Southwestern Electric Cooperative, Inc.
Minutes of the Regular Meeting
November 19, 2020
Teleconference

Call to Order and Roll Call

The regular meeting of the Board of Directors of Southwestern Electric Cooperative, Inc. was held on Thursday, November 19, 2020 at 6:00 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
> Bill Jennings
> Sandy Nevinger
> Ann Schwarm
> Jared Stine
> Marvin Warner
> Ted Willman

Staff members present were Chief Executive Officer Bobby Williams, Chief Financial Officer Becky Jacobson, and Executive Assistant Brooke Scott. Jacob Thomas and Garrett Cole from GDS were also present. Board Secretary Annette Hartlieb was absent. Jared Stine was appointed Secretary Pro Tempore.

Rate Design Presentation with GDS:

At 6:02 p.m., Nevinger made a motion to enter into executive session to discuss rate design. Warner seconded; motion carried. At 7:07 p.m., Nevinger made a motion to leave executive session. Willman seconded; motion carried. Thomas and Cole left the meeting at 7:07 p.m.

Approval of Minutes:

Minutes of the regular board meeting held on October 22, 2020, were considered. On a motion made by Nevinger, seconded by Warner and carried, the minutes were approved as presented.

Staff Reports & Presentations

Report of Operations and Construction

CFO Becky Jacobson's report included:

- Cash Flow Statement and Balance Sheet review.
  - Total Utility Plant
  - Work-in-progress (WIP)
  - Cash position status.
  - Notes payable, accounts payable, and other deferred credits.
  - Notable fluctuations for October and year-to-date.
- Statement of Operations for one month and ten months ended October 31, 2020.
  - Sales of Electricity
  - Cost of Power
  - Operation and Maintenance Expense
  - Operating Margins
  - Net Patronage Operating Margins
- 2020 compared to 2019.
- Highlights from the Accounting Department Staff Report.

Operating Report and Work Order Summary Approval

Grapperhaus made a motion to approve the Operating Report and Work Order Summary in the amount of $614,521.16 for October 2020. Gaffner seconded; motion carried.

Unretired Capital Credits 1989:

Jacobson asked for board consideration for payment of the 1989 unretired capital credits in the amount of $830,021.94, confirming this amount was included in the budget. A motion was made by Stine, seconded by Nevinger, and carried to pay the 1989 unretired capital credits totaling $830,021.94.

2020 Annual Write-offs of Unpaid Accounts:

There is a total of $31,376.33 subject to write-off. This amount includes member electric accounts and other accounts receivable. After the application of unretired capital credits from members with bad

debt, the adjusted total is $10,922.62. A motion was made by Warner, seconded by Willman and carried to write off the amount of $31,376.33, and to immediately apply the unretired capital credits to bad debt accounts that are subject to write-off.

The meeting recessed at 7:41 p.m. and reconvened at 7:46 p.m.

CEO's Report:

CEO Bobby Williams' report included:

- No lost time accidents reported for October 2020.
- New hire and job openings.
- 2021 Strategic Plan update event.
- Commercial EV chargers.
- Awards for *The EV Advantage* advertisement in *The Southwestern*.
- Update on COVID-19 procedures.

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 Nevinger, seconded by Willman and carried to accept 105 applications for membership for October 2020 in accordance with Section 2 of the bylaws.

A motion was made by Warner, seconded by Jennings and carried to formally acknowledge the termination of 9 memberships for October 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 $26,815.94.

Report on Director Education:

Jennings participated in the NRECA virtual training course, 917.1 Governance Challenges of the Evolving Distribution Cooperative. This was a pilot course. His written report was sent to the board. Jennings gave a verbal report.

Jennings has achieved the highest level for director education, Director Gold credential. The board congratulated Jennings on his accomplishment.

Committee Reports:

Emerging Technology Committee:

The emerging technology committee met on October 23rd at Enertech. Chairperson Jerry Gaffner gave a verbal report. The main purpose of the meeting was to get an idea on how battery storage can integrate with our membership and cooperative.
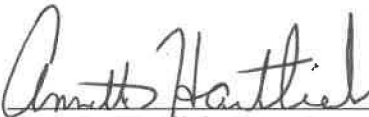
Unfinished Business:

Board consideration is needed to adopt the proposed calendar for 2021. In consideration of Thanksgiving and Christmas, the board agreed to move the November and December meeting dates to the third Thursday of those months. The budget meeting will be held at 5 p.m. on December 16th with the regular board meeting to immediately follow. The regular board meetings for January through March will begin at 6 p.m. A motion was made by Stine, seconded by Jennings and carried to adopt the 2021 calendar as discussed. The Strategic Plan update on February 13th will be added to the calendar.

New Business:

No new business was discussed.

Adjournment:

With no further business to come before the board, the meeting adjourned at 8:55 p.m.

Annette Hartlieb, Secretary

Attest:

Ann Schwarm, President