

Southwestern Electric Cooperative, Inc.
Minutes of the Regular Meeting
February 27, 2020
Southwestern Electric Cooperative, Inc., Headquarters Office
525 US Route 40, Greenville, IL 62246

Call to Order and Roll Call

The regular meeting of the Board of Directors of Southwestern Electric Cooperative, Inc. was held on Thursday, February 27, 2020 at 6:00 p.m. at the office of Southwestern Electric Cooperative headquarters in Greenville, IL pursuant to notice given. President Ann Schwarm called the meeting to order and led in the Pledge of Allegiance to the flag.

The following directors were present constituting a quorum:

Jerry Gaffner (*attended via conference call*)
Sandy Grapperhaus
Rich Gusewelle
Annette Hartlieb
Bill Jennings
Sandy Nevinger
Ann Schwarm
Jared Stine
Ted Willman

Staff members present were Freedom Power Plant GM Russ Gilbert, Chief Executive Officer Bobby Williams, Chief Financial Officer Becky Jacobson and Executive Assistant Brooke Scott.

Upcoming BP Energy Contract

Williams, Gilbert and Jacobson spoke with BP via conference call on February 25, 2020 about details regarding the call option for the upcoming energy contract. Key topics discussed were:

- All requirements and heat rate call option (HRCO),
- Contractual hours requirement,
- Revenue for real time vs. day-ahead,
- Pay back amount (fixed),
- Peaking status,
- Gas supply coordination,

- Penalties,
- Maintenance depot costs and part availability,
- Intermediary for lead market participant for HRCO.

An intermediary is needed to act as a lead market participant on SWECI's behalf for the HRCO.

Williams will reach out to BP and EDF for quotes. Williams will discuss the details of the conference call with GDS. Gilbert left the meeting at 7:06 p.m.

Approval of the Minutes

Minutes of the regular board meeting held on January 30, 2020, were considered. On a motion made by Grapperhaus, seconded by Hartlieb and carried, the minutes were approved as presented.

Staff Reports & Presentations

Report of Operations and Construction

CFO Rebecca Jacobson's report included:

- January's Financial and Operating Report.
- Notable disbursements for the month.
- Balance Sheet review.
- Work-in-progress (WIP) & cash position status.
- Accounts receivable, accumulated operating provisions and other deferred credits.
- Long-term Debt.
- Unaudited debt service coverage calculation.
- Need for additional capacity.
- Revisions to budget.

A revised budget will be considered during unfinished business at March's regular board meeting.

Operating Report and Work Order Summary Approval

Stine made a motion to approve the operating report and work order summary in the amount of \$380,345.18 for January 2020. Jennings seconded; motion carried.

CEO's Report

CEO Bobby Williams' report included:

- No lost time accidents reported for January.
- Potential co-generation pilot program.
- Update on several ongoing projects.

- Contacts with members on various matters.
- An update on legal matters.
- Discussion on several topics from the staff reports.
- Request to pre-order a digger truck due to long lead times.

The meeting recessed at 8:19 p.m. and reconvened at 8:28 p.m.

Membership Applications and Terminations

A list of membership applications and terminations was sent to the board prior to the meeting.

A motion was made by Hartlieb, seconded by Nevinger and carried to accept 67 applications for membership for January 2020 in accordance with Section 2 of the bylaws.

A motion was made by Nevinger, seconded by Gusewelle and carried to formally acknowledge the termination of 14 memberships for January 2020, effective as of the date on which the cooperative ceased furnishing services, and the release of capital credits to the members' estates totaling to \$25,143.14.

Committee Reports:

Policy & Bylaws Committee:

The policy & bylaws committee met on Tuesday, February 11th at the Southwestern Electric Cooperative, Inc., headquarters office in Greenville, IL. A written report of the meeting was included in the board packet. Chairperson Sandy Nevinger gave a verbal report. The committee recommends revisions to the following policies:

- *Business Ethics Code Policy*
- *Code of Conduct/Whistleblower Policy*
- *Confidential Information Policy*
- *Conflict of Interest & Outside Employment*
- *Employee Compensation*
- *Hiring of Employees & Nepotism Policy*
- *Non-Exempt Employee Performing Work After Hours*
- *Smoke-Free Workplace Policy*
- *Workplace Violence Policy*

A motion was made by Nevinger, seconded by Grapperhaus and carried to approve revisions to the nine aforementioned policies as presented by the committee.

Emerging Technology Committee:

The emerging technology committee met on Tuesday, February 11th at the Southwestern Electric Cooperative, Inc., headquarters office in Greenville, IL. A written report of the meeting was included in the board packet.

Member & Community Engagement Committee:

The member & community engagement committee met on Thursday, February 13th at the Southwestern Electric Cooperative, Inc., headquarters office in Greenville, IL. A written report of the meeting was included in the board packet. Chairperson Bill Jennings gave a verbal report.

Unfinished Business:

A motion was made by Jennings, seconded by Stine and carried for a one-time contribution of \$1,000 to the Bond County Core Community Program as recommended by the member & community engagement committee. This amount was not included in the 2020 budget. Next year, the board may consider adding a contingency fund for community program requests.

A motion was made by Jennings, seconded by Grapperhaus and carried to contribute a \$500 sponsorship for the 2020 Bond County Academic Foundation gala, as recommended by the member & community engagement committee.

Nevinger made a motion to publish approved board meeting minutes on the cooperative's website and add notation in the *Southwestern*. Hartlieb seconded; motion carried.

Williams confirmed that we are still advertising for the media specialist position, as we have not found the right candidate.

New Business:

Nevinger made a motion to approve Pinnacle/ConAgra's co-generation interconnection and established it as a pilot program for accounts who are primary metered and have a current demand greater than 2,000KW. Stine seconded; motion carried.

Due to long lead times, Willman made a motion to approve the pre-ordering of a digger truck, not to exceed the total amount of \$320K, which will be included in the 2021 proposed budget. Stine seconded; motion carried.

Updated corporate banking resolutions for Bradford National Bank and FNB Community Bank were presented. The resolutions designate the President, Vice President, Treasurer, Secretary, Chief Executive Officer, and Chief Financial Officer as authorized signees for SWECI accounts. Nevinger moved to approve the Bradford National Bank Corporate Banking Resolutions and FNB Community Bank Corporate Banking Resolutions as presented. Hartlieb seconded; motion carried.

The board would like to visit a co-generation account to better understand how it is metered.

Adjournment:

With no further business to come before the board, the meeting adjourned at 9:12 p.m.

Annette Hartlieb, Secretary

Attest:

Ann Schwarm, President