

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
July 27, 2020**

The regular meeting of the Board of Directors of the Sioux Valley-Southwestern Electric Cooperative, Inc. (dba. Sioux Valley Energy) was held on July 27, 2020 commencing at 8:30 a.m. via teleconference. Teleconference was necessary due to the COVID-19 Pandemic.

The meeting was called to order by President Allan Weinacht who presided and Allan Kooima, Secretary, acted as Secretary.

Roll call showed the following members present:

Rodney DeMent	Dan Leuthold	Allan Weinacht
Don DeGreef	Gregg Johnson	Allan Kooima
Bruce Martinson	Lucas Roskamp	Dave Daniel
Gary Fish	Mark Rogen	

All directors were present. Also present were Attorney Alan Peterson, General Manager Tim McCarthy, management staff members Betty VanDerWerff, Carrie Vugteveen, Ted Smith and Debra Biever along with Executive Assistant, Brenda Schelhaas.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. Mr. Weinacht asked that Mr. Kooima be added to agenda item 19 Reports on Meeting Attended. Manager McCarthy asked that agenda item 21 Executive Session be moved to agenda item 5. A motion to approve the agenda as amended was made by Mr. Fish, seconded by Mr. DeMent. The motion carried.

REVIEW AND CONSIDERATION OF BOARD MEETING MINUTES

A motion to approve the minutes of the June 22, 2020 regular board meeting was made by Mr. Martinson, seconded by Mr. DeGreef. The motion carried.

EXECUTIVE SESSION

Mr. DeMent made a motion to move into executive session to discuss internal cooperative business, seconded by Mr. Kooima at 8:35 a.m. The motion carried. All directors were in attendance. Mr. DeMent made a motion to adjourn executive session at 9:35 a.m., seconded by Mr. Roskamp. The motion carried. No action was taken in executive session.

CEO AND BOARD DIRECTOR EVALUATIONS

Manager McCarthy informed the board that the CEO and Board Director Evaluations will be sent electronically and by mail this week. Brenda Schelhaas will collect and summarize the evaluations. Manager McCarthy asked that the evaluation forms be mailed or emailed to Brenda prior to the August 2020 board meeting.

REVIEW AND CONSIDERATION OF COOPERATIVE DEBT LIMIT RESOLUTION

Manager McCarthy called upon Betty VanDerWerff to review the cooperative debt limit resolution. A motion to approve the corporate debt limit resolution was made by Mr. Fish, seconded by Mr. Martinson. The motion carried.

WHEREAS, the corporate debt limit of Sioux Valley-Southwestern Electric Cooperative Inc. was established at two hundred seventy-five million dollars (\$275,000,000) as set by previous board resolution,

WHEREAS, the 2020-2023 construction work will require a substantial investment in new electric plant facilities to meet the growing electric service needs of our membership.

WHEREAS, a major portion of the cost to construct new electric plant facilities will be financed with long-term debt; and

WHEREAS, Sioux Valley-Southwestern Electric Cooperative Inc.'s mortgage pledges all of its property to secure notes payable to the Government, in the aggregate principal amount, not to exceed the corporate debt limit at any one time; and

WHEREAS, the Board of Directors have the authority to set the corporate debt limit.

NOW, THEREFORE BE IT RESOLVED, that the Sioux Valley-Southwestern Electric Cooperative Inc. Board of Directors hereby approves and adopts a corporate debt limit of three hundred fifty million dollars (\$350,000,000) as of July 27, 2020.

REVIEW AND CONSIDERATION OF ANNUAL MEETING WAIVER FOR SIOUX VALLEY ENERGY CUSTOMER TRUST

The Board of Directors considered a unanimous consent in writing in lieu of an annual meeting of the Sioux Valley Energy Customer Trust. The reappointments of Connie Hillard, Pipestone County and Greg Benda, Lake County, to the Customer Trust Board of Trustees was approved. Mr. Rogen made a motion for the consent in writing in lieu of an annual meeting and to approve the reappointments of Connie Hillard and Greg Benda, seconded by Mr. DeMent. The motion carried. Due to the electronic format of this board meeting, annual meeting waiver forms were emailed and mailed to all Directors. Manager McCarthy asked that the waiver forms be mailed or emailed to Brenda Schelhaas.

REVIEW AND CONSIDERATION OF PROPOSED RUS LOAN APPLICATION

Manager McCarthy called upon Betty VanDerWerff who introduced Tom Jones of Rural Utility Service (RUS). Mr. Jones reviewed the construction work plan and the long-range financial forecast for Sioux Valley Energy. A motion was made by Mr. Kooima, seconded by Mr. Rogen and motion carried to approve the application submission requesting a \$66,342,000, Guaranteed FFB Rate, 35-year maturity loan from the Rural Utilities Service. A motion was made by Mr. Martinson, seconded by Mr. Daniel and motion carried to direct Board President and Secretary to execute the balance of the loan documents to complete the loan application.

YEAR END

Manager McCarthy reviewed the 2020 operating budget year end projections. His review included the original 2020 budget and the financial impact of lower sales, budget cuts and holding off the rate increase through August.

RATE POSTPONEMENT DISCUSSION

Manager McCarthy discussed the rate increase that has been postponed until September 1, 2020. Manager McCarthy has posted a video on Facebook announcing the rate increase deferral through August and the subsequent rate increase implementation in September.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S QUARTERLY EXPENSE STATEMENT

Mr. Daniel, Treasurer, reported that there were no expenses for the General Manager for the period of April through June 2020.

