

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

The regular monthly meeting of the Board of Directors of Lyon-Lincoln Electric Cooperative, Inc. was held on Monday, July 22, 2024 at 9:40 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, 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 June 24, 2024 Board Meeting and there were no changes. A motion was made by Ms. Schreurs, seconded by Mr. Longtin, and carried to approve the Minutes of June 24, 2024.

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 Mr. Grant, seconded by Mr. Buyck, 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 June 1, 2024 through June 30, 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 June, 2024. After review, a motion was made by Mr. Rokeh, 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 June, 2024. After review, a motion was made by Ms. Schreurs, 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 Donald Budahl for the unretired amount of \$1,784.21 with \$991.79 being paid, and \$792.42 being discounted; the Estate of Deloris Johansen for the unretired amount of \$4,791.17 with \$1,914.60 being paid, and \$2,876.57 being discounted; and the Estate of Dennis Willert for the unretired amount of \$3,818.45 with \$1,874.90 being paid, and \$1,943.55 being discounted. A motion was made by Mr. Longtin, seconded by Mr. Grant, 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 May, 2024 and a Balance

Sheet for May, 2024. She also reviewed the Power Requirements Data for the various rates charged by the Cooperative for May, 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 May, 2024 was 0.56 and the Equity shown on the Balance Sheet for May, 2024 was 40.67%. After discussion and review President, Dale Fier, indicated that the Financial and Statistical Report for the period ending May 31, 2024 was received and filed subject to audit.

Kristi Jensen, Finance Manager, reviewed with the Board a letter and a check that had been received from RESCO dated June 1, 2024. In the letter it was indicated that the 2023 RESCO Patronage Dividend Allocation Summary for Lyon-Lincoln Electric Cooperative, Inc. was as follows:

• Capital Credit Portion of 2023 Dividend Allocation	\$43,667.00
• Cash Portion of 2023 Dividend Allocation	<u>\$10,917.00</u>
Total 2023 RESCO Patronage Dividend Allocation	\$54,584.00

It was also indicated that there was a check in the amount of \$49,540.00 payable to Lyon-Lincoln Electric Cooperative, Inc. consisting of the following amounts:

• Retirement of 2012 Outstanding Capital Credits with RESCO	\$6,779.00
• Retirement of 2013 Outstanding Capital Credits with RESCO	\$16,438.00
• Retirement of 2014 Outstanding ERMCO-Sourced Capital Credits with RESCO	\$6,834.00
• Retirement of 2015 Outstanding ERMCO-Sourced Capital Credits with RESCO	\$8,572.00
• Cash Portion of 2023 Dividend Allocation	<u>\$10,917.00</u>
Total	\$49,540.00

The Board was advised that there remained with RESCO for Lyon-Lincoln Electric Cooperative, Inc. \$500.00 in common stock and capital credits of \$190,617.00.

The Board reviewed Form 990 entitled “Return of Organization Exempt from Income Tax”. The Form 990 was a draft prepared by Eide Bailly for the Board’s information. Action on the Form 990 will be taken at the August board meeting.

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

- 6-8 445 consumers were off 2 hours in the City of Lynd. The cause was a bad overhead transformer opened OCR in the Lynd Substation.
- 6-22 593 consumers were off 11 minutes out of the Tyler Substation. The cause was East River loss transmission poles from wind storm.
- 6-22 223 consumers were off 1 hour 40 minutes out of the Lake Benton Substation. The cause was East River loss transmission poles from wind storm.
- 6-22 171 consumers were off 2 hours 20 minutes in the Townships of Marshfield and Diamond Lake. The cause was broken 3 phase poles from wind storm.
- 6-22 445 consumers were off 2 hours 50 minutes in the City of Lynd. The cause was a tree went through the line from wind storm.

Mr. Lamote advised the Board that there was no Safety Meeting held in July of 2024.

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

- 2 miles north of Lynd they are finishing 3-phase underground and have some clean up.
- 5 miles west of Russell after the installation of the 3-phase underground line, they had cleanup.
- They were still working on replacing OH lines with URD lines for electrical service taps from the main distribution lines.

Mr. Lamote also indicated that utility pole inspections will commence in the first week of August. He described a drone service that was being offered concerning 100 poles which were going to be inspected by Firma Tech which is a company that uses the drone service for visual inspection of a line. Mr. Lamote indicated that this would be performed in the 3rd week in August. This was being offered to Lyon-Lincoln Electric Cooperative, Inc. at no expense because Firma Tech was in the area and wanted to demonstrate their service to the Cooperative. Mr. Lamote also reported on the fact that the USIC Locating Service was raising its rates that amounted to a 45% increase since April of 2024. He indicated that Redwood Rural Electric also provided a locating service and Mr. Lamote would advise the Board on the locating service to be utilized by the Cooperative in the future. Finally Mr. Lamote reviewed with the Board a spreadsheet that had been prepared concerning the review of utility trucks and explained how the utility trucks were customized for Lyon-Lincoln Electric Cooperative, Inc. and indicated that it usually added \$15,000.00 to \$20,000.00 in expense to the Cooperative per truck.

