

INUTES OF BOARD MEETING
Lyon-Lincoln Electric Cooperative, Inc.
Monday, February 24, 2025

The regular monthly meeting of the Board of Directors of Lyon-Lincoln Electric Cooperative, Inc. was held on Monday, February 24, 2025 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 General Manager, Timothy O'Leary, 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 January 27, 2025 and there were no changes. A motion was made by Mr. Rokeh, seconded by Mr. Longtin, and carried to approve the January 27, 2025 Minutes.

President, Dale Fier, inquired whether there were any additions or changes to the Agenda and General Manager, Timothy O'Leary, indicated that he had no changes. A motion was made by Ms. Schreurs, seconded by Mr. Dritz, 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, 2025 through January 31, 2025. 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, 2025. 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 January, 2025. After review, a motion was made by Ms. Schreurs, 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 Louis J. Claeys for the unretired amount of \$7,240.30 with \$3,745.21 being paid, and \$3,495.09 being discounted; the Estate of Ardyn Dean Faltinson for the unretired amount of \$4,135.56 with \$2,043.53 being paid, and \$2,092.03 being discounted; the Estate of Joyce E. Peters for the unretired amount of \$1,741.42 with \$998.70 being paid, and \$742.72 being discounted; the Estate of James Wambeke for the unretired amount of \$3,594.57 with \$1,702.75 being paid, and \$1,891.82 being discounted; and the Estate of Diane Wartner for the unretired amount of \$856.75 with \$404.65 being paid, and \$452.10 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.

General Manager, Timothy O'Leary, and Attorney. Michael W. Cable, brought to the Board's attention that Polar Swine, Inc. having 23 members was dissolved on January 29, 2025. The Board was advised that Polar Swine, Inc. was requesting that the members of said corporation be paid the capital credits earned by Polar Swine, Inc. in accordance with the percentages provided by the Corporation. After discussion concerning the payment of capital credits to the members of Polar Swine, Inc. and a review of what the Board has done in the past concerning the dissolution of a cooperative or corporation a motion was made by Mr. Rokeh, seconded by Mr. Dritz, and carried authorizing the staff of Lyon-Lincoln Electric Cooperative, Inc. to forward to the members of Polar Swine, Inc. an Agreement and Authorization and Application for Withdrawal of Capital Credits earned by Polar Swine, Inc. with the member receiving the percentage provided by said Corporation to Lyon-Lincoln Electric Cooperative, Inc. The motion carried.

It was brought to the Board's attention that a new category under Administrative Items has been included which is "Member Interactions with Board Members". President, Dale Fier, indicated that during this discussion concerning said item a Board Member can review with the Board any conversation that the Board Member had with any of the members of Lyon-Lincoln Electric Cooperative, Inc. President, Dale Fier, indicated that he had such conversation with a member concerning the fact that rates are going to increase for the Cooperative.

Finance Manager, Kristi Jensen, was not in attendance at the Board Meeting and therefore General Manager, Timothy O'Leary, reviewed the Financial and Operating Report with the Board which included the Income Statement for December, 2024 and a Balance Sheet for December, 2024. Mr. O'Leary also reviewed the Power Requirements Data for the various rates charged by the Cooperative for December, 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 December, 2024 was 1.14 and the Equity shown on the Balance Sheet for December, 2024 was 40.45%. After discussion and review President, Dale Fier, indicated that the Financial and Statistical Report for the period ending December 31, 2024 was received and filed subject to audit.

General Manager, Timothy O'Leary, reviewed with the Board the 2024 Margin Allocation Estimates that had been provided by East River Electric Power Cooperative, Inc. and Basin Electric Power Cooperative, Inc. The margins provided by East River Electric Power Cooperative, Inc. for 2024 for Lyon-Lincoln Electric Cooperative, Inc. was \$202,323.40. The margins for 2024 provided by Basin Electric Power Cooperative, Inc. for Lyon-Lincoln Electric Cooperative, Inc. was \$300,827.11. General Manager, Timothy O'Leary, also reviewed the Estimated Margin Stabilization Return provided for January, 2025 and the amount for Lyon-Lincoln Electric Cooperative, Inc. was \$102,030.96. General Manager, Timothy O'Leary, pointed out to the Board that this amount was not reflected in the Budget for Lyon-Lincoln Electric Cooperative, Inc. for the year 2025.

