MINUTES OF BOARD MEETING
Lyon-Lincoln Electric Cooperative, Inc.
Monday, August 26, 2024

The regular monthly meeting of the Board of Directors of Lyon-Lincoln Electric Cooperative, Inc. was held on Monday, August 26, 2024 at 9:30 o'clock A.M. at the headquarters building in Tyler, Minnesota.

The following directors were present: James Rokeh, Kathy Schreurs, Galen Grant, Mary Gunnink, Scott Johnson, Dale Fier, Mike Longtin, Jared Dritz, and Joel Buyck.

Also present at said Board Meeting were Finance Manager, Kristi Jensen, and Attorney, Michael W. Cable. General Manager, Timothy O'Leary, was not present at the Board Meeting.

The Board and others in attendance stood and gave the Pledge of Allegiance before the meeting was called to order.

President, Dale Fier, noted that a quorum was present and called the meeting to order.

President, Dale Fier, inquired whether there were any changes to the Minutes of the July 22, 2024 Board Meeting. The only change was that the Minutes incorrectly indicated Kristi Jensen, Finance Manager, left the meeting and was actually there for the whole meeting. With that change noted a motion was made by Mr. Longtin, seconded by Ms. Schreurs, and carried to approve the Minutes of July 22, 2024.

President, Dale Fier, inquired whether there were any additions or changes to the Agenda and Kristi Jensen, Finance Manager, indicated that there were no changes. A motion was made by Mr. Grant, seconded by Ms. Gunnink, and carried to approve the Agenda.

President, Dale Fier, asked the Board after reviewing the Agenda if anyone had any conflict of interest that should be disclosed. There was no conflict of interest to be disclosed by any of the Board.

The Board reviewed the accounts payable check register from July 1, 2024 through July 31, 2024. After review and discussion, President, Dale Fier, indicated that the check register was received and filed subject to audit.

The Board reviewed the applications for membership, which had been submitted as shares to be accepted for the month of July, 2024. After review, a motion was made by Mr. Rokeh, seconded by Mr. Dritz, and carried to approve the shares to be accepted.

The Board reviewed the shares to be cancelled for the month of July, 2024. After review, a motion was made by Mr. Dritz, seconded by Mr. Longtin, and carried to approve the cancellation of said shares.

The Board considered the capital credits to be paid to the following Estates: the Estate of David Karbo for the unretired amount of $3,838.70 with $1,799.28 being paid, and $2,039.42 being discounted; the Estate of Beverly Peterson for the unretired amount of $1,623.00 with $729.38 being paid, and $893.62 being discounted; the Estate of Randall Schwarz for the unretired amount of $5,182.39 with $2,318.03 being paid, and $2,864.36 being discounted; and the Estate of Nancy Walter for the unretired amount of $153.34 with $121.15 being paid, and $32.19 being discounted; there was discussion concerning the Estate of William Ziebell for the unretired amount of $8,446.32 and the Board was advised that the application should be rejected because it was not properly signed. The Estate documents will be returned to Michael Ziebell asking him to properly complete the documentation.

With that correction noted a motion was made by Ms. Gunnink, seconded by Mr. Longtin, and carried to approve the payment of capital credits to the Estates that had been properly completed documents.

Finance Manager, Kristi Jensen, reviewed the Financial and Operating Report with the Board which included the Income Statement for June, 2024 and a Balance Sheet for June, 2024. She also reviewed the Power Requirements Data for the various rates charged by the Cooperative for June, 2024. The Board also reviewed the Summary Report concerning Sales, Operation Expense, Maintenance Expense, Customer Accounts Expense, Customer Services and Information Expense, Sales Expense, Administrative and General Expense, Interest Expense-Other, Other Deductions, Non-Operating Margins-Interest, and Other Capital Credits & Patronage. The Operating TIER shown on the Income Statement for June, 2024 was 0.37 and the Equity shown on the Balance Sheet for June, 2024 was 40.64%. After discussion and review President, Dale Fier, indicated that the Financial and Statistical Report for the period ending June 30, 2024 was received and filed subject to audit.