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. Mr. Jeremiason advised the Board that Wolf River Electric is back in the trade area of Lyon-Lincoln Electric Cooperative, Inc. concerning trying to promote solar panels. Mr. Jeremiason got a call from a member earlier in July, 2024 to see when Mr. Jeremiason would be coming out to turn the member's solar panels on. The member had not submitted an Interconnection Application, signed a Contract with the Cooperative or notified us of their interest in solar before the phone call. Wolf River had already financed a system for them and it was installed at their farm before they made their first contact with the Cooperative. The member wasn't sure how much the member had spent on the system, since it was all financed through Wolf River. The member was unsure of what their payments would be, just that they would be saving money on their electric bill. This member's bill has averaged just \$155.00 per month for the past two years.

Mr. Jeremiason indicated that he has been working with the Member to get through the application process for Interconnection, however, the member is not very computer proficient, and it is taking a little longer than most. Mr. Jeremiason explained to the member the steps that are normally taken with a utility before signing any Contracts with a Solar Contractor, but will continue to walk the member through this application since the member's payments to Wolf River would start soon. Mr. Jeremiason is hoping as he works through the application with the member that he can see the actual purchase and financing costs for this system. Mr. Jeremiason advised the Board that the Cooperative has received additional calls from other members as well,

including one wondering if we have ever considered a community solar project to allow them to purchase panels and output instead of installing a home unit.

2. The Board was advised that the Cooperative has had a few more inquiries about electric vehicles and chargers. Xcel contacted Wade Thoof about putting two EV chargers at their location near Hendricks and the Cooperative has also received questions from members about the new rate. Mr. Jeremiason referred them to their electrician for information on installing a meter loop for their charger, but hasn't had any contact for the new rate to be utilized.
3. Mr. Jeremiason advised the Board that he had the following upcoming meetings:
 - He would be attending Farmfest on August 6, 2024
 - There would be a Basin Annual Meeting to be held August 13th and 14th of 2024.
 - Mr. Jeremiason reminded the Board that the Cooperative would have a sponsorship presence at the Lyon County and Lincoln County Fairs in the coming weeks.

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 June Power Bill and were advised that the June numbers continue to show lower than expected purchases for the year with the purchases for the month being 93.63% of the budget. The budget had an average rate for the month of 72.29 mills/kWh and the actual rate came in at 72.88 mills/kWh. Demand costs came in lower than budget, but costs per kWh were up due to lower than expected sales.
2. Lyon-Lincoln Electric Cooperative, Inc.'s kWh purchases through the month of June are currently 93.42% of the budget. It's kWh sales to members through June are currently 93.36% of the budget. The line loss through June was 4.87%.
3. The East River Electric Power Cooperative, Inc. MAC Meeting included some of the following topics:
 - a. General Manager, Timothy O'Leary, advised the Board that the East River video report for the month of July would include the Basin's FERC rulings on its 2020 and 2021 rates will be covered and there will be an explanation as to what would happen next. Mr. O'Leary advised the Board that WAPA updates on the rates, runoff and generation, and financials at East River and Basin will be reviewed in the video as well.
 - b. Robert Sahr, CEO/General Manager, of East River Electric Power Cooperative, Inc., reported on the recent Basin Class A Managers Meeting which included discussions on rates where Basin let the Class A Managers know that they expect a rate increase in 2025, but are not telling the Class A Managers what it will be at this time. Mr. O'Leary indicated to the Board that the Cooperative knows that it will see a change in the heat rate as Basin tries to get back to a 4

mill difference between production costs and the rate. As a reminder, a 1 mill change in the base rate has a \$33M impact to Basin's revenue.

- c. General Manager, Timothy O'Leary, indicated that he visited with Mark Hoffman, Chief Operations Officer for East River Electric Power Cooperative, Inc., about setting up a meeting with Talus Renewables. He mentioned that things were not moving very fast in that area as Talus Renewables didn't like any of the proposals being presented to them at this time. Talus Renewables doesn't feel that it should pay for upgrades to the transmission or distribution systems and they are stuck on 4 cent power which is substantially lower than other large load rates that are looking at building in the East River Electric Power Cooperative, Inc.'s service territory.
4. The Board was advised that NRECA has indicated that there will be no dues increase in 2025.
5. General Manager, Timothy O'Leary, advised the Board that he has been asked to serve on the Region 6 Resolutions Committee and he will be working with Chris Studer, Chief Member and Public Relations Officer for East River Electric Power Cooperative, Inc., to review the proposals that have been put forward by the National Committee.
6. The MREA Board is moving forward with building a new facility at their current site so they are expecting the need to raise dues to pay for the new facility. The Board will be advised as to what that amount is when MREA releases their draft budget in the next couple of months.
7. The Board was advised of the following scheduled meetings:
 - On July 25, 2024 there will be the IBEW 426 Negotiations.
 - On July 26, 2024 General Manager, Timothy O'Leary, will be on vacation.
 - There will be a Federated Insurance Board Meeting on August 12th thru August 16th of 2024
 - On August 26th thru 28th of 2024 – Vacation – Federated/Transfer RE Visit.
 - On August 26, 2024 there will be a Lyon-Lincoln Electric Cooperative, Inc. Board Meeting.

