, resulting in a net write-off of \$22,714.86. Dr. Heinemann made a motion to approve the proposed write-off of uncollectable accounts, seconded by Mr. Johnson. The motion carried.

REVIEW AND CONSIDERATION OF PROPOSED RESOLUTION – GENERAL RETIREMENT AND FORFEITURE OF UNCLAIMED CAPITAL CREDITIS

Manager McCarthy called upon Jason Maxwell to present options for the 2024 general capital credit retirement. Discussion was held and a motion was made by Mr. Daniel to approve a \$1,040,500 general retirement of capital credits using a hybrid method of 90% to retire the oldest capital credits (2001) on the books and 10% to retire the newest capital credits (2023) on the books, along with forfeiture of unclaimed capital credits retired in 2018, seconded by Mr. Fish. The motion passed with Directors Roskamp, Rogen, Vostad, and DeMent voting against.

WHEREAS, the Cooperative bylaws provide for the retirement of capital credits to members and former members of the Cooperative; and

WHEREAS, the Cooperative bylaws also provide that any unclaimed retired capital credits be irrevocably assigned and retained by the Cooperative.

THEREFORE, BE IT RESOLVED; that the Board of Directors of Sioux Valley Energy does hereby approve a general retirement of capital credits for 2024 in the amount of \$1,040,500,

AND BE IT FURTHER RESOLVED; that the Board of Directors of Sioux Valley Energy declares the forfeiture of unclaimed capital credits retired in 2018 to South Dakota accounts unless claimed within six months from the date of this resolution or notification required by the state.

REVIEW AND CONSIDERATION OF CFC BRIDGE LINE OF CREDIT

Jason Maxwell reviewed a proposed CFC Bridge Line of Credit. SVE's RUS loan documents are being processed, but additional loan funds may be needed until the RUS loan funds are available. Mr. Johnson made a motion to adopt the Resolution and Certificate of Resolutions and Incumbency to authorize execution of a \$10,000,000 Bridge Line of Credit, seconded by Ms. Vostad. The motion carried.

WHEREAS, the Board of Directors has been presented with a Revolving Line of Credit Agreement ("Line of Credit Agreement") between Sioux Valley-Southwestern Electric Cooperative, Inc. (the "Cooperative") and National Rural Utilities Cooperative Finance Corporation ("CFC") to be executed by the Cooperative; and

WHEREAS, the President of the Cooperative has recommended that the Board of Directors approve the execution by the President of the Line of Credit Agreement, and such other documents as required by the National Rural Utilities Cooperative Finance Corporation.

NOW, THEREFORE, BE IT,

RESOLVED, that the Cooperative establish a line of credit and authorize borrowing from National Rural Utilities Cooperative Finance Corporation ("CFC") in an amount which shall not at any one time exceed \$10,000,000.00 (the "Line of Credit Amount"), subject to the provisions of the Line of Credit Agreement substantially in the form submitted to this meeting (the "Line of Credit Agreement"); and,

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the Line of Credit Agreement.

RESOLVED, that each of the following individuals is hereby authorized in the name and on

behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to execute any future amendments to said Line of Credit Agreement as such individual may deem appropriate within the Line of Credit Amount so authorized herein and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office or Title</u>	<u>Name (typed or printed)</u>
President	Dan Leuthold
Vice President	Dave Daniel
Secretary	Don DeGreef
Treasurer	Ann Vostad
Manager/CEO	Tim McCarthy
CFO	Jason Maxwell

EXECUTIVE SESSION

Mr. Fish made a motion to move into executive session to discuss internal cooperative business, seconded by Mr. Roskamp at 9:28 a.m. The motion carried. The executive session adjourned at 9:43 a.m.

REVIEW AND CONSIDERATION OF MARKET RATE TARIFFS

Mr. Daniel made a motion to approve the four market rates that were discussed in executive session, seconded by Mr. Rogen. The motion carried.

REVIEW AND CONSIDERATION OF REED LOAN APPLICATION

Jason Maxwell presented a REED loan request for \$375,000. Discussion was held and a motion was made by Ms. Vostad to approve the REED loan application for \$375,000, seconded by Mr. Roskamp. The motion passed with Director DeMent voting against.

REVIEW AND CONSIDERATION OF CITY OF WHITE WHEELING CHARGE

Manager McCarthy called upon Jason Maxwell to review a proposed change to the City of White’s wheeling charge. Jason discussed the new rate and explained the City of White’s wheeling rate hasn’t changed since 2015. Mr. Rogen made a motion to change the City of White’s wheeling rate from \$2.85 kW/month to \$3.56 kW/month effective January 1, 2025, seconded by Mr. DeGreef. The motion carried.

REVIEW AND CONSIDERTATION OF ANNUAL MEETING DATE AND VENUES

Jay Buchholz presented two 2025 Annual Meeting options. Discussion was held by the Board. Mr. DeGreef made a motion to hold the 2025 Annual Meeting on June 10, 2025 with the primary location in the Hartford (West Central) High School Commons Area and Gymnasium and satellite locations at the Generations Events Center in Luverne and Sioux Valley School in Volga, seconded by Mr. Roskamp. The motion carried.

