

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
September 30, 2024**

The regular meeting of the Board of Directors of Sioux Valley-Southwestern Electric Cooperative, Inc. (DBA Sioux Valley Energy) was held on September 30, 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	Allan Weinacht
Ann Vostad	Dave Daniel	Gary Fish
Lucas Roskamp	Mark Rogen	Rodney DeMent
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.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. Mr. Daniel asked that SDREA board meeting be added to agenda item 20) Reports on Meetings Attended. A motion to approve the amended agenda was made by Mr. Weinacht, seconded by Mr. Fish. The motion carried.

REVIEW AND CONSIDERATION OF MEETING MINUTES

A motion to approve the minutes of the August 27, 2024 regular board meeting was made by Mr. Johnson, seconded by Dr. Heinemann. The motion carried.

REVIEW AND CONSIDERATION OF 2025 DISTRICT MEETING SCHEDULE

The proposed schedule of dates and locations for the 2025 district meetings was reviewed. Ms. Vostad made a motion to approve the 2025 proposed district meeting schedule, seconded by Mr. Daniel. The motion carried.

<u>MEETING DATE</u>	<u>DIRECTOR/DISTRICT</u>	<u>TOWN</u>	<u>LOCATION</u>
February 25	Leuthold (8)	Luverne MN	Generations
March 13	Johnson (9)	Pipestone MN	Pipestone High School
March 17	DeGreef (1)	White SD	McKnight Hall
March 18	Weinacht (5)	Colton SD	Taopi Hall
March 20	Fish (6)* & Rogen (6)	Brandon SD	Brandon High School
March 24	Vostad (2)*	Volga SD	Sioux Valley School
March 25	Daniel (4)*	Madison SD	Dakota Prairie Playhouse
March 31	Roskamp (10)*	Edgerton MN	Edgerton Public School
April 7	Heinemann (3)	Flandreau SD	William J Janklow Community
April 21	DeMent (7)	Hartford SD	West Central School

BRANDON SERVICE CENTER UPDATE

Ted Smith gave an update on the Brandon building project. The City of Brandon has given SVE a Certificate of Occupancy for the entire building. A walkthrough was done with the contractor and the architect on September 18. A punch list of items to complete was created at that time. The contractor is targeting a date of October 4 to turn the building over to Sioux Valley Energy. Ted reviewed two projects that could be deferred until 2025 to cover the cost of updating the original Brandon building interior. Mr. Fish made a motion to approve deferring Projects 308.01 and 608.30 totaling \$324,746 from the 2024 budget to the 2025 budget to cover the additional expense of refurbishing the existing Brandon building interior, seconded by Mr. Rogen. The motion carried.

REVIEW AND CONSIDERATION OF DAVID VERHOEK SERVICE REQUEST

Manager McCarthy called upon Ted Smith to review a change of service provider request from David Verhoek. Mr. Verhoek’s property is located in H-D Electric’s service territory. He has a new well that will receive power from H-D Electric, and he requested that his cattle feeding building, which is currently served by SVE, also be served by H-D Electric. Ms. Vostad made a motion to allow H-D Electric to serve this member in their territory, seconded by Mr. Daniel. The motion carried.

REVIEW AND CONSIDERATION OF CITY OF AURORA ANNEXATION RESOLUTION

Ted Smith presented and reviewed a transfer of service territory agreement between the City of Aurora and Sioux Valley-Southwestern Electric Cooperative, Inc. Ms. Vostad 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 AURORA and
SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.**

(City of Aurora Resolution 24-08)

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 AURORA, 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 June 10, 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 24-08; The resolution annexing The south one-half of the Northwest Quarter (S1/2NW1/4) of Section Two (2), Township One Hundred Nine (109) North, Range Forty-nine (49) West of the 5th P.M., County of Brookings, State of South Dakota, Except Lot H-1 and Except Ag First Farmers Addition thereof.

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 \$2706.70, 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.

EXECUTIVE SESSION

Dr. Heinemann made a motion to move into executive session to discuss internal cooperative business, seconded by Mr. Fish at 9:00 a.m. The motion carried. The executive session adjourned at 11:47 a.m.

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. Roskamp made a motion to approve the proposed annexation agreement, seconded by Mr. Rogen. The motion carried.

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

(City of Madison Resolution 2024-18)

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 July 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 2024-18; The resolution annexing Lot 1 and 2 of Schultz's second addition in the NE ¼ of section 18, township 106 North, Range 52 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 the cooperative has 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.

STEVE DVERGSTEN – GUATEMALA TRIP

Steve Dvergsten, Journey Lineworker, spoke about his recent experiences in Guatemala where he helped bring electricity to a rural Guatemalan village through NRECA's International Program.

CONSERVATION VOLTAGE REDUCTION

Ted Smith reviewed the July and August conservation voltage reduction (CVR) results. The total year-to-date savings from the CVR program is estimated to be \$45,950.

REVIEW OF FORM 990

The Internal Revenue Service Form 990 was attached with the board meeting materials for review and presented at the board meeting by Jason Maxwell. The report will be filed this month.

FINANCIAL UPDATE

Jason Maxwell reviewed the balance sheet and statement of operations. Manager McCarthy provided additional information regarding MDSC ratios.

POLICY REVIEW

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

STRATEGIC PLANNING

Manager McCarthy stated that the Strategic Leadership Team is reviewing the results from the recent focus groups and working on the steps to bring SVE's Safety Culture to the next level - A Culture of Care.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Manager McCarthy stated that SVE is continuing to collect data and may be asking for a meeting with the Administrator of Rural Utility Services (RUS).

Manager McCarthy reviewed wholesale power purchases, sales, revenue, and the revenue and expense statement.

Manager McCarthy presented key highlights of the East River General Manager's report including the DOJ brief filing in support of the Power Plant Rule, WAPA's public information meeting, the Crow Creek Tribal Council, and the Dakota Energy Annual Meeting.

ACCEPT GENERAL MANAGER'S REPORT

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

REPORT ON POWER SUPPLY MEETINGS

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

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

REPORTS ON MEETING ATTENDED

SDREA Board Meeting – Director Daniel reported on his attendance at this meeting.

CCD 2630 Strategic Planning – Director Vostad reported on her attendance at this class.

NRECA Regions 5&6 Meeting – Directors DeMent and Fish reported on their attendance at this meeting.

NOTICES OF MEETINGS, SELECTION OF DELEGATES, AND ATTENDANCE AUTHORIZATION

SVE/SEC Legislative Forum, November 25, 2024 Sioux Falls, SD – All directors were authorized to attend per a motion made by Mr. Rogen, seconded by Mr. Roskamp.

Mid-West Electric Consumers Association Annual Meeting, December 10-12, 2024 Denver, CO – Director Daniel was nominated to serve as the voting delegate, and Director Roskamp as the alternate per a motion made by Mr. Rogen, seconded by Mr. DeGreef. The motion carried.

NEXT MEETING

The next regular board meeting will be held on Tuesday, October 22, 2024 at 8:30 a.m. in the Colman boardroom.

ADJOURNMENT

Mr. Roskamp made a motion to adjourn the Sioux Valley Energy board meeting at 3:00 p.m., seconded by Mr. Weinacht. The motion carried.

Donald DeGreef, Secretary

Date Approved: _____