

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

The regular monthly meeting of the Board of Directors of Lyon-Lincoln Electric Cooperative, Inc. was held on Monday, February 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, Scott Johnson, Dale Fier, Mike Longtin, Jared Dritz, Joel Buyck, Mary Gunnink and Galen Grant.

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.

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 January 22, 2024 Board Meeting and there were no changes. A motion was made by Ms. Schreurs, seconded by Mr. Buyck, and carried to approve the Minutes of January 22, 2024.

President, Dale Fier, inquired whether there were any additions to the Agenda and General Manager, Timothy O'Leary, 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 January 1, 2024 through January 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 January, 2024. After review, a motion was made by Ms. Schreurs, seconded by Mr. Longtin, and carried to approve the shares to be accepted.

The Board reviewed the shares to be cancelled for the month of January, 2024. After review, a motion was made by Mr. Rokeh, seconded by Mr. Dritz, 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 Jerold Buchert for the unretired amount of \$2,168.56 with \$1,015.65 being paid, and \$1,152.91 being discounted; the Estate of Etler Jensen for the unretired amount of \$4,245.75 with \$1,826.88 being paid, and \$2,418.87 being discounted; the Estate of Robert Mack, Jr. for the unretired amount of \$4,048.38 with \$1,903.07 being paid, and \$2,145.31 being discounted; the Estate of Leonard Schroeder for the unretired amount of \$211.25 with \$153.88 being paid, and \$57.37 being discounted; the Estate of Gordon St. Aubin for the unretired amount of \$5,277.82 with \$2,516.15 being paid, and \$2,761.67 being discounted; and the Estate of Ron C. Velde for the unretired amount of \$1,413.14 with \$732.66 being paid, and \$680.48 being

discounted. A motion was made by Mr. Longtin, seconded by Ms. Schreurs, and carried to approve the payment of capital credits to said Estates.

Finance Manager, Kristi Jensen, reviewed the Financial and Operating Report with the Board which included the Income Statement for December, 2023 and a Balance Sheet for December, 2023. She also reviewed the Power Requirements Data for the various rates charged by the Cooperative for December, 2023. 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 December, 2023 was 1.54 and the Equity shown on the Balance Sheet for December, 2023 was 40.43%. After discussion and review President, Dale Fier, indicated that the Financial and Statistical Report for the period ending December 31, 2023 was received and filed subject to audit.

The Board was provided with data concerning the 2023 Margin Allocation Estimates which indicated that the 2023 margins (based on adjusted revenue) from East River Electric Power Cooperative, Inc. was \$186,926.90 and the 2023 margins (Based on total revenue less parity) from Basin Electric Power Cooperative, Inc. was \$419,060.47 bringing the total amount of estimated margins to the total of \$605,978.37 for Lyon-Lincoln Electric Cooperative, Inc.

The Board then reviewed the Margin Stabilization Return for January, 2024 and it was indicated that the Margin Stabilization Return due to Lyon-Lincoln Electric Cooperative, Inc. was \$28,539.97 which will appear as a bill credit from East River Electric Power Cooperative, Inc.

The Board reviewed a letter that was directed to General Manager, Timothy O'Leary, by NISC concerning the approval of a cash retirement on unretired balances from 2000 and prior which brought those years up to a total retirement level of 57%. It was indicated that Lyon-Lincoln Electric Cooperative, Inc.'s capital credit retirement check was \$21,560.98.

Kristi Jensen, Finance Manager, left the meeting and was no longer in attendance.

Lyle Lamote, Line Superintendent, gave the January Outage Report to the Board which involved 10 or more consumers. He also reviewed with the Board the fact that Lineman, Sam Rohde, Nathan Pavek and Trent Skjefte, went to a winter workshop in Alexandria sponsored by MREA on January 17, 2024. Lineman Ross Birath and Dan Tutt, attended a Safety Meeting in St. Cloud, Minnesota concerning the topic of Foreman Conference on January 24, 2024. Mr. Lamote indicated that the linemen were doing the following work some of which had been completed and some were still in process:

- The linemen were doing line patrol involving three Townships.
- The linemen were cutting trees on the east side of Lyon-Lincoln Electric Cooperative, Inc.'s service area.
- The linemen were performing some line repair.
- The linemen were changing out porcelain contacts.
- The linemen were reviewing and repairing some of the spots identified by EXACTER Turnkey Services showing potential problems on the system.

