

Southwestern Electric Cooperative, Inc.
Minutes of the Regular Meeting
March 26, 2026
Greenville, IL

The regular meeting of the Board of Directors of Southwestern Electric Cooperative, Inc. was held on Thursday, March 26, 2026, at 6:00 p.m. at the office of Southwestern Electric Cooperative headquarters in Greenville, IL pursuant to notice given. President Jerry Gaffner 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
Annette Hartlieb
Bill Jennings (via video conference)
Brad Lurkins
Amy Marcoot (via video conference)
Jared Stine
Marvin Warner

Director Ann Schwarm was absent. Staff members present were Chief Executive Officer Bobby Williams, Chief Financial Officer Nathan Taylor, and Executive Assistant Brooke Scott. Also present was Auditor Luke Greden from CliftonLarsonAllen (via video conference).

2025 Audit Presentation:

Auditor Greden from CliftonLarsonAllen presented the 2025 Auditor's Report through video conference. They did not find anything significant to report. He noted that the audit provides reasonable, but not absolute assurance. 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 2024 industry mean:

- Modified Debt Service Coverage,

- 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,
- TUP Investment per Consumer.

After answering questions, Greden left the meeting at 6:28 p.m. Grapperhaus made a motion to approve the 2025 Audit Report as presented. Hartlieb seconded; motion carried.

Member Relations:

The board discussed recent conversations with members, including community solar, building, Smithboro, and Youth Day. Williams provided an update on member matters that were discussed during the February board meeting. Jennings and Warner visited the Mount Olive Food Pantry to deliver a check from Operation Round Up (ORU).

Strategic Plan:

Stine highlighted the eight focus areas of the Strategic Plan. He noted that an action matrix is not in place but will be developed once a license for a private AI platform is secured through AIEC. COO Vic Buehler will be conducting a 1-year trial of the AI platform to evaluate its benefits for the cooperative.

Approval of Minutes:

On a motion made by Grapperhaus, seconded by Lurkins, and carried, the minutes of the regular board meeting held on February 26, 2026, and the special board meeting held on March 18, 2026, were approved as amended, and the minutes of the special board meetings held on March 9, March 12, and March 16, 2026, along with the executive session minutes for March 9, March 12, March 16, and March 18, 2026, were approved as presented.

Executive Session:

At 6:47 p.m., Warner made a motion to enter into executive session to discuss legal matters.

Lurkins seconded; motion carried. At 7:01 p.m., Warner made a motion to leave executive session.

Hartlieb seconded; motion carried.

Staff Reports & Presentations

Report of Operations and Construction:

CFO Nathan Taylor's report included:

- Financial metrics
- Financial Summary as of February 31, 2026
 - Revenue
 - Total Operation and Maintenance Expense
 - Total Cost of Electric Services
 - Net Operating Margins
 - Non-Operating Margins
 - DSCR
- Revenue by rate class
- Cost of Power
- YTD cashflow summary
- Capital summary
- Write-offs through February
- Financial reporting calendar

February's list of membership applications and March's list of terminations were sent to the board prior to the meeting. A motion was made by Hartlieb, seconded by Lurkins, and carried to accept 33 applications for membership for February 2026, in accordance with Section 2 of the bylaws, and to formally acknowledge the termination of 17 memberships for March 2026, effective as of the date on which the cooperative ceased furnishing services, and the release of capital credits to members and members' estates totaling to \$35,663.22.

Hartlieb made a motion to approve the Operating Report and Work Order Summary in the amount of \$4,645,505.58 for February 2026. Lurkins seconded; motion carried.

CEO's Report:

CEO Bobby Williams's report included:

- Revised application for Rural Economic Development Loan (REDLG)
- Youth Day
- Strategic Communications
- Capacity update
- Facilities

COO's Report:

Williams provided an update on the COO's report in Buehler's absence. The report included the following:

- Pole inspections
- Smart meters
- Summer Internship
- Smithboro Substation project

Committee Reports:

The scholarship applications were distributed and are due April 15. The Scholarship committee will meet prior to April's board meeting.

The Member Engagement Committee will meet on April 1.

Unfinished Business:

Stine made a motion to authorize Williams to execute all closing documents necessary for the purchase of the Essendant building. Grapperhaus seconded; motion carried.

Warner made a motion to authorize Williams to sign all documents necessary to secure the note with CoBank for the Essendant building. Hartlieb seconded; motion carried.

A motion was made by Warner, seconded by Stine and carried to rescind the Board Resolution Authorizing Application for Rural Economic Development Loan that was approved at February's board meeting and to adopt the revised Board Resolution Authorizing Application for Rural Economic Development Loan as follows:

Whereas, Southwestern Electric Cooperative, Inc. has been actively involved in economic development in order to improve the economic well-being of its membership as well as that of the Southwestern Electric Cooperative, Inc. trade area as a whole; and

Whereas, G.L. Beaumont Lumber Company has proposed a modernization of their equipment for their rural manufacturing operation to continue producing essential materials for American construction and manufacturing; and

Whereas, the total project is estimated to be \$1,200,000 and the G.L. Beaumont Lumber is in need of an additional \$1,000,000 to fund the project over a term of 10 years with a no deferral period; and

Whereas, the Rural Business-Cooperative Service has available an economic development program of financial assistance to eligible electric and telephone cooperatives in the form of zero-interest loans to assist in business and community development; and

Whereas, Southwestern Electric Cooperative, Inc. will comply with provision of 7 CFR 4280; the project is not in violation of Section 4280.27, Ineligible Use of Zero-Interest Loans and/or Grants, and section 4280.30, Restrictions on Use of Zero-Interest Loan and/or Grant Funds; and

Whereas, the Board of Directors of Southwestern Electric Cooperative, Inc. has endorsed the proposed rural economic development project as described in the application.

Now therefore be it resolved, the Board of Directors of Southwestern Electric Cooperative, Inc. authorizes its CEO to submit an application of \$1,000,000 for a Rural Economic Development Loan; and

Be it further resolved, that the Board of Directors authorizes its CEO to compile, complete, and execute the information and forms necessary to support this application.

Furthermore, the Board of Directors authorizes its CEO to requisition the zero-interest loan funds.

New Business:

Lurkins made a motion to establish a Facilities Committee to oversee the building project.

Hartlieb seconded; motion carried. Grapperhaus, Marcoot, and Warner were appointed to the committee, with Grapperhaus serving as Chair. The committee will meet on March 31.

A motion was made by Hartlieb, seconded by Lurkins, and carried to appoint Schwarm as the Association of Illinois Electric Cooperatives (AIEC) Director and Gaffner as Alternate Director.

A motion was made by Warner, seconded by Stine, and carried to appoint Schwarm as the voting delegate and Gaffner as the alternate for the 2026 AIEC Annual Meeting.

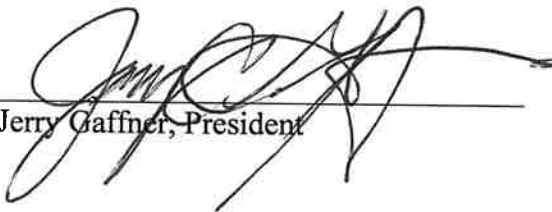
A motion was made by Hartlieb, seconded by Grapperhaus, and carried to appoint Jennings as the voting delegate for the CoBank Special Meeting.

Adjournment:

With no further business to come before the board, the meeting adjourned at 8:03 p.m.


Annette Hartlieb, Secretary

Attest:


Jerry Gaffner, President