

Southwestern Electric Cooperative, Inc.
Minutes of the Regular Meeting
January 30, 2020
Southwestern Electric Cooperative, Inc., Headquarters Office
525 US Route 40, Greenville, IL 62246

Call to Order and Roll Call

The regular meeting of the Board of Directors of Southwestern Electric Cooperative, Inc. was held on Thursday, January 30, 2020 at 6:00 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
Rich Gusewelle
Annette Hartlieb
Bill Jennings
Sandy Nevinger
Ann Schwarm
Jared Stine

Director Ted Willman, absent during roll call, entered the meeting at 6:16 p.m. Staff members present were Chief Executive Officer Bobby Williams, Chief Financial Officer Becky Jacobson and Executive Assistant Brooke Scott. Also present were attorneys Chris Threlkeld and Michael Hertz from Lucco, Brown, Threlkeld & Dawson LLP.

Attorney Recognition

Threlkeld has been appointed to serve as a circuit court judge in Madison County beginning February 1, 2020 and can no longer serve as SWECI's counsel. The board congratulated Threlkeld on his new position and thanked him for his many years of service. Threlkeld introduced attorney Michael Hertz. Hertz has been recommended to take over as SWECI's lead attorney from Lucco, Brown,

Threlkeld & Dawson LLP. The board received his resume and biography prior to tonight's meeting. After answering several questions, Threlkeld and Hertz left the meeting at 6:15 p.m.

Approval of the Minutes

Minutes of the 2020 budget/regular board meeting held on December 19, 2019, 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 January 29, 2020, were considered. On a motion made by Hartlieb, seconded by Grapperhaus and carried, the minutes were approved as presented.

Willman entered the meeting at 6:16 p.m.

Staff Reports & Presentations

Report of Operations and Construction

CFO Rebecca Jacobson's report included:

- December's Financial and Operating Report.
- The Statement of Operations for year ended December 31, 2019.
- Notable disbursements for the month.
- Comparison of 2019 vs. 2018.
- 2016-2019 trends for Sales of Electric to Cost of Power, and Gross Margins.
- Balance Sheet review.
- Work-in-progress (WIP) & cash position status.
- A request for an additional write-off of \$1,000 for bad debt in 2019.
- Rural Economic Development Loan and Grant (REDLAG) program through USDA.
- Capital credits.
- Long-term Debt.

Operating Report and Work Order Summary Approval

Stine made a motion to approve the operating report and work order summary in the amount of \$1,416,316.63 for December 2019. Nevinger seconded; motion carried.

CEO's Report

CEO Bobby Williams' report included:

- No lost time accidents reported for December.
- Comparison of recordable injuries for 2019 vs. 2018.
- A decrease to Worker's Compensation insurance premium.
- Details on a union grievance.
- Contacts with several members on various matters.
- An update on legal matters.
- Down time request for network maintenance.
- An update on the cost comparison for AIEC services.
- Highlights from several meetings.
- Community events.
- Update on Ameren WDS formula rate.
- 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 Grapperhaus, seconded by Hartlieb and carried to accept 81 applications for membership for December 2019 in accordance with Section 2 of the bylaws.

A motion was made by Gusewelle, seconded by Nevinger and carried to formally acknowledge the termination of 8 memberships for December 2019, effective as of the date on which the cooperative ceased furnishing services, and the release of capital credits to the members' estates totaling to \$10,242.59.

Unfinished Business:

A motion was made by Nevinger, seconded by Stine and carried to write-off an additional \$1,000 of bad debt for 2019, for a total of \$60,655.33. After the application of unretired capital credits from members with bad debt, the adjusted total is \$19,338.28.

2020 NRECA Annual Meeting is being held in New Orleans, LA in March. CFC and NRTC hold their annual meetings in conjunction with NRECA. Motions are needed to elect new voting delegates for NRECA, CFC and NRTC's Annual Meetings.

A motion was made by Jennings, seconded by Hartlieb and carried to appoint Grapperhaus as the voting delegate for NRECA. A motion was made by Nevinger, seconded by Stine and carried to appoint Gaffner as the alternate for NRECA.

A motion was made by Gaffner, seconded by Jennings and carried to appoint Gusewelle as the voting delegate for CFC. A motion was made by Gaffner, seconded by Nevinger and carried to appoint Stine as the alternate for CFC.

A motion was made by Stine, seconded by Nevinger and carried to appoint Gaffner as the voting delegate for NRTC. A motion was made by Nevinger, seconded by Hartlieb and carried to appoint Grapperhaus as the alternate for NRTC.

The board discussed the new minutes format implemented last year that better follows parliamentary procedure. Jennings made a motion to publish board meeting minutes on the cooperative's website after SWECI's attorney has reviewed the format of the minutes. The motion was seconded by Stine and carried.

The policy & bylaws committee asked for the board's input on revising the *Hiring of Employees & Nepotism Policy*. The board discussed the cooperative's bylaws and reviewed a redline copy of the policy.

It was suggested to take a picture annually of the full board.

New Business:

The 2020 Touchstone Energy Membership dues are due and payable in the amount of \$20,257. A motion was made by Gusewelle, seconded by Willman and carried to approve payment of the 2020 Touchstone Energy Membership dues.

Bond County Academic Foundation is hosting a gala in March. The member & community engagement committee will discuss sponsoring the gala at the committee meeting on February 13.

Williams gave a tutorial on software that would give directors the ability to securely access board documents electronically. The board was interested in doing a trial.

A motion was made by Gusewelle, seconded by Grapperhaus and carried to appoint attorney Michael Hertz as SWECI's lead attorney from Lucco, Brown, Threlkeld & Dawson LLP.

Adjournment:

With no further business to come before the board, the meeting adjourned at 9:18 p.m.

Annette Hartlieb, Secretary

Attest:

Ann Schwarm, President