BOARD REPRESENTATIVE TO SVE SCHOLARSHIP SELECTION COMMITTEE

Carrie Vugteveen asked for a volunteer from the Board to serve on the scholarship committee. Mr. DeGreef volunteered to serve on the committee. Mr. Daniel made a motion to approve Mr. DeGreef as this year's board scholarship committee member, seconded by Dr. Heinemann. The motion carried.

REVIEW AND CONSIDERATION OF CITY OF MADISON ANNEXATION RESOLUTION

Manager McCarthy called upon Ted Smith to present and review a transfer of service territory agreement between the City of Madison and Sioux Valley-Southwestern Electric Cooperative, Inc. Mr. Fish made a motion to approve the proposed annexation agreement, seconded by Mr. Roskamp. The motion carried.

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

(City of Madison Resolution 2024-09)

THIS AGREEMENT made and entered into this _____ day of _____, 2024 by and between SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC., hereinafter referred to as the "Cooperative" and the CITY OF MADISON, 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 April 1, 2024 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 2024-09; The resolution annexing Lot 1, Lot 2, and Lot 3 of Schladweiler addition in the SW ¼ of Section 1, Township 106 North, Range 53 West of the 5th P.M., Lake County, South Dakota and the North half of adjacent Highway Right-of-way including Lot H-2 and Lot H-3 in the SW ¼ of Section 1, Township 106 North, Range 53 West of the 5th P.M., Lake 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 zero (\$0.00) as there are no facilities in the annexed area, as itemized and set forth in said Exhibit B attached. Said purchase price shall be paid by the City within 30 days of the Date of Possession.

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.

BRANDON SERVICE CENTER UPDATE

Ted Smith gave an update on the Brandon building project. A final walk through is scheduled for October 23. The contractor is anticipating that the building will be entirely turned over to SVE after the final walk through. There are several projects yet to be completed: grass seeding after the sprinkler system is completed, generator installation by the contractor, and finishing A/V equipment installation in the training room. The existing office refresh is scheduled to be completed by mid-January 2025.

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 July through September 2024 in the amount of \$12,690.95 was made by Mr. Rogen, seconded by Mr. Johnson. The motion carried.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S QUARTERLY EXPENSE STATEMENT

Ms. Vostad, Treasurer, reported that she reviewed the General Manager's quarterly expense and credit card statements for the period of July through September 2024 and found all expenses to be in order. The report was accepted, and payment of the General Manager's statement in the amount of \$1,465.83 was approved per a motion made by Ms. Vostad, seconded by Mr. Roskamp. The motion carried.

POLICY REVIEW

Manager McCarthy reviewed Board Policy 6 and Board Operating Guides 6-1 and 6-2. Mr. Roskamp made a motion, seconded by Ms. Vostad, to approve the board policy and board operating guides. The motion carried.

STRATEGIC PLANNING SCORECARD

Manager McCarthy presented the Strategic Planning Scorecard and discussed the objectives, initiatives, and the current status of those initiatives.

STRATEGIC PLANNING

Manager McCarthy stated a meeting will be held with all employees on November 6, 2024 to discuss the employee focus groups' findings.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Ted Smith reviewed East River's 2025 Capital Budget. Ted discussed the new facilities that are planned, rebuild and system upgrades, and planned engineering and right-of-way projects.

Manager McCarthy presented key highlights of the East River General Manager's report including Basin and East River financials.

Director Roskamp left the meeting at 11:35 a.m.

Manager McCarthy reviewed wholesale power purchases, sales, revenue, and the revenue and expense statement. Jason Maxwell reviewed the financial dashboard documents and the rate outlook for 2025.

Manager McCarthy stated that Brandon Lane has been elected to serve on the National Rural Electric Development (NRED) Board of Directors.

ACCEPT GENERAL MANAGER'S REPORT

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

REPORT ON POWER SUPPLY MEETINGS

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

NOTICES OF MEETINGS, SELECTION OF DELEGATES, AND ATTENDANCE AUTHORIZATION

Mid-West Electric Consumers Association Annual Meeting, December 10-12, 2024 Denver, CO – Director Daniel is not able to serve as the delegate for this meeting. A motion was made by Mr. Rogen to nominate Director Roskamp as the voting Delegate and Director Johnson as the Alternate, seconded by Mr. Fish. The motion carried.

NRECA Winter School for Directors, December 13-17, 2024 Nashville, TN – All directors were authorized to attend per a motion made by Dr. Heinemann, seconded by Mr. Daniel. The motion carried.

OTHER BUSINESS

Attorney Nadolski provided the Board with a quarterly update.

NEXT MEETING

The next regular board meeting will be held on Tuesday, November 26, 2024 at 8:30 a.m. in the Colman boardroom.

ADJOURNMENT

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

Donald DeGreef, Secretary

Date Approved: _____