

MINUTES OF BOARD MEETING
Lyon-Lincoln Electric Cooperative, Inc.
Monday, August 25, 2025

The regular monthly meeting of the Board of Directors of Lyon-Lincoln Electric Cooperative, Inc. was held on Monday, August 25, 2025 at 9:30 o'clock A.M. at the headquarters building in Tyler, Minnesota.

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

The following director was absent: Dale Fier.

Also present at said Board Meeting were General Manager, Timothy O'Leary, Finance Manager, Kristi Jensen, and Attorney, Michael W. Cable.

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

Vice-President, Scott Johnson, noted that a quorum was present and called the meeting to order.

Vice-President, Scott Johnson, inquired whether there were any changes to the Minutes and there were no changes and a motion was made by Mr. Longtin, seconded by Mr. Dritz, and carried to approve the Minutes of July 28, 2025.

Vice-President, Scott Johnson, inquired whether there were any additions or changes to the Agenda and General Manager, Timothy O'Leary, indicated that he was going to add an item under the Financial and Administration Report concerning the Eide Bailly Master Services Agreement that had been forwarded to the Cooperative. With that addition noted, a motion was made by Mr. Grant, seconded by Mr. Buyck, and carried to approve the Agenda.

Vice-President, Scott Johnson, 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, 2025 through July 31, 2025. After review and discussion, Vice-President, Scott Johnson, 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, 2025. After review, a motion was made by Mr. Longtin, seconded by Mr. Rokeh, and carried to approve the shares to be accepted.

The Board reviewed the shares to be cancelled for the month of July, 2025. After review, a motion was made by Mr. Dritz, seconded by Mr. Grant, and carried to approve the cancellation of said shares.

There were no requests for withdrawal of Capital Credits to estates.

Vice-President, Scott Johnson, inquired whether there were any interactions with any members of the Cooperative by the Board. He was advised there were none.

Finance Manager, Kristi Jensen, reviewed the Financial and Operating Report with the Board which included the Income Statement for June, 2025 and a Balance Sheet for June, 2025. She also reviewed the Power Requirements Data for the

various rates charged by the Cooperative for June, 2025. 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, 2025 was 0.55 and the Equity shown on the Balance Sheet for June, 2025 was 40.50%. After discussion and review Vice-President, Scott Johnson, indicated that the Financial and Statistical Report for the period ending June 30, 2025 was received and filed subject to audit.

The Board reviewed a letter that had been received from the CEO of NRTC and a statement concerning member equities with NRTC for Lyon-Lincoln Electric Cooperative, Inc. As of December 31, 2024 there was a patronage capital balance of \$156,666.38. There was a check received from NRTC in the amount \$9,907.36 for the 2006 retirement payment amount. After the payment and reduction for the 2006 Education Fund Expense there remained a current patronage capital balance of \$146,671.65.

General Manager, Timothy O'Leary, and Kristi Jensen, Finance Manager, reviewed with the Board the 2024 Key Ratio Trend Analysis (KRTA) that concerned the years of 2020 through 2024 involving 145 ratios for cooperatives in the United States.

The Board then reviewed the Master Services Agreement which had been provided by Eide Bailly which would concern the contracts that Lyon-Lincoln Electric Cooperative, Inc. had with Eide Bailly. After review and discussion a motion was made by Mr. Longtin, seconded by Ms. Schreurs, and carried authorizing the Master Services Agreement to be signed by the Cooperative.

Kristi Jensen, Finance Manager, then left the meeting.

Lyle Lamote, Line Superintendent, then was in attendance at the meeting and gave the June Outage Report and it was as follows:

- On July 18th, 41 consumers were off 2 hours and 25 minutes in the Townships of Nordland and Island Lake. The cause was a burn down of the primary wire.
- On July 18th, 16 consumers were off 4 hours in Lake Marshall Township. The cause was a tree branch on the line.

Mr. Lamote indicated that on July 30, 2025 there was a Safety Meeting concerning the topic of Forklift and Skid Steer Safety which was conducted by Terry Ehli, MREA's Safety Instructor.

Mr. Lamote indicated the following concerning what linemen were working on and it was as follows:

- Presently they are working on an underground 3 phase line being approximately 7 miles long by Verdi, Minnesota.
- The linemen had completed 10 underground jobs.
- Linemen are replacing poles that were damaged south of Marshall.
- The linemen also reviewed the Rural Electric Safety Achievement Program visit.

