

MINUTES OF BOARD MEETING
Lyon-Lincoln Electric Cooperative, Inc.
Monday, March 24, 2025

The regular monthly meeting of the Board of Directors of Lyon-Lincoln Electric Cooperative, Inc. was held on Monday, March 24, 2025 at 9:35 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, and Jared Dritz.

The following director was absent: 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 February 24, 2025 and there were no changes. A motion was made by Mr. Grant, seconded by Mr. Dritz, and carried to approve the February 24, 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. Longtin, 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 February 1, 2025 through February 28, 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 February, 2025. 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 February, 2025. After review, a motion was made by Mr. Dritz, seconded by Mr. Grant, 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 Clifford Dahl, Jr. for the unretired amount of \$2,662.54 with \$1,251.48 being paid, and \$1,411.06 being discounted; the Estate of David Halfmann for the unretired amount of \$3,474.55 with \$1,621.83 being paid, and \$1,852.72 being discounted; and the Estate of David Prosch for the unretired amount of \$2,455.40 with \$1,128.90 being paid, and \$1,326.50 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.

President, Dale Fier, inquired whether there were any interactions that Board Members had with other Cooperative members and there were none.

Finance Manager, Kristi Jensen, reviewed the Financial and Operating Report with the Board which included the Income Statement for January, 2025 and a Balance Sheet for January, 2025. The Board also reviewed the Power Requirements Data for the various rates charged by the Cooperative for January, 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 January, 2025 was 1.41 and the Equity shown on the Balance Sheet for January, 2025 was 40.44%. After discussion and review President, Dale Fier, indicated that the Financial and Statistical Report for the period ending January 31, 2025 was received and filed subject to audit.

Kristi Jensen, Finance Manager, reviewed with the Board the Bad Debt for 2024 in the amount of \$809.50. After review, a motion was made by Ms. Gunnink, seconded by Mr. Longtin, and carried to write off the Bad Debt in 2024 of \$809.50.

The Board reviewed information that had been provided by CoBank concerning Lyon-Lincoln Electric Cooperative, Inc.'s Statement of Qualified Patronage Distribution for 2024 and Equity Retirement for 2025. The information provided by CoBank indicated that there was total cash distribution to Lyon-Lincoln Electric Cooperative, Inc. in the amount of \$13,024.24 consisting of 2024 Target Cash Patronage in the amount of \$5,324.42, 2024 Special Cash Patronage in the amount of \$1,228.71, and 2025 Equity Retirement in the amount of \$6,471.11.

The Board reviewed information obtained from Federated Rural Electric Insurance Exchange describing the Member Equity Accounts Statement. There was a total cash payment from Federated Rural Electric Insurance Exchange in the amount of \$2,753.00 which resulted in an ending balance of the equity account for Lyon-Lincoln Electric Cooperative, Inc. as of March, 2025 in the amount of \$117,156.00.

There was discussion concerning donations made by Operation Roundup and some of the donations were \$2,000.00 for the Lyon County Rodeo, \$1,000.00 to the American Cancer Society and \$5,000.00 in scholarships.

The Board reviewed the form entitled Financial and Operating Report Electric Distribution for the period ending December of 2024 for the Cooperative which was described as the 2024 Form 7. After review, a motion was made by Mr. Rokeh, seconded by Ms. Schreurs, and carried to approve the 2024 Form 7.

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

Lyle Lamote, Line Superintendent, gave the February Outage Report involving 10 or more consumers and indicated that on February 13, 2025 there were 367 consumers off 1 hour and 25 minutes in the Townships of Fortier, Florida, Marble and Norman. The cause was East River Electric Power Cooperative, Inc. lost a transformer at the Blair transmission substation. He also advised the Board that there was a Safety Meeting held on February 4, 2025 involving Terry Ehli, MREA's Safety Instructor, to talk about the topic on "When OSHA Shows up". OSHA (Occupational Safety and Health Administration) was created by the OSHA Act on December 29, 1970 and signed into law by Richard Nixon and began operation on April 28, 1971. After the discussion concerning OSHA, Mr. Ehli did inspections on two of the bucket trucks for Lyon-Lincoln Electric Cooperative, Inc.

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

- Cutting Trees on the East side of the Lyon-Lincoln Electric Cooperative, Inc.'s territory.
- They will be setting poles in the future when ground conditions improve.

- There is a 7-mile replacement project for underground electric line located near Ivanhoe, Minnesota, which will start when ground conditions improve.

Mr. Lamote advised the Board that the Cooperative has received the \$6,500.00 grant from the MN Dept of Labor and Industry that can be utilized to purchase a Grubber. He also advised the Board of the cost to fix a door on the skidsteer in the amount of \$1,100.00.

