

MINUTES OF BOARD MEETING
Lyon-Lincoln Electric Cooperative, Inc.
Monday, January 22, 2024

The regular monthly meeting of the Board of Directors of Lyon-Lincoln Electric Cooperative, Inc. was held on Monday, January 22, 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 December 18, 2023 Board Meeting and there were no changes. A motion was made by Mr. Buyck, seconded by Mr. Grant, and carried to approve the Minutes of December 18, 2023.

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 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 December 1, 2023 through December 31, 2023. 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 December, 2023. After review, a motion was made by Mr. Dritz, seconded by Ms. Gunnink, and carried to approve the shares to be accepted.

The Board reviewed the shares to be cancelled for the month of December, 2023. After review, a motion was made by Ms. Schreurs, seconded by Mr. Buyck, and carried to approve the cancellation of said shares.

Brian Jeremiason, Manager of Marketing and External Relations, attended the meeting and Jenny Glumack from the MREA also was in attendance. Jenny Glumack discussed government affairs which she dealt with for the MREA and there was general discussion on the Bills that were passed in 2023. Some of the Bills discussed were the Infrastructure Bill, Marijuana Bill, School Security, and Sports Gaming. Ms. Glumack indicated that there were 6,500 Bills introduced at the Legislature in the year 2023. There was also discussion concerning the Carbon Free by 2040 Bill that was passed by the Legislature and signed by the Governor. During Jenny Glumack's presentation, Chris Studer, Chief Member and Public Relations Officer, from East River Electric Power Cooperative, Inc., arrived and was in attendance at said meeting. Jenny Glumack discussed with the Board the anticipated Bill for property tax issues that could involve the cooperatives unless they would be exempted from

the Bill. She discussed the involvement of the Department of Revenue in incorporated areas. Chris Studer discussed the issues concerning cyber security and what has been implemented by East River Electric Power Cooperative, Inc. Chris Swedzinski, House Representative, attended the meeting with the Board, Jenny Glumack, Chris Studer, and Brian Jeremiason and reviewed with the Board legislation that had occurred in 2023. He specifically talked about the Carbon Free 2024 Bill, energy issues, earned safe and sick leave, quality candidate recruitment, energy issues that had been negotiated between various groups and the government, and indicated he anticipated a tougher environment for electric cooperatives. Representative Swedzinski also discussed with the Board budget issues that were present in the State of Minnesota and indicated that there was potential for tax increases.

After discussion with Jenny Glumack, Chris Studer, and Chris Swedzinski they all left the meeting together with Brian Jeremiason.

Finance Manager, Kristi Jensen, reviewed the Financial and Operating Report with the Board which included the Income Statement for November, 2023 and a Balance Sheet for November, 2023. She also reviewed the Power Requirements Data for the various rates charged by the Cooperative for November, 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 November, 2023 was 1.64 and the Equity shown on the Balance Sheet for November, 2023 was 39.22%. After discussion and review President, Dale Fier, indicated that the Financial and Statistical Report for the period ending November 30, 2023 was received and filed subject to audit.

Kristi Jensen, Finance Manager, reviewed with the Board the Lyon-Lincoln Electric Cooperative, Inc.'s Weighted Cost of Capital for 2024. After review and discussion, a motion was made by Mr. Rokeh, seconded by Mr. Grant, and carried to approve the discount rate at 6% for Capital Credits paid to estates.

The Board reviewed a Memorandum from East River Electric Power Cooperative, Inc. concerning the Environmental Attributes Sale Proceeds Distribution (Renewable Energy Credit) that were resold by Basin Electric Power Cooperative, Inc. Said Memorandum indicated that the Renewable Energy Credit for Lyon-Lincoln Electric Cooperative, Inc. was \$6,052.17.

The Board reviewed the rates to be charged by Lyon-Lincoln Electric Cooperative, Inc. and after review a motion was made by Mr. Grant, seconded by Ms. Gunnink, and carried to approve the following Rate Schedules:

Schedule #1 – Single Phase; Schedule #2 – Three Phase, Schedule #4 – Irrigation-Three Phase, Schedule #5 – Commercial & Industrial over 50 kVa, Schedule #7 – Electric Heat Discount, Schedule #8 – Controlled Air Conditioner, Schedule #9 – Commercial & Industrial over 50 kVa – Coincidental, Schedule #11 – 5/7 Interruptible, Schedule #16 – Public Street & Highwall Light, and Schedule D7 – Controlled Natural Air Grain Drying.