General Manager, Timothy O'Leary, brought to the Board's attention information that had been provided by the National Information Solutions Cooperative (NISC) indicating that Lyon-Lincoln Electric Cooperative, Inc. had a capital credit with NISC summarized as follows:

Lyon-Lincoln Electric Co-op, Inc. Capital Credit Summary

Capital Credit Balance:	\$21,560.98
2024 Patronage Allocation:	\$ 2,666.24
2024 Patronage Cash Retirement:	(\$799.87)
Additional Patronage Cash Retirement (2000 & Prior):	
Capital Credit Ending Balance:	\$23,427.35

General Manager, Timothy O’Leary, indicated that Kristi Jensen, Finance Manager, wanted Mr. O’leary to advise the Board that there were some large purchases for the upcoming construction season and the Cooperative will need to draw down on the current loan it has established with RUS.

General Manager, Timothy O’Leary, had a discussion concerning an increase in the fixed charge and the energy rate for the rates established by the Board. After discussion a motion was made by Mr. Grant, seconded by Mr. Dritz, and carried to have General Manager, Timothy O’Leary, develop a rate increase of a total of 4.7% by increasing for the various rates a combination of fixed charges and energy rate for all classes except Energy Rate #12 and Energy Rate #15 which were approved in December, 2024. Furthermore, General Manager, Timothy O’Leary, will modify Rate #3 so that there is no change in the monthly fixed charge.

Lyle Lamote, Line Superintendent, gave the January Outage Report involving 10 or more consumers and indicated that there were no outages for the month of January. He also advised the Board that as of February 3, 2025 Sam Rohde has been classified as a journeyman lineman. Mr. Lamote indicated that there was a training held on January 15th through January 17th of 2025 which was a Winter Workshop in St. Cloud, Minnesota put on by MREA. Journeyman linemen, Ross Birath, Dan Tutt, and Sam Rohde attended the workshop. He also advised the Board that Journeyman Lineman, Tyler Bloome, and Tyler Sand, will attend a Forman Conference at the end of February, 2025.

Mr. Lamote indicated that the linemen were doing the following work:

- Cutting Trees.
- Doing line patrol.
- Repairing what was found as a result of doing line patrol.

Mr. Lamote also indicated that he did apply for a grant for the grubber and does not know if the grant has been approved as of the Board Meeting. He indicated that he should know by the end of February. He also advised the Board that the annual inspection of trucks was still being completed in Watertown, South Dakota.

After making his report 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. He reviewed with the Board the Annual Cogeneration Report and indicated that members added over 120 kW of Solar in 2024. The Cooperative has three projects that will be coming online soon, but he thought because of the uncertainty about grants and tax credits that additional development in the near future might slow down. The members of Lyon-Lincoln Electric Cooperative,

Inc. have nearly tripled their installed solar capacity over the past two years. After discussion a motion was made by Mr. Dritz, seconded by Mr. Buyck, and carried to approve the 2024 Cogeneration Report submitted by Mr. Jeremiason.

