

Southwestern Electric Cooperative, Inc.
Minutes of the Regular Meeting
April 23, 2020
Via Teleconference

Call to Order and Roll Call

The regular meeting of the Board of Directors of Southwestern Electric Cooperative, Inc. was held on Thursday, April 23, 2020 at 6:30 p.m. via teleconference 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
Sandy Grapperhaus
Rich Gusewelle
Annette Hartlieb
Bill Jennings
Sandy Nevinger
Ann Schwarm
Jared Stine
Ted Willman

Staff members present were Chief Executive Officer Bobby Williams, Chief Financial Officer Becky Jacobson and Executive Assistant Brooke Scott. Also present was Auditor Craig Popenhagen from CliftonLarsonAllen.

2019 Auditor's Report:

Auditor Craig Popenhagen from CliftonLarsonAllen presented the 2019 Auditor's Report through video conference. Popenhagen highlighted the 2019 Financial Statement, Balance Sheet and the Audit Summary, noting that the audit provides reasonable, but not absolute assurance. They did not find anything of significance to report. There were no audit adjustments or difficulties with management to discuss, and they had a clean opinion of internal controls.

The board reviewed the following key ratios, comparing SWECI to the 2018 industry mean:

- Modified Debt Service Coverage,
- Times Interest Earned,
- Blended Interest Rate,
- Equity Level as a percentage of Assets,
- Capital Credits Retired per Total Equity,
- Power Cost as a percentage of Revenue,
- Total Operating Expense per KWH Sold,
- Total Electric Revenue per KWH Sold,
- Growth in number of Consumers,
- Growth in KWH Sales,
- TUP Investment per Consumer.

After answering several questions, Popenhagen left the teleconference at 7:01 p.m.

Nevinger made a motion to approve the 2019 Audit Report as presented. Hartlieb seconded; motion carried.

Approval of Minutes:

Minutes of the regular board meeting held on February 27, 2020, were considered. On a motion made by Nevinger, seconded by Gusewelle and carried, the minutes were approved as presented.

Minutes of the special board meeting held on March 11, 2020, were considered. On a motion made by Stine, seconded by Willman and carried, the minutes were approved as presented.

Staff Reports & Presentations

Report of Operations and Construction

CFO Rebecca Jacobson's report included:

- Balance Sheet review.
- Work-in-progress (WIP) & cash position status.
- Accounts receivable, accumulated operating provisions and other deferred credits.
- Long-term Debt.
- Statement of Operations for three months ended March 31, 2020.
- Notable income for February and March.
- Notable disbursements for February and March.
- Unaudited debt service coverage calculation.
- First quarter 5-year trends.
- MISO Capacity Auction results.

- Status on revisions to budget.
- Several departmental updates.

Operating Report and Work Order Summary Approval

Gusewelle made a motion to approve the operating report and work order summary in the amount of \$1,170,254.53 for February 2020. Stine seconded; motion carried.

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

CEO's Report

CEO Bobby Williams' report included:

- No lost time accidents reported for February or March 2020.
- Update on Emergency workforce plan due to COVID-19.
- Suspension on service disconnections for non-payment and late fees due to COVID-19.
- Update on several ongoing projects.
- Contacts with members on various matters.
- An update on legal matters.
- Information regarding the upcoming BP energy contract.
- Discussion on several topics from the staff reports.

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 Grapperhaus and carried to accept 64 applications for membership for February 2020 and 78 applications for membership for March 2020 in accordance with Section 2 of the bylaws.

A motion was made by Nevinger, seconded by Willman and carried to formally acknowledge the termination of 22 memberships for February 2020 and 11 memberships for March 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 \$66,364.70.

2020 Committee of Nominations Appointment:

On a motion made by Gusewelle, seconded by Nevinger and carried, the following members were appointed by the board of directors to serve on the 2020 committee of nominations.

<u>District I</u>	<u>District II</u>	<u>District III</u>
D. Joachimsthaler	B. Lurkins	B. Tedrick
D. Meyer	S. Kuhn	J. Lawson
D. Petry	C. Zimmerman	T. Koberlein

Operation Round Up (ORU) Recommendations:

The Operation Round Up Committee (ORU) met remotely in March to discuss twelve applications. A motion was made by Stine, seconded by Hartlieb and carried, to approve the Operation Round Up (ORU) total contribution of \$3,662 to the Bread of Life, Immanuel Free Lunch Friday Program, Madison County CAREE, Madison County ROE Ag Camp, and Vandalia Assoc. Churches 6:35 Pantry as recommended by the ORU committee.

Report on 2020 NRECA Annual Meeting

Gaffner, Grapperhaus, Gusewelle and Stine attended the NRECA Annual Meeting March 1-4. They each gave verbal reports on their takeaways from this year’s meeting and pre-conference courses. Written reports will be sent to the board. Some of the topics discussed were formal evaluations of the CEO, rotating officers of the board, beneficial electrification, strategic planning, and solar PV and battery end-of-life considerations.

Committee Reports:

Member & Community Engagement Committee:

The member & community engagement committee met on March 31st via teleconference. A written report of the meeting was included in the board packet. Chairperson Bill Jennings gave a verbal

report. Key highlights included current and proposed future community and member engagement activities, and potential sponsorships for the Live Line Demo trailer.

Scholarship Committee:

The scholarship committee met on April 15th via teleconference. A written report of the meeting was included in the board packet. The purpose of the meeting was to discuss applications and award \$1,000 scholarships to ten recipients. Chairperson Jared Stine gave a verbal report on the content of the meeting. Due to COVID-19, the scholarship banquet to honor this year's recipients is postponed until further notice.

Unfinished Business:

No unfinished business was discussed.

New Business:

No new business was discussed.

Adjournment:

With no further business to come before the board, the meeting adjourned at 9:25 p.m.

Annette Hartlieb, Secretary

Attest:

Ann Schwarm, President