REVIEW AND CONSIDERATION OF ATTORNEY'S QUARTERLY EXPENSE STATEMENT

Executive Assistant, Brenda Schelhaas, presented the quarterly expense statements for Attorney Peterson. A motion to approve payment of the Attorney's expense statements for April through June 2020 in the amount of \$13,012.34 was made by Mr. Daniel, seconded by Mr. Roskamp. The motion carried.

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 Betty VanDerWerff.

BASIN FERC FILING

Manager McCarthy gave an update on the Basin FERC filing and the SVE intervention filing. This intervention filing will need to be completed by August 5, 2020.

ENVISION 2025 HARTFORD AREA DEVELOPMENT FOUNDATION

Jay Buchholz, Key Account and Community Relations Executive, joined the meeting. Manager McCarthy called upon Carrie Vugteveen to discuss an official request from the Hartford Area Development Foundation. SVE's 2021 Hartford Economic Development Proposal includes a \$10,000 donation per year for five years to begin in 2021, the offering of a \$50,000 loan with 2% interest and a ten-year term to begin in 2021 and to waive \$50,000 contribution in aid to construction to begin once construction commences. Mr. Fish made a motion to approve the 2021 Hartford Economic Development Proposal, seconded by Mr. Kooima. Further discussion was held regarding the projected return on

investment in the Hartford area. Staff will look at the plan and provide some projections for the Board. The motion carried.

STRATEGIC PLANNING

No discussion was held concerning strategic planning.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Manager McCarthy reviewed key highlights of his written report including wholesale power purchases, sales and revenue.

Manager McCarthy reviewed the reported injury accidents and noted that we have had one injury so far this year compared to seven at this time last year. Employees are staying focused and working safely.

Manager McCarthy called upon Debra Biever to review SVE's pandemic response and return to work plan. Employees are returning to work in three phases. Employees in Phase 1 returned to the office on June 1. Employees in Phase 2 are tentatively scheduled to return to the office on August 17. Additions to onsite staffing for those in Phase 3 will be determined as SVE moves forward and continues to evaluate conditions. The COVID-19 Pandemic Response Committee met to discuss the Minnesota face mask mandate. The decision was made to implement a face mask requirement in compliance with the Minnesota Executive Order for all SVE employees.

Mr. Weinacht requested feedback from the directors concerning board meetings being held in person or via teleconference. Several directors expressed their opinions and commented on how other organizations are holding their meetings. Manager McCarthy and Mr. Weinacht will continue to discuss this issue.

Manager McCarthy called upon Ted Smith to discuss the Volkswagen Settlement. There is \$406,000 in total funds available for this program. The original application due date has been extended from July 31, 2020 to November 13, 2020. The reimbursement for the project has also been increased from 50% to 80% of the costs. Level 2 and Level 3 chargers along with potential locations for the chargers are being discussed by SVE's Beneficial Electrification Committee.

Manager McCarthy reported that Carrie Vugteveen and Brenda Kleinjan have developed a communications plan for the next year. Brenda has also been working on increasing our social media presence.

Director Wienacht reviewed the Customer Satisfaction Survey and noted the high customer service satisfaction percentages.

ACCEPT MANAGER'S REPORT

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

REPORTS ON POWER SUPPLY MEETINGS

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

L & O Power – Mr. Leuthold reported on his attendance of the June and July L & O Power board meetings. Mr. Leuthold also reported on his attendance of the L & O Special meeting that was held on June 24, 2020 in Rock Rapids, IA.

REPORTS ON MEETINGS ATTENDED

East River Resolutions Committee Meeting-Mr. DeGreef reported on his attendance of the East River Resolutions Committee meeting that was held on July 13, 2020 in Madison, SD.

MREA District 5 Meeting-Mr. Johnson reported on his attendance of the MREA District 5 meeting that was held remotely on July 16, 2020.

SDREA Board Meeting-Mr. Kooima reported on his attendance of the SDREA board meeting.

NOTICES OF MEETINGS, SELECTION OF DELEGATES AND ATTENDANCE AUTHORIZATION

SDREA Board Leadership Summit, July 27-28, 2020 Pierre, SD
Director Daniel authorized-Not able to attend.

CFC Special Membership Meeting, August 14, 2020 Remote Meeting
A motion was made by Mr. DeGreef for Manager McCarthy to cast the vote in the affirmative for the changes prior to the August 7, 2020 deadline, seconded by Mr. Martinson. Motion carried.

Energy Issues Summit, August 18-20, 2020 Bloomington, MN
Directors Martinson and Roskamp authorized.
Summit registration is full-SVE on waiting list.

East River Resolutions Committee, September 9, 2020 Sioux Falls
Director DeGreef authorized.

East River Annual Meeting, September 9, 2020 Sioux Falls, SD
Director Fish-Delegate
East River has asked that SVE limit the in-person attendance to the member manager, resolution committee member and the official member delegate. If Director Fish is not able to attend, Director Kooima has been authorized as the Alternate.

NOTICES OF MEETINGS, SELECTION OF DELEGATES AND ATTENDANCE AUTHORIZATION

NRECA Regional Meetings, October 12-16, 2020 Virtual Event

Basin Annual Meeting, November 3-5, 2020 Bismarck, ND

Mid-West Annual Meeting, December 7-10, 2020 Denver, CO

OTHER BUSINESS

No discussion was held regarding other business.

NEXT MEETING

The next regular board meeting will be held on Monday, August 24, 2020 at 8:30 a.m.

ADJOURNMENT

Mr. DeMent made a motion, seconded by Mr. Johnson to adjourn the Sioux Valley Energy board meeting at 12:30 p.m. The motion carried.

Allan Kooima, Secretary

Approved: _____