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

The Board considered the capital credits to be paid to the following Estates: the Estate of Beverly Bille for the unretired amount of \$930.58 with \$381.73 being paid, and \$548.85 being discounted; the Estate of James Burns for the unretired amount of \$2,819.53 with \$1,204.51 being paid, and \$1,615.02 being discounted; the Estate

of Marcella Bush for the unretired amount of \$377.87 with \$255.33 being paid, and \$122.54 being discounted; the Estate of Clarence Caraway for the unretired amount of \$1,512.58 with \$910.95 being paid, and \$601.63 being discounted; the Estate of Mickey Duehn for the unretired amount of \$670.36 with \$426.94 being paid, and \$243.42 being discounted; the Estate of Corey Field for the unretired amount of \$752.69 with \$276.68 being paid, and \$476.01 being discounted; the Estate of Delores Hook for the unretired amount of \$1,176.25 with \$557.79 being paid, and \$618.46 being discounted; the Estate of Paul D. Kelly for the unretired amount of \$1,372.02 with \$579.31 being paid, and \$792.71 being discounted; the Estate of Doug Madden for the unretired amount of \$985.37 with \$297.79 being paid, and \$687.58 being discounted; the Estate of Melvin Madden for the unretired amount of \$4,488.28 with \$2,077.47 being paid, and \$2,410.81 being discounted; the Estate of Tony Mestas for the unretired amount of \$8,479.71 with \$3,513.12 being paid, and \$4,966.59 being discounted; and the Estate of David Nuese for the unretired amount of \$1,408.74 with \$853.14 being paid, and \$555.60 being discounted. A motion was made by Mr. Longtin, seconded by Mr. Dritz, and carried to approve the payment of capital credits to said Estates.

Lyle Lamote, Line Superintendent, gave the December Outage Report to the Board which involved 10 or more consumers. He discussed the outages that occurred because of the Christmas Day storm. He also reviewed with the Board the December Safety Meeting which was held on December 6, 2023 concerning the topic of Annual Cyber Security Training. Mr. Lamote then indicated that the linemen were doing the following work some of which had been completed and some was still in process:

- The linemen were cutting trees on the east side of Lyon-Lincoln Electric Cooperative, Inc.'s Service Area.
- The linemen were continuing to do line patrol and maintenance.
- The linemen were working on an underground job which was for a lift pump for Member, Joel Schreurs.
- There was an underground fault discovered by Arco, Minnesota.
- The trucks were taken to Watertown, South Dakota for their annual inspections.
- Mr. Lamote made a report concerning the information provided by EXACTER Turnkey Services and indicated that there were 23 spots found and he reviewed pictures with the Board showing the potential problems that were found on the 23 spots of potential problems.

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. The Board was advised that the Cooperative was contacted by Jacki Hess, a Social Studies Teacher at RTR, who teaches a class called Everything Local. Each student in the class picks a local person or business to do a project on. One of the 8th grade students in the class is the granddaughter of Dan and Andrea Houselog who are two retirees from Lyon-Lincoln Electric Cooperative, Inc. She chose Lyon-Lincoln Electric Cooperative, Inc. as her project. She had invited Dan Houselog, Andrea Houselog and Gary Heffele to the school to be interviewed for the project. Then on January 16, 2024 Ms. Hess brought the class out to the Cooperative Office to do an actual visit. Many of the students didn't know what or where Lyon-Lincoln Electric Cooperative, Inc. was located. Dan Houselog attended the visit as well. Mr. Jeremiason brought the students into the breakroom and gave

them a brief overview of the Cooperative, discussing what the Cooperative does, where the power comes from and showed the students some of the equipment the employees of the Cooperative use to deliver power to the homes in Lyon-Lincoln Electric Cooperative, Inc. service area. He then brought the class to the shop to show them the Tesla, the Lightning and a digger truck. After a quick office tour, they returned to school.

2. After discussion during the last Board Meeting Mr. Jeremiason visited with his Insurance Agent to see how adding an electric vehicle to his policy and home charging station to his home would impact his coverage and rates. In regards to the charger, it would have no effect on his rates and they would treat it as any other appliance having coverage from his home owners policy. To obtain a clear picture of the cost he presented two options to the agent to see how each would exist concerning his current rate and policy. He used similar crossover SUV models to try to come close. The first was a Ford Edge SEL 2L/4-cylinder (250 HP) AWD for \$43,764 after discounts and incentives. Adding this to Mr. Jeremiason's existing coverage would add a little under \$1,300.00 to his rate each year, about \$106.66 per month. The second vehicle Mr. Jeremiason used for comparison was a Ford Mustang Mach-E, all electric (311 HP) AWD for \$48,545.00 before any tax incentives. Adding this to his existing coverage would add a little over \$1,500.00 to his rate each year or about \$126.50 per month.
3. Mr. Jeremiason advised the Board that he has spent a lot of time looking at how a rebate program and rate for Electric Vehicle charging would work. The goal of the rebate program would be collecting data on where the vehicles are located and what kind of impact their charging has on member and system usage and demand. The goal of the rate program would be to incentivize off-peak charging, while still allowing the member to charge whenever they needed to. There has been developed pilot programs for both the rebate and the rate. Mr. Jeremiason presented to the Board a form and rate schedule involved with the rebate program. The first-year rebate pilot would allow any plugged-in hybrid or battery electric vehicle purchased within the last five years to get a rebate. \$100.00 for PHEV and \$500.00 for BEV. This would be capped at the first 50 vehicles. The rate is setup for time of use charges, during traditional off-peak times vehicles could charge at the heat rate of 6.5 cents per kWh and during traditional on-peak times vehicles would charge at the rate of 32.5 cents per kWh. Mr. Jeremiason reviewed with the Board the off-peak times and on-peak times. The Board also reviewed a Retail Rate Schedule for Electric Vehicle Charging Time of Use Single Phase or Three Phase and describing the customer charge of \$41.00 or \$82.00.