2. Mr. Jeremiason reviewed with the Board Rate Schedule #14 which is the Minnesota Renewable Energy Rate under 40 kW. After discussion a motion was made by Mr. Buyck, seconded by Mr. Longtin, and carried approving Rate Schedule #14 being the Minnesota Renewable Energy Rate under 40kW. The Board was advised that pursuant to these changes single phase residential members will see their net payback per kWh sold to the Cooperative increase from \$0.0644 to \$0.0705 per kWh.
3. Mr. Jeremiason also advised the Board on the Net Metering discussion during last week's legislative visits. One of the legislative priorities discussed was Net Metering reform. The Cooperative has mitigated some of the concerns with Net Metering through its Rate 14 design. The Cooperative implemented a Distributed Generation (DG) Grid Access Charge of \$0.0294 per kWh for single phase members on the Cooperative's Schedule #1 Single Phase Rate and \$0.0254 per kWh for three phase members on the Cooperative's Schedule #3 Three Phase Rate. These numbers are set through the Cooperative's cost of service study and only applies to kWh sold back to the Cooperative and encourages members to size their projects to meet their load requirements and not overproduce for profit.
4. Mr. Jeremiason together with General Manager, Timothy O'Leary advised the Board of the MREA Annual Meeting. The Board was advised that the meeting was positive and they gave the Board a report on legislation. The keynote speaker at the MREA Annual Meeting was excellent and discussed the future of nuclear power for generating electricity. Dale Fier, Joel Buyck and Kathy Schreurs also discussed their attendance at the Annual Meeting.

After giving his report, 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 it was indicated that the Cooperative's purchases for the month were over budget for the month because of the cold weather in January. Lyon-Lincoln Electric Cooperative, Inc. received a bill credit from East River Electric Power Cooperative, Inc. in January which resulted in the Cooperative's average rate for the month coming in at 53.72 mills versus the budgeted amount of 61.37 mills. Without the bill credit, the average rate was 62.46 mills due to higher than budgeted demand charges for the month. All of the extra purchases for the month came from the electric heat members.
2. Lyon-Lincoln Electric Cooperative, Inc.'s kWh purchases through the month of January were 104.72% of the budget. It's kWh sales to members through January were currently 104.92% of the budget. The line loss for the year was 4.05%.
3. East River Electric Power Cooperative, Inc. MAC meeting included some of the following topics:
 - a. The staff for East River Electric Power Cooperative, Inc. reviewed the year-end financial numbers with the MAC. Total sales exceeded budget by 3.8% with large load sales ahead of budget by 19.5%. Base sales

exceed budget by 1.8%. The average wholesale rate came in slightly over budget by .22 mills/kWh. WAPA accounted for 13.7% of purchase power with the remaining coming from Basin. East River capitalized \$82.3M in capital projects in 2024 and their line of credit increased by \$21M as they waited to draw down on their RUS Loan. Long term debt cost was under budget by \$1.7M and short term debt exceed budget by \$3.7M due to delay in closing RUS Loans and higher than expected interest rates. East River's average interest rate on long-term debt is 3%. The MAC discussed the margin stabilization fund and agreed to recommend a \$3.5M bill credit be made from the margin stabilization fund on the January Power Bill and the Board approved the same during its meeting on February 6th.

- b. General Manager, Timothy O'Leary, gave an update on Basin because of the winter manager's meeting held on February 19th and 20th of 2025. Most of the discussion revolved around Basin's contribution in aid of construction idea for new large data center/AI loads. The Bison Generating Station has been announced. The natural gas generation station will consist of two units producing 1,470 MW of electricity. The \$4B project will come online in 2029 and 2030.
- c. Basin ended the year with a consolidated margin of \$121M versus the budget amount of \$150M. The number includes \$60M that was moved from the revenue deferral fund in 2024. It appears that Basin is comfortable coming in below the budgeted margin due to its equity to total capitalization numbers being between 26% and 27%. Basin has stated larger borrowing in the future will require higher margin levels. It was indicated that Basin wants to maintain an "A" rating since they will be borrowing approximately \$7.7B in the next 10 years.

The Board recessed for lunch at 12:01 o'clock P.M. and during the lunch recess the Board viewed the East River Electric Power Cooperative, Inc. monthly video report. The Board reconvened at 12:26 o'clock P.M.