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

General Manager, Timothy O’Leary, reviewed the report with the Board that had been completed by Brian Jeremiason, Manager of Marketing and External Relations, because Brian Jeremiason was not able to attend the meeting. Said report was as follows:

1. It was indicated that Lyon-Lincoln Electric Cooperative, Inc. is seeing a flurry of activity with the Solar Tax Credits set to expire at the end of the year. Wade Thooft, Operations Staff Assistant, and Brian Jeremiason conducted a witness test on a project near Marshall on August 20, 2025. They have another witness test to perform between Tyler and Lake Benton that will be tested as soon as the electrical inspector signs off. The solar has been installed but it failed the first inspection. Mr. Jeremiason and Mr. Thooft should be able to do the witness test on this project in early September. Two other members have entered into the application process and the Cooperative has received a number of additional inquiries. Mr. Jeremiason indicated in the report that he was not certain as to how many new applications will be coming in before the end of the year and thinks new applications will be less and less likely over the next couple of months.
2. In the report provided by Brian Jeremiason, he indicated that he was certain the Board would have some discussion concerning the Basin Meeting. Mr. Jeremiason indicated some key takeaways he had noted from the Basin Annual Meeting:
 - a. Basin plans to double their balance sheet over the next 10 years.
 - b. Basin plans to do this by using a mix of 75% debt through various lenders and 25% equity through margins and rate increases.
 - c. Existing generation costs were about \$800/kW and future generation costs will be about \$2,700/kW. Existing transmission costs are about \$400,000 per mile. Future transmission costs will be about \$2M per mile. Basin is attempting to source as many materials through domestic production as possible, but mentioned that they will need to import a good portion of materials and components. Basin is requiring all vendors to line item all added tariffs on the materials they import.

Technology is the dominate engine of growth in per capita income for citizens and will be the dominant driver of energy demand over the next decade. The current administration is dead set on winning the Global AI Competition and has stressed the importance of the nation asserting its energy dominance. Every 100 MW of Data Center Load generates \$1B in economic investment. Energy generation to power each AI Data Center consumes 60M cubic feet per day of natural gas, which is 10M cubic feet more than the launch of a SpaceX Starship. Reliability is five times more valuable to data centers then energy costs are. Data Center Energy use is approximately 80% IT services, 18% cooling, 1% lighting and 1% storage. Northern climates are most attractive due to their cooler temperatures – 65-82 degrees is the optimal operating temperatures for the servers. Even without large loads Basin expects to add 2.5% growth per year over the next 10 years, or about 150 MW per year. Between 2018 and 2024, Basin only added 45 MW of generation. Basin is essentially playing catchup and facing growth demands on top of that. Estimated peak growth of 148,000 KW on average over the next 10 years. At \$2,500.00 per KW

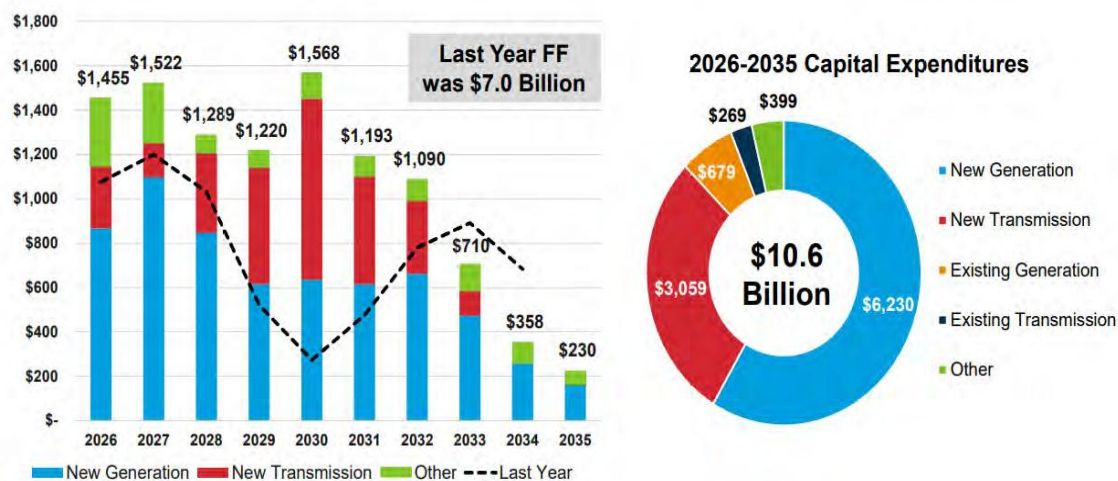
times 148,000/KW = \$370,000,000.00 per year. Lyon-Lincoln Electric Cooperative, Inc. can expect rate increases through 2027 and a pause in patronage retirements through 2030.