Kristi Jensen, Finance Manager, reviewed with the Board a letter that had been received from NRTC disclosing that the Patronage Capital Balance on December 31, 2023 was $166,661.11. There was a 2006 retirement (50%) payment amount in the amount of $9,994.73 which was issued to the Cooperative by a check. The current Patronage Capital Balance for the Cooperative with NRTC is $156,666.38.

The Board was presented with Rate Increase Revenue Worksheets for May and June of 2024 which indicated that the total new revenue in May was $56,750.47 and the total new revenue for June, 2024 was $61,139.02.

The Board discussed Form 990 and after discussion a motion was made by Mr. Rokeh, seconded by Ms. Schreurs, and carried to approve Form 990.

Lyle Lamote, Line Superintendent, gave the July Outage Report indicating that there were the following outages involving 10 or more consumers:

- 7-10 61 consumers were off 2 hours and 5 minutes in the Townships of Fortier, Florida and Norman. The cause for the outage was a single-phase breaker that had to be reset.
- 7-17 61 consumers were off 1 hour and 30 minutes in the Townships of Fortier, Florida and Norman. The cause was a faulty OCR.
- 7-20 26 consumers were off 1 hour in the Townships of Coon Creek and Lyons. The cause was a bat on the overhead transformer.

There was no Safety Meeting held in July because of conflicting schedules with STAR Energy.

Mr. Lamote indicated that the linemen were doing the following work some of which had been completed and some were still in process:

- They are working on converting overhead lines to underground lines at 10 more locations.
- They are working South of Lake Benton to replace an overhead line with an underground line.

Mr. Lamote indicated that Firma Tech which provides a drone service to inspect poles, inspected 100 poles taking two pictures on each side and one on top. The reason Firma Tech did this was to present their service to the Cooperative because they were in the area. Mr. Lamote indicated to the Board that at the present time it was not necessary to use Firma Tech's service to inspect poles because he thought the poles could be inspected from the ground. Mr. Lamote then discussed with the

Board the situation that was created because USIC was increasing the cost of their locating service. He indicated that at the present time he was reviewing the possibility of having this locating service through Southwood, Inc. and will report to the Board concerning the negotiation at the next Board Meeting.

Lyle Lamote, Line Superintendent, left the meeting and was no longer in attendance.

Brian Jeremiason, Manager of Marketing and External Relations, gave his report as follows:

1. The Board was advised that Lyon-Lincoln Electric Cooperative, Inc. partnered with 11 other Touchstone Energy Cooperatives again this year to host a booth at FarmFest. Working together allows the Cooperatives to easily staff the booth and put on a quality display. Mr. Jeremiason advised the Board that as a group they had 612 members drop off coupons for the drawings this year. There was given away E-go electric yard tools again this year. An ice auger, shop vac, pole saw, backpack leaf blower and chain saw were the drawing prizes. The shop vac and the chain saw proved to be the most popular prizes. At the same time, Cooperative lineworkers and safety directors had a safety demonstration trailer behind the tent where the Touchstone Energy Cooperative's had their display.

2. Mr. Jeremiason indicated to the Board that last month he updated the Board on another Wolf River situation concerning solar panels that the Cooperative was dealing with. He wanted to provide an update on this member and the contact the member had with Wolf River. He made a couple trips out to visit with the member to explain the Interconnection Application and Purchase Contract with Lyon-Lincoln Electric Cooperative, Inc. While visiting with them, the member shared with Mr. Jeremiason their Financing Agreement with Wolf River for their solar system. The 13.056 kW system was sold to them and installed at a cost of $60,511.63 which is just over $4.63 per watt. The financing is where it gets tricky because the financing is set up for 25 years at 8.99% APR. Payments on the system over the 25 year period will average $520.09 per month for a total of $155,507.50.

3. Sioux Valley Energy is planning an EV Event at the Sioux Empire Fairgrounds in Sioux Falls, South Dakota on September 17, 2024. Mr. Jeremiason indicated that he offered to bring the Tesla owned by Lyon-Lincoln Electric Cooperative, Inc. It was indicated that they have a number of members with EVs that will be showcased including a Cyber Truck, Rivian and other vehicles.

Brian Jeremiason, Manager of Marketing and External Relations, left the meeting and was no longer in attendance.