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. Mr. Jeremiason reviewed with the Board a visit that he had with Don Determan from Monarch Sales concerning potential gift options for the Annual Meeting to be held in June of 2025. Mr. Determan provided Mr. Jeremiason with a few samples to review at the meeting including an insulated cooler, laser engraved tumblers, silicone oven mitts, and grilling tongs. He indicated that there were many other options available and he would still rather find something made locally, but wanted to present the options that he has been given so far. There was no action and Mr. Jeremiason will pursue potential gifts to distribute at the Annual Meeting.
2. Lyon-Lincoln Electric Cooperative, Inc. has three solar projects in various stages of installation. These are all larger projects, two 39.9 kW systems and the third is adding on to an existing project. Once these are connected, Lyon-Lincoln Electric Cooperative, Inc. will only be about 24kW in capacity short of what was installed in 2024. The Board requested that Mr. Jeremiason do some research on nuclear energy provided by fusion.
3. Mr. Jeremiason advised the Board that he and Jessica Gums, Executive Assistant, had received their first call with a developer from Touchstone Energy that's building the framework for the Lyon-Lincoln Electric Cooperative, Inc.'s Website. The caller provided a brief update on the status and quick tutorial on how to make changes and build the pages out as the website is developed. The Cooperative will be implementing some more videos into the page and adding news sections that can be updated frequently. An example of a cooperative website that is similar to the one the Cooperative is building on can be found at <https://cipco.net/>. The Board was further advised that there is a status update scheduled for the week of March 24th and he expects to have the website launched soon.

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 February Power Bill and it was indicated that the heat sales were 173,700 kWhs over budget and the other sales were under budget by 4,957 kWhs. The average rate for power came in at 64.74 mills/kWh versus the budgeted amount of 63.84 mills/kWh.
2. Lyon-Lincoln Electric Cooperative, Inc.'s kWh purchases through the month of February are currently 103.25% of the budget. It's kWh sales to members through February are currently 102.39% of the budget and the line loss through February is 4.84%.

3. East River Electric Power Cooperative, Inc. MAC meeting included some of the following topics:
- a. Robert K. Sahr, CEO/General Manager of East River Electric Power Cooperative, Inc., and the staff provided a recap of the recently completed Basin Winter Manager's Meeting. The review started with Basin's financials and a look at their financial forecast. Basin updated their forecast to include an additional \$4B in capital expenditures. The dollars are allocated for the new natural gas generation station (Bison Generating Station) in central North Dakota. Basin Electric Power Cooperative, Inc. looked at five different adjustment options and how they may affect rates. Each of the scenarios were based on Basin maintaining its "A" rating with Wall Street investors. Two of the options would freeze any patronage returns and it will be necessary to make sure that the Basin Board understands that this is not an option which is acceptable. Patronage returns from Basin and East River are vital for Lyon-Lincoln Electric Cooperative, Inc. to meet its operating debt service coverage ratio with RUS. It also helps to remind Basin Electric Power Cooperative, Inc. and East River Electric Power Cooperative, Inc. that they are cooperatives and should act like one by retiring capital credits to the member-owners. General Manager, Timothy O'Leary, showed the Board the consolidated margin slide on each of the options and a reminder that Basin Electric Power Cooperative, Inc. has continued to say that an "A" rating is important, but they never provide what the borrowing interest rate would be if they did not have the "A" rating.
 - b. Basin Electric Power Cooperative, Inc. ended the year with \$121M in consolidated margins versus a budgeted amount of \$153M. Basin brought in \$60M from the deferred/rate stability fund versus the budgeted amount of \$45M and wrote off \$26M from the Nemadji Trail project. The balance in the deferred/rate stability fund stands at \$230M at the end of 2024. Basin is expecting to use another \$45.4M in 2025 to get to a year-end consolidated margin of \$143M.
 - c. Basin is reviewing the impacts of the Southwest Power Pool change to resource reserves to meet its winter planning reserve margins. The increase in the reserve requirements results in a 690MW loss of Basin reserves. This will be met by the new natural gas generation plant, but it does not give them excess capacity to market to new loads and that is why they are looking at creating a new large load rate. The new rate would have a contribution in aid to construction (CIAC) to help offset the cost of new resources.
 - d. East River Electric Power Cooperative, Inc.'s staff updated the MAC with information on the Load Management Program. Staff indicated that East River had an estimated savings of \$16.2M in 2024 based on the Basin demand rate. East River Electric Power Cooperative, Inc. control times were up versus 2023 control times. East River Electric Power Cooperative, Inc.'s staff updated the group on the load management change out program and indicated that 47,000 receivers need to be changed out over the next several years.
 - e. Chelsie Baken, Communications and Marketing Manager for East River Electric Power Cooperative, Inc., updated the committee on the 2025 advertising campaign. The campaign will focus on the fact that the Cooperative is local, the Cooperative is owned by its members and together, they are Powering Possibilities that exist. The campaign will continue to have a large focus on farm safety. Chelsie Baken finished her report by highlighting this year's "Who Powers You" contest to highlight

individuals in East River Electric Power Cooperative, Inc.'s region that are doing great things.

