

Southwestern Electric Cooperative, Inc.
Minutes of the Budget & Regular Meeting
December 15, 2022
Greenville, IL

The budget and regular meeting of the Board of Directors of Southwestern Electric Cooperative, Inc. was held on Thursday, December 15, 2022, at 5:00 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
Sandy Grapperhaus
Annette Hartlieb
Bill Jennings
Ann Schwarm
Jared Stine
Marvin Warner
Ted Willman

Director Sandy Nevinger was absent. Staff members present were Chief Executive Officer Bobby Williams, Chief Financial Officer Becky Jacobson, Chief Operating Officer Marvin Ayala, and Executive Assistant Brooke Scott.

2023 Budget Presentations

2023 Proposed Operating Budget

CFO Rebecca Jacobson's presentation included:

- 2023 proposed budgeted Statement of Operations.
- Trend analysis.
- 2023 budgetary cash flow projection.

2023 Proposed Capital Budget

CFO Rebecca Jacobson's presentation included:

- Fleet request.

- Buildings and Grounds request.
- Departmental requests.
- Construction work plan request.

A motion was made by Warner, seconded by Stine, and carried to approve the 2023 Operating Budget reflecting Net Margins of \$199,340.

A motion was made by Willman, seconded by Jennings, and carried to approve the Capital Budget request of \$9,810,120 for 2023 and an additional \$435K pre-approval for the purchase of a future digger derrick, as presented.

Executive Session:

At 7:27 p.m., Gaffner made a motion to enter into executive session to discuss Freedom Operations. Stine seconded; motion carried. At 7:37 p.m., Hartlieb made a motion to leave executive session. Grapperhaus seconded; motion carried.

Approval of Minutes:

Minutes of the regular board meeting held on November 17, 2022, were considered. On a motion made by Warner, seconded by Jennings 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 for eight months ended August 31, 2022.
 - Total Utility Plant.
 - Work-in-progress (WIP).
 - Cash position status.
 - Accounts Receivable - Other.
 - Material Inventory.
 - Debt.
 - Accounts Payable.
- Statement of Operations for eight months ended August 31, 2022.
 - Total Sales of Electricity.
 - Total Revenue
 - Cost of Power.
 - Net Operating Margins.
 - Net Margins.

- Update on projects and other matters.
 - Long-term Debt.
 - Month-end closing processes.
 - Audit schedule.
 - IRS regulations.
 - Power cost adjustment.

Operating Report and Work Order Summary Approval

Stine made a motion to approve the Operating Report and Work Order Summary in the amount of \$521,157.05 for August 2022. Grapperhaus seconded; motion carried.

CEO's Report:

CEO Bobby Williams' report included:

- No lost time accidents.
- Member matters.
- 4-H program donations.
- Topics from the Staff Reports.

Membership Applications and Terminations:

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

A motion was made by Hartlieb, seconded by Grapperhaus, and carried to accept 90 applications for membership for November 2022, in accordance with Section 2 of the bylaws.

A motion was made by Jennings, seconded by Warner, and carried to formally acknowledge the termination of 7 memberships for December 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 \$17,464.59.

Unfinished Business:

A motion was made by Grapperhaus, seconded by Jennings, and carried to write-off \$9,316.16 for Other Accounts Receivable in 2022.

There are 48 active accounts that are collectively due back \$3,274.90 for municipal tax overages occurring in 2016, 2017 and 2018 from an audit that was conducted in 2019. A motion was made by Hartlieb, seconded by Willman, and carried to return the remaining municipal tax overages owed to 48 active accounts, collectively totaling to \$3,274.90.

The *Capital Credits Policy* was sent to the board prior to the meeting for review. Policy & Bylaws Committee Chairperson Warner gave an overview of the new policy. A motion was made by Warner, seconded by Stine, and carried to adopt the *Capital Credits Policy* as presented effective as of January 1, 2023, and to rescind the *Assignments of Capital Credits of a Firm, Partnership or Corporation Which Ceases to Exist as a Legal Entity Policy*. The next Policy & Bylaws Committee meeting will be held on January 26, 2023.

New Business:

The 2023 Touchstone Energy Membership dues are due and payable in the amount of \$17,116. A motion was made by Jennings, seconded by Willman, and carried to approve payment of the 2023 Touchstone Energy Membership dues.

On a motion by Hartlieb, seconded by Grapperhaus and carried, the following members were appointed by the board of directors to serve on the 2023 Operation Round-Up Committee.

- Charlotte Weber, Edwardsville;
- Diane Schmid, Edwardsville;
- Mike Emken, Greenville;
- Sue Backs, Greenville;
- Angela Reeter, Vandalia;
- Brady Kramer, Farina.

A motion was made by Hartlieb, seconded by Stine, and carried to appoint Gaffner as the voting delegate for NRTC's Annual Meeting. A motion was made by Hartlieb, seconded by Grapperhaus, and carried to appoint Williams as the alternate for NRTC's Annual Meeting.

A motion was made by Grapperhaus, seconded by Warner, and carried to appoint Stine as the voting delegate for NRECA's Annual Meeting. A motion was made by Warner, seconded by Hartlieb, and carried to appoint Jennings as the alternate for NRECA's Annual Meeting.

The Operation Round Up Committee (ORU) met to discuss eight applications. A motion was made by Stine, seconded by Willman and carried, to approve the Operation Round Up total contribution of \$4,502 to the Marine Community Fire Dept., the Restore Network, Bond County Ag in the Classroom, VFW Auxiliary Post 1377, and St. James Lutheran Church – Fresh Start Program, as recommended by the ORU committee.

Executive Session:

At 8:45 p.m., Warner made a motion to enter into executive session to discuss strategic goals. Hartlieb seconded; motion carried. At 9:54 p.m., Willman made a motion to leave executive session. Grapperhaus seconded; motion carried.

Adjournment:

With no further business to come before the board, the meeting adjourned at 9:54 p.m.

Attest:


Ann Schwarn, President Pro-temp
Jerry Grappner


Annette Hartlieb, Secretary