General Manager, Timothy O'Leary, then advised the Board of the Minnesota Department of Commerce seeking proposals from eligible utilities throughout Minnesota for the BIL-40101(d) Strengthening the Reliability and Resiliency of Minnesota's Electrical Grid Grant Program ("40101(d) program"). This competitive grant program seeks proposals for projects which will: increase the resilience of Minnesota's electric grid against disruptive events, advance grid modernization, and deployment of clean energy resources and reduce the impacts of climate-driven extreme weather and natural disasters. This program also aims to generate the greatest community benefit and expand or create clean energy workforce opportunities for Minnesotans. The request for proposal was provided for the Board's information.

General Manager, Timothy O'Leary, reviewed with the Board the LL June Cyber Security Program Report completed by East River Cyber Security Department dated July 5, 2024.

General Manager, Timothy O’Leary, brought to the Board’s attention a report that had been completed concerning the Phishing Campaign.

The Board recessed for lunch at 12:06 o’clock P.M. and reconvened at 12:37 o’clock P.M. During the lunch break the Board viewed the East River Electric Power Cooperative, Inc. monthly video report which included the Basin Summary.

Vice-President, Mike Longtin, discussed with the Board the meeting he had attended for East River Electric Power Cooperative, Inc.. One of the topics presented was Small Nuclear Reactors and the size of the same, and the length of time the same would be in service before a replacement would be necessary.

General Manager, Timothy O’Leary, brought to the Board’s attention the Minutes of the regular meeting of the Board of Directors of East River Electric Power Cooperative, Inc. that was held on June 6, 2024 and recommended to the Board that they review the minutes.

President, Dale Fier, Director, Galen Grant, and Director, Scott Johnson, discussed with the Board the MREA District 5 Meeting that they had attended and the fact that MREA is in the process of building a new building on their location.

The Board reviewed Policy 101 – Equal Employment Opportunity, Policy 102 – Inappropriate Conduct, Discrimination, and Harassment, Policy 103 – Workplace Violence, Policy 104 – Safety and Occupational Health, Policy 105 – Compensation, and Policy 106 – Ethical Conduct and there were no changes.

The Board was advised that the Salary Committee met on July 22, 2024 from 8:30 o’clock A.M. to 9:35 o’clock A.M. prior to the Board meeting and discussed items that were being requested by the Outside Union and there would be discussion concerning overtime issues, health savings account, and health insurance. The Board was advised that the Inside Union would have an initial meeting on July 23, 2024.

The Board was reminded that General Manager, Timothy O’Leary, would not be present at the August Board Meeting.

There was discussion concerning the need to designate a delegate and alternate for the Basin Annual Meeting scheduled for August 14th and August 15th of 2024 at the Bismarck Event Center Exhibition Hall, 315 South 5th Street, Bismarck, North Dakota. After discussion a motion was made by Ms. Gunnink, seconded by Mr. Rokeh, and carried to designate Secretary/Treasurer, Kathy Schreurs, as the delegate to said meeting and Director, Joel Buyck, as the alternate.

There was discussion concerning the need for the Board to approve who the Cooperative wanted to vote for in the 2024 Director Election for CoBank and a motion was made by Mr. Buyck, seconded by Ms. Schreurs, and carried to have the Cooperative vote for Jason T. Lay as the 2024 Director for CoBank.

The Board was advised of the following upcoming meetings:

- The 28th Annual Energy Issues Summit to be held on August 7th and August 8th of 2024 at the Radisson Blu MOA in Bloomington, Minnesota. There would also be a Pre-Conference Education – NRECA BLC 965.1: Electric Vehicles: Strategy & Policy Considerations to be held on August 6, 2024.
- Basin Electric’s 2024 Annual Meeting will be held on August 13th thru August 15th, 2024.
- The East River Electric Power Cooperative, Inc. Annual Meeting will be held on September 4, 2024 at the Ramkota Hotel in Sioux Falls, South Dakota.

- The NRECA Reginal Meetings 5 & 6 will be held on September 16th thru September 18th of 2024 at the Hilton in Minneapolis, Minnesota. There will also be a Pre-Conference Education to be held on September 16, 2024.

There being no further business to come before the Board, President, Dale Fier, adjourned the meeting at 1:28 o'clock P.M.

Secretary

ATTEST:

President