Lyle Lamote, Line Superintendent, and General Manager, Timothy O'Leary, reviewed the 2023 Service Reliability Report which contained Reliability Measurements, System Average Interruption Frequency Index (SAIFI), System Average Interruption Duration Index (SAIDI), Customer Average Interruption

Duration Index (CAIDI), Major Service Interruption, Customer Notice of Planned Service Interruptions, Meter Reading Frequency, Replacing Malfunctioning Meters, Service Calls, Call Center Response Time, Service Extension Response Time, Member Complaints, Involuntary Disconnections, Emergency Medical Account, and Member Deposits.

General Manager, Timothy O'Leary, and Lyle Lamote, Line Superintendent, reviewed with the Board the Lyon-Lincoln Electric System Planning document dated February, 2024 which contained a report concerning the progress from 2014 through 2023 as to upgrades at the substations and ties in to said substations, the electric plan budget, the TSP transmission structures, the TSP pole top structures, the 2023 substation power factor, the 2023 kVAR time series, the substation kVAR loading and capacity for 2023 and the projects for 2024 through 2026. The report also included a reference to Lyon-Lincoln Electric current plans, Lyon-Lincoln Electric future plans and there was discussion concerning the topics outlined in the ER Engineering Update.

Lyle Lamote, Line Superintendent, reviewed with the Board prices that had been quoted for 35' Class 5 Northern Red Pine Poles, 40' Class 5 Northern Red Pine Poles, 35' Class 5 Red Pine Pole Stella and Bell and 40' Class 5 Red Pine Pole Stella and Bell. He also reviewed with the Board prices that were being paid for products used by the Cooperative and the products discussed were 35' Class 5 Northern Red Pine Poles, 40' Class 5 Northern Red Pine Poles, 35' Class 5 Red Pine Pole Stella and Bell, 40' Class 5 Red Pine Pole Stella and Bell, transformer pricing for 15 KVA Pad Transformer, 25 KVA Pad Transformer, 37.5 KVA Pad Transformer, and 75 KVA Pad Transformer. The Board also reviewed the pricing that was anticipated for 1/10 cable and 4/0 cable. Finally, the Board was presented the 2021 to 2024 Pricing Schedule for products used by the Cooperative describing 29 different items.

General Manager, Timothy O'Leary, and Lyle Lamote, Line Superintendent, also discussed with the Board a project that was being requested by Kevin Buysse that would require the service provided by Lyon-Lincoln Electric Cooperative, Inc. to be expanded and the consent of Minnesota Valley for the same. The request was concerning a 3-phase line for a service that Kevin Buysse wants and involved the Line Extension Policies for each cooperative. General Manager, Timothy O'Leary, will obtain additional information and report in the future to the Board.

There was presented to the Board a request that had been made by Mitchell Tech for a donation concerning facilities that Mitchell Tech was constructing that would be utilized in the training of linemen. There was general discussion with no action.

There was discussion concerning the Grid Resiliency and Innovation Partnership for Lyon-Lincoln Electric Cooperative, Inc. working with Star Energy. There was funding being offered through MREA.

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

Brian Jeremiason, Manager of Marketing and External Relations, attended the meeting and reviewed the following with the Board:

1. Lyon-Lincoln Electric Cooperative, Inc. received 27 applications for the Basin/Operation RoundUp Scholarship Program, almost double the 15 applicants that were received last year. Each of the area schools, with the exception of Elkton/Lake Benton were represented. Employees are still reviewing the applications, but should have the Basin award winner selected and submitted to Basin the week of February 26th.