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

The Board recessed for lunch at 12:13 o'clock P.M. and reconvened at 12:30 o'clock P.M. The East River Electric Power Cooperative, Inc. monthly video report which included the Basin Summary was reviewed during lunch. Vice-President, Mike Longtin, also gave a report concerning the East River Electric Power Cooperative, Inc. Board Meeting he had attended.

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

1. The Board had been provided the December Power Bill and purchases for December were 11.93% below budget for the month with electric heat sales being the main reason. Heat sales were 652,791 kWhs or 24.5% below budget. The average cost of power came in at 54.55 mills/kWh versus the budgeted amount of 59.01 mills/kWh.
2. Lyon-Lincoln Electric Cooperative, Inc.'s kWh purchases through the month of December were currently 100.90% of the budget. It's kWh sales to members through December were currently 101.21% of the budget. The system wide line loss for the year was 5.14%. He also reported the monthly information for 2023 which was as follows:

	Actual	%		Actual	%	Line
	Purchases	of Budget		Sales	of Budget	Loss
January	11,192,510	102.30%		10,613,671	102.25%	5.17%
February	9,829,807	94.36%		9,525,831	95.71%	3.09%
March	10,208,306	119.38%		9,784,968	120.07%	4.15%
April	7,599,371	108.52%		7,126,662	106.40%	6.22%
May	6,373,203	102.35%		5,993,539	102.51%	5.96%
June	7,218,166	100.31%		6,853,314	102.31%	5.05%
July	7,531,332	93.71%		7,029,674	93.84%	6.66%
August	7,712,516	103.19%		7,286,540	101.59%	5.52%
September	7,540,143	118.78%		7,109,747	120.39%	5.71%
October	8,843,577	99.28%		8,349,717	99.96%	5.58%
November	8,620,115	91.46%		8,225,679	91.34%	4.58%
December	9,118,457	88.07%		8,652,381	88.77%	5.11%
	101,787,503	100.90%		96,551,723	101.21%	5.14%

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. indicated to the MAC that margins are expected to slightly exceed the budgeted amount at East River Electric Power Cooperative, Inc. The excess margins will be allocated to the Margin Stabilization Account and a recommendation will be made after a review of the account. General Manager, Timothy O’Leary, indicated that he expected East River Electric Power Cooperative, Inc.’s staff to recommend keeping the dollars in the account if the margins are a smaller amount.
 - b. Robert K. Sahr, CEO/General Manager of East River Electric Power Cooperative, Inc., indicated that the Depreciation Study was

completed in early December and it resulted in a small change that would increase the annual depreciation expense by \$193,000.00.