Kristi Jensen, Finance Manager, gave the General Manager's Report and said report was as follows:

1. The Board had been provided the July Power Bill. The average purchase power rate for the month was 70.08 mills/kWh and the budgeted amount for July was 68.90 mills/kWh. The hot weather at the end of the month caused the peak to happen on July 29, 2024, but the Cooperative didn't have a lot of sales to match the higher than budgeted peak demand for the month.

2. Lyon-Lincoln Electric Cooperative, Inc.'s kWh purchases through the month of July are currently 94.21% of the budget. It's kWh sales to

members through July are currently 94.17% of the budget. The line loss for the year stands at 5.10%. The Board was advised that the Cooperative was slightly under budget in sales for the month.

3. The East River Electric Power Cooperative, Inc. MAC Meeting included some of the following topics:

    a. The video for East River will cover topics including the proposed Basin rate increase, financials for Basin and East River, the DC Circuit Court ruling to not allow a stay on the EPA power plant rules, permitting legislation that passed a Senate committee, SPP western expansion, and items happening at the SD PUC.

    b. East River Electric Power Cooperative, Inc. continues to discuss the addition of new loads across its system. This is driving additional dollars being put into the electric plant. Staff shared that new loads added over the last couple of years have had a .25 mill benefit to East River's rates. Next year's electric plan budget will increase from $103.4M to $173.6M with large loads paying a contribution in aid of construction of $9.1M. A majority of the budget will be used for load growth and be put into the Southwest Power Pool (SPP) grid to be paid for by all members of SPP footprint. The other $35.7M will be used for reliability projects.

    c. East River Electric Power Cooperative, Inc. continues to work on artificial intelligence (AI) procedures that could be modeled at the distribution co-op level. The procedure will provide guidelines for who can be authorized to use AI, selection of AI vendors, how it can be used, data protection, and training those that can use AI at the Cooperative. The Cooperative will get more details on the procedure at the October meeting.

    d. Basin's staff shared their draft financial forecast at the Deadwood Meeting and East River provided highlights at its MAC Meeting. The capital budget has increased from $5B to $7.8B in this forecast. $5.2B of that total is for new generation, $1.2B is for a new transmission, $1.1B is for existing generation, $152M is for existing transmission and Basin has $89M for other projects. The biggest addition to the total is a new 1400MW natural gas generating plant in North Dakota. Basin is looking at adding more employees as they try to fill vacancies from previous austerity measures and retirements. The revenue requirement for 2025 has increased by nearly $300M from last year's forecast due to lower non-member revenue ($119M), subsidiary losses ($44M), and higher costs to serve. The forecast is based on a $150 Million margin requirement.

    e. East River's staff visited a little bit about Talus Renewables and their efforts to get 4 sites up and running in East River's territory. Right now, Talus has gone silent since East River/Member Systems have shared initial rate and contribution in aid of construction numbers with the company. East River has not heard from Talus since the beginning of June as Talas focuses is on other areas first.

    f. The main topic at the Deadwood Meeting with Basin and the recent MAC Meeting is the rate increase being proposed by Basin. Basin's staff indicated that a 6 mill increase or around a $180M increase would be needed to meet its targeted margin of $150M to maintain Basin's A investment rating. The discussion recognized costs have increased, but there are options available to Basin to mitigate the size of the increase and possibly implement it over a couple of years rather than all at once. The MAC proposed sending a letter (copy of the letter was provided to the Board) to Todd Brickhouse and copied to Kermit Pearson with options that Basin could consider to help its members deal with an increase. The options included using dollars from the revenue deferral fund, phase in any increase due to 2026 numbers looking better, and finally looking at lowering the targeted margin rate to lower the dollars needed to meet the budgeted margins. This issue will be discussed at the next Basin Board Meeting and will probably continue over the next couple of months. The Basin Board did indicate that it will be using $58M from deferred revenue to soften the impact of the 2025 increase.

4. Basin has indicated that it will be looking at a rate increase for the heat rate for the 2025 season to 37.00 mills. Which is similar to what Basin put in their forecast last year. Basin would like the rate to be based on the cost of production plus 4 mills and look at returning to that formula in 2026. The 2026 heating system projection has increased by 2 mills over the previous forecast and has a rate 41 mills. East River takes the rate and adds their costs which are around 2 mills. Each mill increase impacts its costs by about $15,000.00 to Lyon-Lincoln Electric.