2. Mr. Jeremiason reviewed with the Board items that required Board action and the first item was the Annual Cogeneration Report. The Cooperative added nearly 90 kW of wind in 2023. There is one project that came on already in 2024 for 38 kW and an additional three projects to be activated this spring with an additional 61 kW. Mr. Jeremiason indicated that the Cooperative will surpass the 2023 total early this year once the projects come online. After discussion a motion was made by Mr. Grant, seconded by Mr. Longtin, and carried approving the 2023 Cogeneration Report.
3. Mr. Jeremiason attached a draft version of Rate Schedule #14 that deals with Distributed Generation. The changes to the average retail rate per class were reviewed with the Board as contained in Rate Schedule #14. Mr. Jeremiason advised the Board that with these changes a single phase residential member will see their net payback per kWh sold to the Cooperative increasing from \$0.0628 to \$0.0644 per kWh. After discussion a motion was made by Mr. Dritz, seconded by Ms. Schreurs, and carried approving Rate Schedule #14 being the Lyon-Lincoln Electric Cooperative, Inc. Minnesota Renewable Energy Rate Under 40 kW. Included in the Rate Schedule #14 that was approved was the Renewable Energy Purchase Application Form and the rates by Rate Schedule for residential, residential-seasonal, irrigation, commercial and industrial under 1,000 KVA, commercial and industrial over 1,000 KVA, public street and highway lighting, and public authority.
4. The Board reviewed the Distributed Energy Resource Filing Form that is filed with the State of Minnesota showing the applications that the Cooperative received from members for interconnection. This includes the projects that the Cooperative knows of coming on in 2024.
5. As a matter of information Mr. Jeremiason reviewed with the Board the electric vehicle rates that were being anticipated for Lyon-Lincoln Electric Cooperative, Inc.'s proposed program.

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

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

1. The Board had been provided the January Power Bill and purchases for the month were slightly under budget for January. The Cooperative received its bill credit from East River in January which resulted in the Cooperative's average rate for the month coming in at 57 mills versus the budgeted amount of 56.57 mills. Without the bill credit, the average rate was 59.56 mills due to higher than budgeted demand charges for the month. East River reached a new all-time peak in early January of 863.8 MW (983.3 MW 12/2022), and it appears that the Cooperative may have been at some of its highest maximum demand peaks as well in January with the extreme cold.
2. Lyon-Lincoln Electric Cooperative, Inc.'s kWh purchases through the month of January were currently 99.01% of the budget. It's kWh sales to members through January were currently 101.15% of the budget. The system wide line loss for the year was 3.12%.

3. The East River Electric Power Cooperative, Inc. MAC Meeting included some of the following topics:
- a. The staff of East River Electric Power Cooperative, Inc. reviewed the year end financial numbers with the MAC. Total sales exceeded the budget by 1.8% and the whole sale rate came in under budget by 1.04 mills/kWh due to the Basin bill credit that was done in January. WAPA accounts for 14.1% of purchased power with the remaining coming from Basin. East River completed \$76.3M in capital projects in 2023 and their line of credit went up \$58M as they wait to finalize their RUS Loans. There increase in borrowing against the line of credit resulted in interest costs exceeding budget by nearly \$900,000.00. However, the average borrowing rate of long term debt is 2.72%. The MAC discussed the Margin Stabilization Fund and the dollars that exceed the 1 mill (\$4,960,000.00) and made a recommendation to return dollars that exceed the 1 mill in the form of a bill credit to the January Power Bill. The Board agreed and the Cooperative received \$28,539.97 as a credit on the January bill.
 - b. The winter manager's meeting is scheduled for February 21st and 22nd and General Manager, Timothy O'Leary, gave an update concerning what was discussed at that meeting. East River indicated that Basin is on tract to file its new Crypto rate with FERC, but it may delay its new large load rate over concerns of 50 MV load size. East River indicated that Basin is still having issues with getting an Easement from the Crow Creek Tribe. Robert Sahr, CEO/General Manager of East River Electric Power Cooperative, Inc., provided an update on the FERC rate proceedings for Basin's 2020 and 2021 rate filings. It was reported that the FERC staff has come out in favor of the filing, but the Administrative Law Judge has extended the review time. At risk is between \$400M and \$800M for this two-year time frame and the Judge has asked the parties how a refund would be completed if he ruled in disallowing the dollars from the rate.

The Board recessed for lunch at 12:09 o'clock P.M. and reconvened at 12:40 o'clock P.M. The East River Electric Power Cooperative, Inc. monthly video report which included the Basin Summary was reviewed during lunch.

The Board reviewed Policy 407 which described the Mail-In Ballot Policy for the members to be able to vote by mail at the meetings of the members. There was general discussion concerning said Policy 407 and after discussion a motion was made by Mr. Rokeh, seconded by Mr. Longtin, and carried to adopt Policy 407 effective immediately.

Director, Mary Gunnink, left the meeting and was no longer in attendance.