- c. The East River Electric Power Cooperative, Inc.'s staff gave updates on the two new service centers. One of the centers is located south of Sioux Falls, near Southeastern's new headquarters, and the other is located in Yankton, South Dakota. East River Electric Power Cooperative, Inc. will be back to eight service centers to service their service territory.
- d. Robert K. Sahr, CEO/General Manager, reported on the Midwest Meeting and highlighted several topics that were covered by Directors, Joel Buyck and Mike Longtin, at the last Board Meeting which included: dam safety, the Garrison spillway costs (\$1.8B and rising) the need to allocate the costs within the different customer groups, breaching the Lower Snake River, and the timing of the next rate increase.
- e. The staff at East River Electric Power Cooperative, Inc. reviewed forms that would allow ER employees the ability to control downline equipment if allowed by the local utility. Currently the Cooperative has supervisory control and data acquisition (SCADA) equipment in the Lynd and Marble Substations and the Cooperative will need to identify who can remotely operate the equipment if we allow East River Electric Power Cooperative, Inc. to operate the equipment.
- f. The staff of East River Electric Power Cooperative, Inc. will be bringing a work plan amendment to purchase a mobile substation. The mobile substation would be used to serve the membership when substations need to be taken out of service or during emergencies. The MAC was reminded that the substation would not be used to serve new loads for any extended time. The new mobile substation will replace two mobile substations that are currently owned by East River Electric Power Cooperative, Inc.
- g. East River Electric Power Cooperative, Inc. continues to receive requests from large loads looking to come to South Dakota. The growth being discussed would rival the numbers that are being proposed in the Bakken.
- h. Robert K. Sahr, CEO/General Manager, discussed several topics going on at Basin since the last MAC meeting. Todd Brickhouse was named CEO and Chris Johnson was named the CFO. Mr. Johnson has served the last 10 years as the CFO at Tri-State G&T in Colorado. Basin continues to see revenues lower than budgeted as year to date margins stand at \$75.6M versus the budgeted amount of \$183M. Losses are primarily due to operational issues at DGC and the low prices they are seeing for natural gas and fertilizer markets. Nemadji Trail Energy Center has received a Finding of No Significant Impact (FONSI), for the second time, from RUS. Nemadji Trail Energy Center expects to start construction in 2024 with an in-service date of 2028. Basin continues its rate proceedings at FERC for the 2020-2021 filing. Several dollars are at risk as the Sierra Club (\$200M), McKenzie Electric (\$400M) and Tri-State/Wright-Hennepin (\$2M) are looking to get dollars removed from the rate.

- i. There are several distribution cooperatives that are looking to terminate their contract with Tri-State and have taken their case to FERC. FERC has entered a decision on how the buy outs will be calculated. Depending on the final dollar amounts, this may be something that other cooperatives look at using to get out of their long-term purchase contracts.

4. The Board was advised of the following upcoming meetings:

- On January 30, 2024 – East River Electric Power Cooperative, Inc. MAC & Reed Meetings.
- General Manager, Timothy O’Leary, will be on vacation on February 2, 2024.
- February 5th – 9th, 2024 will be the Federated Board Meeting.
- February 14, 2024 - East River Electric Power Cooperative, Inc. Marketing and Communications Committee.
- February 21st – 22nd, 2024 will be the Basin MAC Meeting in Sioux Falls, South Dakota.
- February 26, 2024 the Lyon-Lincoln Electric Cooperative, Inc. Board Meeting will take place.

General Manager, Timothy O’Leary, reviewed with the Board the LL December Cyber Security Program Report completed by East River Cyber Security Department dated January 9, 2024.

General Manager, Timothy O’Leary, reviewed with the Board Policy 304 – Ethical Conduct and the Board Members received an Ethical Conduct Statement that needed to be signed by them and returned to the Cooperative.

General Manager, Timothy O’Leary, gave a Strategic Plan Update.

The Board was advised that General Manager, Timothy O’Leary, was able to confirm a Strategic Planning Session date with Amanda Seger, Regional Vice-President, National Rural Utilities Cooperative Finance Corporation, and the dates of the Strategic Planning Session would be May 20th and May 21st of 2024. A motion was made by Mr. Rokeh, seconded by Mr. Buyck, and carried to set the Strategic Planning Session for the Board of Directors at 9:30 o’clock A.M. at the headquarters building in Tyler, Minnesota on May 20th and May 21st of 2024.

The Board discussed the Absentee/Mail in Ballot procedure to be used in conformance with the Bylaws of the Cooperative and after discussion, General Manager, Timothy O’Leary, indicated that he would bring back to the Board a written procedure concerning the same.

The Board was advised that concerning the 2024 Nominating Committee Member, Ken Schiller, agreed to represent District #2 and Member, Bonnie Merrit, agreed to represent District #3. After discussion a motion was made by Mr. Buyck, seconded by Mr. Longtin, and carried to appoint those individuals to the 2024 Nominating Committee.

The Board discussed the Director Survey that had been completed by the Board Members.

The Board was advised of the following upcoming meetings:

- The East River Energize Forum - February 1-2, 2024 in Sioux Falls, South Dakota.

- The NRECA Power Exchange Annual Meeting to be held on March 3-6, 2024 and a Pre-Conference Education to be held on March 1-3, 2024 in San Antonio, Texas.
- 2024 CoBank-Minnesota Customer Meeting to be held on March 14-15, 2024 at JW Marriott MOA, Minneapolis, Minnesota.
- The MREA 2024 Annual Meeting to be held on March 19- 20, 2024 at St. Paul River Center at the St. Paul Hotel which will include a Pre-Conference Education - NRECA BLC 952.1 on Increasing Influence & Building Board Consensus to be held March 18, 2024.

There being no further business to come before the Board, President, Dale Fier, adjourned the meeting at 2:21 o'clock P.M.

Secretary

ATTEST:

President