General Manager, Timothy O'Leary, gave his General Manager's Report and said report was as follows:

1. The Board had been provided the July Power Bill from East River Electric Power Cooperative, Inc. The average purchase power rate for the month was 75.59 mills/kWh and the budgeted amount for July was 74.88 mills/kWh. The hot weather during the month caused the peak to be higher throughout the month. Purchases were 6.33% higher than budget and sales were 7.31% over budget for the month.
2. Lyon-Lincoln Electric Cooperative, Inc.'s kWh purchases through the month of July are currently 100.46% of the budget. It's kWh sales to members through July are currently 100.35% of the budget and the line loss for the year is 5.19%.
3. The East River Electric Power Cooperative, Inc. MAC Meeting included some of the following topics:
 - a. The staff for East River Electric Power Cooperative, Inc. started their report by letting the MAC know that energy and demand sales are down compared to budget. The staff indicated that heat sales missed budget by 30% for the first part of the year, pipeline sales are down and are not running at full capacity, and the crypto load is dropping load at random times throughout the month. Total margins are \$392,000.00 below budget and staff expected that to continue and they project year end margins to be \$1M below budget. Interest expense has had a large impact on margins as East River has \$69M in line of credit loans and the rates are not falling as fast as they expected in their budget assumptions.
 - b. East River Electric Power Cooperative, Inc. expects to complete its electric plan additions for 2025. This year's forecast has them spending \$152.2M. East River expects to spend \$160M in 2026, \$121.9M in 2027, and \$114.6M in 2027. East River has a few projects that are questionable at this time and are expecting to reduce or delay these projections. Capital investment plays a role in their revenue requirements due to annual depreciation and interest.
 - c. Basin Electric Power Cooperative, Inc.'s staff shared their draft financial forecast at the Deadwood Meeting and East River provided highlights at the MAC Meeting. The capital budget has increased from \$7B to \$10.6B according to this forecast. \$6.2B of that total is for new generation, \$3B is for new transmission, \$679M is for existing generation, \$269M is for existing transmission and \$399M for other projects. Basin is looking at debt financing 75% of the capital expenditure and having the membership pay for 25% through rates. The forecast does not include generation needed to meet new large loads which will be determined in the contract to serve the large load.

Basin Electric Capital Expenditures - \$10.6 Billion

In Millions



- d. The main topic at the Deadwood Meeting and the recent MAC Meeting was the rate increase being proposed by Basin. Basin’s staff indicated that a 10 mill increase or around a \$562M increase to meet their targeted margin of \$400M. This margin is \$234M higher than last year’s margin requirement and they are basing it on future borrowing. This would allow them to keep an equity ratio of 25%. The discussion recognized that borrowing 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 resolutions from each Cooperative based on a resolution that is currently being put together by Sioux Valley Energy. The resolution asks Basin to keep increases to no more than 10% each year and they propose different options to meet their request. The options include considering how the rate impacts the member at the end of the line, offering complete transparency in a timely manner, phasing in increases to match capital expenditures; providing a multi-year plan; focusing on accurate forecasting and using realistic inputs; utilizing the revenue stability fund; and evaluating future challenges of Dakota Gas Company. It looks like the Basin Board will act on staff recommendations at their September Board Meeting. The draft increase of 18.7% would have a \$60M impact on East River.

2026 Revenue Requirement

In Millions

	2026 CY FF	2026 PY FF	Change	Change (\$/MWh)
Cost of Electric Service*	\$2,582	\$2,415	\$ 167	\$(0.77)
Non-Member Revenue	(240)	(273)	33	1.47
Net Margin Contribution of Subsidiaries	98	(30)	128	3.46
Margin	400	166	234	5.84
Total Revenue Requirement	\$2,840	\$2,278	\$562	\$10.00
Member Sales (MWh's in millions) (LY FF is excluding crypto/large load)	37.8	35.0		
Average Member Rate (\$/MWh)	\$75.14	\$65.14	\$10.00	

Updated Revenue Requirement / Rate

Projected Cost per MWH				Projected Margins (millions)			
	2026	2027	2030		2026	2027	2030
Original	\$ 75.14	\$ 75.14	\$ 75.14	Original	\$ 400	\$ 400	\$ 352
Phase-In	\$ 69.67	\$ 75.14	\$ 76.34	Phase-In	\$ 217	\$ 425	?
Change	-7.28%	0%	1.60%	Change	-45.75%	6.25%	

Updated Revenue Requirement / Rate

2026 Revenue Requirement					
In Millions					
	2026 CY FF	2026 PY FF	Change	Change (\$/MWh)	
Cost of Electric Service*	\$2,582	\$2,415	\$ 167	\$(0.77)	
Non-Member Revenue	(240)	(273)	33	1.47	
Net Margin Contribution of Subsidiaries	98	(30)	128	3.46	
Margin	400	466	66	5.64	Margin to \$217M
Total Revenue Requirement	\$2,840	\$2,278	\$562	\$10.00	Rev. Req to \$2,634M
Member Sales (MWh's in millions) (LY FF is excluding crypto/large load)	37.8	35.0			
Average Member Rate (\$/MWh)	\$75.14	\$66.14	\$10.00		Average Rate to \$69.67

* Includes revenue from crypto/large load passthrough rate in LY FF.