General Manager, Timothy O'Leary, continued with his manager's report as follows:

- d. Chris Studer, Chief Member & Public Relations Officer, for East River Electric Power Cooperative, Inc. reviewed the NRECA resolutions that will be voted on at the Power Exchange Meeting in Atlanta, Georgia. Mr. Studer indicated that in the Resolutions' current form there is no reason to oppose the changes. The Resolution changes focus on reliability, affordability, and broadband.
- 4. At the Federated Board Meeting General Manager, Timothy O'Leary, indicated that they performed the annual CEO performance review, set margin allocations, and heard a report on how Federated brings on new members. Mr. O'Leary indicated that they continue to discuss the length of time to settle claims and the cost of closing out claims due to inflation. General Manager, Timothy O'Leary, indicated that he planned on running for another three year term. It was the consensus of the Board that General Manager, Timothy O'Leary, should run for another three term if he wants that.
 - 5. General Manager, Timothy O'Leary, discussed the District Meeting Topics and he would like the Board to advise him as to what topics they want discussed outside the normal financial and power supply updates. There was a consensus that he should discuss the topic of nuclear power and reviewing with the members what they should expect concerning any solar panels to be installed on the member's property and how to proceed with the same.

6. There was general discussion concerning scholarships and suggestions the Board might have for the Operation RoundUp Program. There was also discussion concerning monies that are provided to Operation RoundUp other than rounding up members bills.
7. The Nominating Committee met on February 5, 2025 to discuss the reasons behind the committee and they discussed possible candidates from each of the districts. The Committee will meet on February 26, 2025 to nominate the candidates and their discussion will be posted by March 7, 2025.
8. The Board was advised of the following scheduled meetings:
 - March 3, 2025 – Operation RoundUp Meeting.
 - March 4, 2025 – The REED/East River MAC Meeting.
 - March 6, 2025 – The Nominated Candidates for Director of the Board will be posted.
 - March 12th – 17th, 2025 – PTO
 - March 24, 2025 – The Board Meeting for Lyon-Lincoln Electric Cooperative, Inc.

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

General Manager, Timothy O'Leary, advised the Board that they should review the East River Electric Power Cooperative, Inc.'s Board Meeting draft minutes for January, 2025 that are on the Call to Order App.

The Board reviewed the 2025 Legislative Priorities that were being promoted by MREA and they were as follows:

- Nuclear
- Net Metering
- Mandates to Undermine Local Control
- Property Taxes

President, Dale Fier, Secretary/Treasurer, Kathy Schreurs, and Director, Joel Buyck, gave a report to the Board concerning the East River Energize Forum they had attended.

There was discussion concerning Policy 404 on What Information Should be Provided to the Members Online and a motion was made by Mr. Dritz, seconded by Mr. Johnson, and carried to have Policy 404 modified to include that the minutes will be available to the members on the website.

There was discussion concerning the May Board Meeting date and after discussion a motion was made by Mr. Buyck, seconded by Mr. Rokeh, and carried to have the May Board Meeting held at 9:30 o'clock A.M. on May 19, 2025 at the headquarters building in Tyler, Minnesota.

There was discussion concerning the information that had been provided to the Cooperative on the CRC Election Ballot and a motion was made by Mr. Buyck, seconded by Mr. Longtin, and carried to have the Cooperative vote for both Scott Peters and Ray Grinberg for the Board of Directors to the Cooperative Response Center, Inc. (CRC).

The Board was advised of the following upcoming District meetings:

District Meeting Dates:

- District 1 – Monday, April 7, 2025, 7 PM, Tyler, Minnesota – LLEC Shop
- District 2 – Tuesday, April 8, 2025, 7 PM, Russell, Minnesota – Russell Community Center
- District 3 – Thursday, April 10, 2025, 7 PM, Hendricks, Minnesota – Hendricks Golf Club

General Manager, Timothy O’Leary, indicated to the Board that he would like to attend the Executive Leadership Seminar to be held in Boston, Massachusetts on August 4th through August 6th, 2025 and he wanted Board approval so that he could make flight and hotel arrangements. After discussion a motion was made by Ms. Gunnink, seconded by Mr. Dritz, and carried authorizing General Manager, Timothy O’Leary, to attend the Executive Leadership Seminar in Boston, Massachusetts.

The Board was advised that Director, James Rokeh, achieved the Gold Credential in his education requirements with the NRECA.

There being no further business to come before the Board, President, Dale Fier, adjourned the meeting at 1:25 o’clock P.M.

Secretary

ATTEST:

President