5. Staff from Cooperative Building Solutions (CBS) will be visiting Lyon-Lincoln Electric Cooperative, Inc.'s location the afternoon of September 10, 2024. This will be a courtesy visit and they will review the Cooperative's facility, assess what the Cooperative needs or are looking for from the headquarters building and let us know about changes that could be made to improve it. Once this is complete, a study can be reviewed which is where the Cooperative will start to look at spending dollars on putting a plan together for the building.

6. There was a conversation held with the Lyon County Landfill Engineers as they look at generating electricity from landfill gas. The Cooperative has updated them on what could be located at the landfill and the price that Basin/East River will pay for the generation. Conversations about this project have been ongoing over the last 10 years, as the landfill continues to look for ways to use the gas at the site.

7. The Board was advised of the following scheduled meetings:

   - September 4th through September 6th, 2024 – MREA Manager's Meeting.
   - September 9, 2024 – Operation RoundUp Meeting at 7:00 o'clock P.M.
   - September 10, 2024 – Cooperative Business Solutions at 1:30 o'clock P.M.
   - September 12, 2024 – East River Communications/Marketing Committee at 10:00 o'clock A.M.
   - September 16th through September 18th, 2024 – NRECA Regional Meeting.
   - September 23, 2024 - Lyon-Lincoln Electric Cooperative, Inc. Board Meeting.

Kristi Jensen, Finance Manager, reviewed with the Board the LL July Cyber Security Program Report completed by East River Cyber Security Department dated August 5, 2024.

The Board was advised to review the East River Board Meeting draft minutes for July, 2024 that was located in the Call to Order App accessible by the Board.

Vice-President, Mike Longtin, gave a report concerning the Basin Annual Meeting he had attended which involved issues concerning the Crow Creek Tribe, the expected rate increase by Basin, the necessity of increasing the rates to maintain the A rating with the Securities Exchange Commission, and the possibility of utilizing the Rate Stability Fund to minimize the impact on Cooperatives as a result of the Basin increase.

The Board reviewed Policy 107-Whistle Blower, Policy 108-Indemnification, Policy 109-Controlled Substance & Alcohol Use Testing, Policy 201-General Manager, and Policy 202-Fiduciary Duties. After discussion there were no changes recommended by the Board.

The Board reviewed the 2024 District 6 Meeting Official Mail Ballot that had been provided by the CFC. After discussion a motion was made by Mr. Rokeh, seconded by Mr. Grant, and carried to have the ballot completed indicating that the Cooperative is voting in favor of having William A. Roberts be the At-Large Director for CFC.

Director, Mary Gunnink, gave a report on the Energy Issues Summit that she had attended which included topics such as recognizing an employee's birthday, placing on the website for the Cooperative information on how members could run for the Board, and strategic planning. Director, Joel Buyck, indicated that he enjoyed the Joe Schmidt presentation and President, Dale Fier, discussed how linemen wanted to return to Guatemala to help in their utility construction.

There was presented to the Board the following upcoming meetings:

- The East River Electric Power Cooperative, Inc. Annual Meeting to be held on September 4, 2024 at the Ramkota Hotel in Sioux Falls, South Dakota.
- There was discussion concerning the NRECA Annual and Regional Meetings 5 & 6 to be held on September 16th thru September 18th of 2024 at the Hilton in Minneapolis, Minnesota. The Board was advised that there needed to be a delegate and alternate designated for the NRECA Regional Meeting 6 and a motion was made by Mr. Rokeh, seconded by Mr. Longtin, and carried to designate Secretary/Treasurer, Kathy Schreurs, as the delegate and Director, James Rokeh, as the alternate. There was also discussion concerning the necessity for having a delegate for the RESCO meeting and a motion was made by Mr. Buyck, seconded by Mr. Longtin, and carried to designate Director, James Rokeh, as the voting delegate.

The Board recessed for lunch at 11:45 o'clock A.M. and watched the East River Electric Power Cooperative, Inc. monthly video report which included the Basin Summary.

There being no further business to come before the Board, President, Dale Fier, adjourned the meeting at 12:14 o'clock P.M.

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Secretary

ATTEST:

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President