- f. Chris Studer, Chief Member and Public Relations Officer for East River Electric Power Cooperative, Inc., gave a recap of the most recent Mid-West Board Meeting and visit to Washington D.C. Mr. Studer highlighted staffing at WAPA, the Army Corps of Engineers, and Bureau of Reclamation. Each of the departments experienced changes in staffing as a number of career employees took the early buyout option and probationary employees were let go. The Mid-West Board has created a committee to help WAPA with efficiency efforts and the Board wants to work alongside WAPA to find a path forward to accomplish WAPA's core mission.
 - g. Chris Studer gave an update on Federal and State legislative activities. Federal issues included budget discussion and the March 14th deadline, the funding freeze, and employees. In South Dakota issues revolve around eminent domain and carbon pipeline and bill that would look at providing dollars to the Mitchell Tech Powerline School for its expansion plans.
4. The Board was advised that this year's appreciation day for linemen will be held on April 14, 2025 and management is considering a breakfast to show the appreciation to the linemen. General Manager, Timothy O'Leary, advised the Board that the Board will be advised as to what the decision is concerning the activities for linemen appreciation day.
 5. General Manager, Timothy O'Leary, shared with the Board the District Meeting Power Point Program that he intended to use at the District Meetings.
 6. The Board was advised that the golf season started on March 18, 2025 and the regular season will finish at the end of May, 2025 because General Manager, Timothy O'Leary, will be the Head Golf Coach for RTR.
 7. The Board was advised of the following scheduled meetings:
 - March 31, 2025 – PTO
 - April 1, 2025 – The East River Electric Power Cooperative, Inc. MAC and REED Meetings.
 - April 2nd and April 3rd, 2025 – The Spring MREA CEO Meeting.
 - April 7th, 8th, and 10th, 2025 – District Meetings for Lyon-Lincoln Electric Cooperative, Inc. will be held.
 - April 21, 2025 – The summer hours begin for Lyon-Lincoln Electric Cooperative, Inc.
 - April 28, 2025 – The Board Meeting for Lyon-Lincoln Electric Cooperative, Inc.

The Board reviewed the East River Electric Power Cooperative, Inc.'s Cyber Security Department Report for February, 2025.

The Board recessed for lunch at 11:55 o'clock A.M. and during the lunch recess the Board viewed the East River Electric Power Cooperative, Inc. monthly video report and reconvened at 12:25 o'clock P.M.

The Board reviewed Policy 404 – Member Information with Brian Jeremiason in attendance. After review and discussion a motion was made by Mr. Dritz, seconded by Ms. Schreurs, and carried to approve Policy 404 – Member Information.

The Board reviewed Policies 501 through 505 being the series 500 on finance and described as 501 – Financial Management, 502 – Spending Authority, 503 – Authorize Check Signatories, 504 – Billing and Collection, and 505 – Patronage Capital. There were questions concerning the timing of the budget approval for Lyon-Lincoln Electric Cooperative, Inc. in compliance with Policy 501. General Manager, Timothy O’Leary, indicated that he will review the policy concerning the annual capital budget, operating budget, work plan, retail electric rates and bring the same to the Board for its approval.

General Manager, Timothy O’Leary, and Brian Jeremiason, Manager of Marketing and External Relations, reviewed and discussed with the Board the Strategic Plan concerning the topics of modernizing infrastructure to sustain reliability and optimize efficiency, fully utilize existing technology and stay well-informed of new technologies that will ensure members ability to interact with the cooperative, foster informed member participation with enhanced member engagement and education, and ensure effective governance and operational excellence by providing and encouraging continuous board and employee education and training.

General Manager, Timothy O’Leary, presented to the Board the Nominating Committee Minutes which was an update as to the nominations that were being proposed for the Board of Directors.

The Board was advised of the following upcoming meetings:

- District Meeting dates:
 - District 1 – Monday, April 7, 2025 at 7:00 P.M. in Tyler, Minnesota at the LLEC Shop.
 - District 2 – Tuesday, April 8, 2025 at 7:00 P.M. in Russell, Minnesota at the Russell Community Center
 - District 3 – Thursday, April 10, 2025 at 7:00 P.M. in Hendricks, Minnesota at the Hendricks Golf Club.
- The Renville Sibley Annual Meeting will be held March 27, 2025 at 6:00 P.M. at Redwood Falls, Minnesota.

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