Increase of \$6.33 or 9.99%

- e. Basin Electric Power Cooperative, Inc. became an RUS borrower on July 16, 2025. With the loan, Basin filed a motion to remove themselves from FERC regulation. Basin feels that the past rulings would not apply because they are now a RUS borrower. The loan funds were used to update technology in their substations.
- f. Basin indicated that it will be looking at a rate increase for the heat rate for the 2026 heating season to 41.00 mills which is 4 mills higher than the 2025 rate. Basin would like the rate to be based on the cost of production plus 4 mills. As Basin adds additional generation, this rate will only increase due to the cost of new generation. East River takes the rate and adds their costs which are around 2 mills. Each mill increase impacts our costs by about \$15,000.00. The Basin Board has agreed to keep the rate until 2029.
4. General Manager, Timothy O’Leary, advised the Board that he will be serving on the Energy Forum Committee again. So the Board should let him know if they have any topics that they would like him to cover at the forum.
5. The Board was advised of the following scheduled meetings and other matters:
- September 3, 2025 - East River Annual Meeting.
 - September 8, 2025 – Operation RoundUp Meeting – 7pm.
 - September 12th and 16th, 2025 – PTO.
 - September 22-25 – NRECA Regional Meeting.
 - September 29, 2025 - Lyon-Lincoln Electric Cooperative, Inc. Board Meeting.

The Board reviewed the Resolution to be forwarded to Basin Electric Power Cooperative, Inc. concerning the Basin Electric Power Cooperative rate increase. After review, a motion was made by Mr. Longtin, seconded by Mr. Drietz, and carried to approve the Resolution as presented.

General Manager, Timothy O'Leary, reviewed with the Board what will be viewed by the Compensation Committee concerning employee's compensation, healthcare and pension for said employees.

CBS will be meeting with the Board in the month of September to review remodeling costs for the headquarters building in Tyler, Minnesota.

The Board reviewed the Lyon-Lincoln Electric Cooperative, Inc.'s Cyber Report for July, 2025 which was prepared by East River Cyber Security Department.

Director, Mike Longtin, gave a report concerning the East River Electric Power Cooperative, Inc. Monthly Meeting he had attended and updated the Board concerning the issues involving a 115 kv transmission line that was being discussed at the monthly meeting of East River, said line near Watertown, South Dakota.

There was then discussion concerning the CFC District 6 Meeting and the designation of a delegate and alternate to said meeting. After discussion a motion was made by Mr. Longtin, seconded by Mr. Grant, and carried to designate Director, James Rokeh, as the delegate and General Manager, Timothy O'Leary, as the alternate to said meeting. The Board viewed the 2025 District C Meeting Official Mail Ballot and after review a motion was made by Ms. Gunnink, seconded by Mr. Dritz, and carried to have the vote of Lyon-Lincoln Electric Cooperative, Inc. be for Gary R. Fisch who is a director of Sioux Valley Energy to serve as a Board Member for District 6 on the National Rural Utilities Cooperative Finance Corporation (CFC) Board.

The Board then reviewed the need to have a delegate appointed for the Region 6 Meeting of Subscribers of Federated Rural Electric Insurance Exchange to be held on September 24, 2025. A motion was made by Mr. Grant, seconded by Ms. Gunnink, and carried to appoint Director, James Rokeh, as the delegate and to cast a ballot for Mark Rogen, a Director from Sioux Valley Energy, to serve on the Region 6 Meeting of Federated Rural Electric Insurance Exchange.

The Board recessed for lunch at 11:55 o'clock A.M. and reconvened at 12:20 o'clock P.M. During the lunch break the Board viewed the East River Electric Power Cooperative, Inc. video which included their monthly meeting and the Basin Summary.

The Board reviewed Policy 604 – Line Extensions and after review a motion was made by Mr. Rokeh, seconded by Mr. Buyck, and carried to approve Policy 604 – Line Extensions.

The Board was advised that Policy 606 – Interconnection of Distributed Generation will be reviewed in the future.

The Board reviewed Policy 607 – Safety, Reliability and Service Quality; Policy 608 – Records Management; Policy 609 – Neutral to Earth Investigation Guidelines; and Policy 610 – AMI OPT – OUT Program. There were no changes to be made to these policies.

The Board reviewed the following upcoming meetings:

- East River Electric’s 75th Annual Meeting, September 3, 2025, 8am – 4pm; Ramkota Hotel in Sioux Falls, South Dakota.
- 2025 Regions 5 & 6 Meeting, September 23-25, 2025; Madison, Wisconsin.
- Mid-West Electric Consumers Association 68th Annual Meeting, December 9-11, 2025; Grand Hyatt Hotel, Denver, Colorado.

There being no further business to come before the Board, Vice-President, Scott Johnson, adjourned the meeting at 12:40 o’clock P.M.

Secretary

ATTEST:

Vice-President