

Southwestern Electric Cooperative, Inc.
Minutes of the Regular Meeting
May 26, 2022
Greenville, IL

The regular meeting of the Board of Directors of Southwestern Electric Cooperative, Inc. was held on Thursday, May 26, 2022, at 6:30 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:

Sandy Grapperhaus
Annette Hartlieb
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, Chief Operating Officer Marvin Ayala, Accounting Manager Laura Huge, and Executive Assistant Brooke Scott. Also present was Auditor Craig Popenhagen from CliftonLarsonAllen via video conference. Board Treasurer Jerry Gaffner, absent during roll call, arrived at 7:52 p.m.

2021 Auditor's Report:

Auditor Craig Popenhagen from CliftonLarsonAllen presented the 2021 Auditor's Report through video conference. They did not find anything of significance 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 2020 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.

With no further questions, Popenhagen left the meeting at 6:55 p.m.

Warner made a motion to approve the 2021 Audit Report as presented. Jennings seconded; motion carried.

Executive Session:

At 6:58 p.m., Grapperhaus made a motion to enter into executive session to discuss Freedom Operations, negotiations for the Collective Bargaining Agreements, and a capital credits matter. Nevinger seconded; motion carried. Gaffner joined the meeting at 7:52 p.m. At 8:29 p.m., Hartlieb made a motion to leave executive session. Willman seconded; motion carried.

Report on Nominations Committee Meeting:

At 8:29 p.m. File entered the meeting for the presentation of the 2022 slate of candidates for Districts I, II, and III as submitted by the 2022 nominations committee. File reported that Kyra Willenborg was appointed chairperson and Dan Joachimsthaler was appointed secretary for the committee. The following names were submitted by the nominations committee:

District I: Sandy Grapperhaus and Cheryl Maguire

District II: Ted Willman, Stacey Sidwell, and Bruce Unterbrink

District III: Ann Schwarm, Toby Tackett, and Stacy Alwardt

Nevinger moved to approve the 2022 slate of candidates for Districts I, II, and III as submitted by the 2022 nominations committee. Stine seconded; motion carried. File and Ayala left the meeting at 8:38 p.m.

The meeting recessed at 8:38 p.m. and resumed at 8:48 p.m.

Approval of Minutes:

Minutes of the regular board meeting held on April 20, 2022, 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:

- Final Net Margins for year-ended December 31, 2021.
- Cash Flow Statement and Balance Sheet review for quarter-ended March 31, 2022.
 - Total Utility Plant.
 - Work-in-progress (WIP).
 - Cash position status.
- Statement of Operations for quarter-ended March 31, 2022.
 - Total Sales of Electricity.
 - Sales of Resale.
 - Cost of Power.
 - Net Margins.
 - Debt-Service Coverage.
- Update on the accounting department's ongoing project list and details from their staff report.

Operating Report and Work Order Summary Approval

Stine made a motion to approve the Operating Report and Work Order Summary in the amount of \$264,464.72 for February 2022. Grapperhaus seconded; motion carried.

Huge left the meeting at 9:20 p.m.

CEO's Report:

CEO Bobby Williams' report included:

- No lost time accidents for April.
- Maple Grove transmission line project.
- Substation maintenance.

- Crypto Mining.
- Public announcements regarding capacity.
- Member matters.
- Sponsorship.
- Vacant land.
- Ameren's large line corridor.
- Lead times.
- Open positions and new hires.
- AIEC.
- SWECI Picnic.
- Update on SWECI project list.

April's list of membership applications and May's list of terminations were sent to the board prior to the meeting.

A motion was made by Grapperhaus, seconded by Hartlieb, and carried to accept 85 applications for membership for April 2022 in accordance with Section 2 of the bylaws.

A motion was made by Jennings, seconded by Stine, and carried to formally acknowledge the termination of 20 memberships for May 2022, effective as of the date on which the cooperative ceased furnishing services, and the release of capital credits to the members' estates totaling to \$52,420.44.

Committee Reports:

Cyber Security Committee:

The Cyber Security Committee met on May 26th, prior to the board meeting at Greenville Headquarters. Chairperson Grapperhaus gave a verbal report. The topics discussed included two-factor authentication, cyber security training, and the amount of staff time that is dedicated to cyber security.

Unfinished Business:

A motion was made by Nevinger, seconded by Stine, and carried to elect Schwarm as a director of the AIEC. A motion was made by Nevinger, seconded by Hartlieb, and carried to appoint Gaffner as an alternate director of the AIEC.

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

AIEC Annual Meeting is being held July 27-29, which conflicts with SWECI's July board meeting. After discussion, July's board meeting was moved to Wednesday, July 20.

The Policy and Bylaws Committee will meet on June 22 at 2:30 p.m.

New Business:

The Operation Round Up Committee (ORU) met in May to discuss twelve applications. A motion was made by Hartlieb, seconded by Willman and carried, to approve the Operation Round Up total contribution of \$11,302 to the Hamel Volunteer Fire Dept., Madison County ROE, Worden Volunteer Fire Dept., Bond County Senior Center, DeMoulin Museum, Smithboro Fire Protection District, Sorento Food Pantry, VFW Post 1377, Lighthouse Pregnancy & Health Services, St. James Lutheran Church – Fresh Start, Tools 4 School as recommended by the ORU committee.

Williams presented Gaffner his Credentialed Cooperative Director (CCD) Certificate. Gaffner earned his certificate by completing five courses through NRECA that focus on basic governance knowledge and essential skills.

Adjournment:

With no further business to come before the board, the meeting adjourned at 10:32 p.m.


Annette Hartlieb, Secretary

Attest:


Ann Schwarm, President