The General Manger's report continued to be given by General Manager, Timothy O'Leary, and was as follows:

- c. The Board was advised that Basin Electric Power Cooperative, Inc. ended the year with a consolidated margin of \$82.5M versus the budget of \$150M, so the Board moved \$65M from the rate stability fund to get closer to the budgeted margin.

- d. At the Federated Board Meeting the Board performed its annual CEO performance review, set margin allocations, and heard a report on how Federated brings on new members. The Board continues to hear about the length of time to settle claims and the cost of closing out the claims due to inflation.
 - e. General Manager, Timothy O’Leary, indicated some of the topics he wanted to discuss at the District Meetings and what the Board would like staff to address at the District Meetings.
4. General Manager, Timothy O’Leary, included a list of MREA’s legislative priorities in the Board packet. The priorities include property tax clarification, permitting reform, ECO updates to streamline the process, repeal of the nuclear moratorium and opposition of more mandates. Mr. O’Leary indicated that MREA will be playing defense on a number of other bills including the bill to update the 811 locate bill.
 5. The Worker’s Compensation Retention Group had a better year in 2023 and it looks like there will be a group and individual refund in the future.
 6. The Board was advised of the following upcoming meetings:
 - February 27, 2024 there will be a Nominating Committee Meeting.
 - February 28, 2028 the East River/MAC Meeting will take place.
 - March 4, 2024 will be an Operation RoundUp Meeting.
 - March 7, 2024 the Post Nominated Candidates Deadline will occur.
 - March 18th thru March 20th, 2024 will be the MREA Annual Meeting.
 - March 25, 2024 there will be a Lyon-Lincoln Electric Cooperative, Inc. Board Meeting.

The Manager’s Expense Report for February, 2024 was received and a motion was made by Mr. Rokeh, seconded by Ms. Schreurs, and carried to approve the General Manager’s Expense Report for February, 2024.

General Manager, Timothy O’Leary, reviewed with the Board the Minnesota Group Retention Program for the Policy Period from January 1, 2023 through December 31, 2023. Lyon-Lincoln Electric Cooperative, Inc.’s total projected refund was \$8,565.00.

General Manager, Timothy O’Leary, reviewed with the Board the LL January Cyber Security Program Report completed by East River Cyber Security Department dated February 7, 2024.

Vice- President, Mike Longtin, gave a report on a meeting that he had attended as a representative of East River Electric Power Cooperative, Inc. for the Basin Electric Power Cooperative, Inc. Meeting that was held on February 12th through February 14th, 2024.

The Board was presented with the minutes of the regular meeting of the Board of Directors of East River Electric Power Cooperative, Inc. held on January 4, 2024 for their information.

Director, James Rokeh, gave a report on the BLC Summit he had attended on January 18, 2024 in Maple Grove, Minnesota at the MREA Facility and indicated that there was discussion concerning shared or contracting services and thought the BLC Summit was worth attending.

A report was given by Director, Galen Grant, Secretary/Treasurer, Kathy Schreurs, President, Dale Fier, and Director, Mary Gunnink, concerning ER Energize Forum which contained information about AI, electric vehicles, drones, CO2 recapture, hydrogen splitting, and other matters.

General Manager, Timothy O’Leary, reviewed with the Board a donation request that he had received from the CEO Program wherein the RTR School System requested a donation from the Cooperative. After discussion a motion was made by Mr. Buyck, seconded by Ms. Schreurs, and carried to donate to RTR School System for the CEO Program \$1,000.00 per year for three years.

The Board was presented with the Nominating Committee’s Minutes for February 13, 2024 and was advised that the Nominating Committee will meet on February 27, 2024.

The Board was advised of the following upcoming meetings:

- The NRECA Power Exchange Annual Meeting to be held on March 3-6, 2024 with a Pre-Conference Education to be held on March 1-3, 2024 in San Antonio, Texas.
- The MREA 2024 Annual Meeting to be held on March 19- 20, 2024 at the St. Paul River Center with accommodations at the St. Paul Hotel. There will be a Pre-Conference Education - NRECA BLC 952.1 on Increasing Influence & Building Board Consensus Seminar to be held March 18, 2024.

There being no further business to come before the Board, President, Dale Fier, adjourned the meeting at 2:10 o’clock P.M.

Secretary

ATTEST:

President