

MINUTES OF BOARD MEETING
Lyon-Lincoln Electric Cooperative, Inc.
Monday, September 23, 2024

The regular monthly meeting of the Board of Directors of Lyon-Lincoln Electric Cooperative, Inc. was held on Monday, September 23, 2024 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 Finance Manager, Kristi Jensen, Attorney, Michael W. Cable, and General Manager, Timothy O'Leary.

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 August 26, 2024. It was noted that at paragraph 3 d. on page 4 the last line of the paragraph should read "the forecast is based on a \$150M margin requirement." With that change noted a motion was made by Ms. Schreurs, seconded by Mr. Dritz, and carried to approve the August 26, 2024 Minutes.

President, Dale Fier, inquired whether there were any additions or changes to the Agenda and it was noted that an item would be added under Plenary Matters as item d. to discuss a request for a donation from Prairie Home Hospice in Marshall, Minnesota. With that change noted for the Agenda a motion was made by Mr. Buyck, seconded by Mr. Grant, 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 August 1, 2024 through August 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 August, 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 August, 2024. After review, a motion was made by Ms. Gunnink, 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 Estate: the Estate of William Ziebell for the unretired amount of \$8,446.32 with \$3,855.26 being paid, and \$4,591.06 being discounted. After review a motion was made by Ms. Schreurs, seconded by Mr. Grant, and carried to approve the payment of capital credits to the Estate of William Ziebell. The Board also considered the request of Prairieview Pork, Inc. for the payment of capital credits because Prairieview Pork, Inc. was dissolved. After review with Attorney, Michael W. Cable, a motion was made by Mr. Rokeh, seconded by Ms. Gunnink, and carried to pay the shareholders of Prairieview Pork, Inc. the unretired amount of \$97,220.94 with \$44,015.20 being paid, and \$56,806.90 being discounted.

Finance Manager, Kristi Jensen, reviewed the Financial and Operating Report with the Board which included the Income Statement for July, 2024 and a Balance Sheet for July, 2024. She also reviewed the Power Requirements Data for the various rates charged by the Cooperative for July, 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 July, 2024 was 0.56 and the Equity shown on the Balance Sheet for July, 2024 was 40.75%. After discussion and review President, Dale Fier, indicated that the Financial and Statistical Report for the period ending July 31, 2024 was received and filed subject to audit.

The Board reviewed an Environmental Attributes Sale Proceeds Distribution explanation provided by East River Electric Power Cooperative, Inc. Said document revealed that there was a marketing pool for East River Electric Power Cooperative, Inc.'s members and Lyon-Lincoln Electric Cooperative, Inc. received a check from East River Electric Power Cooperative, Inc. for the renewable energy credits for a total of \$31,632.47.

The Board reviewed information that had been received from National Rural Utilities Cooperative Finance Corporation describing Patronage Capital Disbursement Selection Confirmation and indicating that there was \$6,696.01 paid for a patronage capital distribution from National Rural Utilities Cooperative Finance Corporation.

The Board was advised that the Cooperative Response Center, Inc. allocated for the fiscal year 2023 the amount of \$97,842.00 to its members and Lyon-Lincoln Electric Cooperative, Inc.'s pro-rata portion of this allocation is \$273.00 of which \$55.00 was paid to Lyon-Lincoln Electric Cooperative, Inc.

Kristi Jensen, Finance Manager, advised the Board that Lyon-Lincoln Electric Cooperative, Inc. drew against the RUS Loan and the draw was for \$1M and the amount would be financed at an interest rate of 3.97%. The loan draw took place on September 9, 2024.

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

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

- 8-8 146 consumers were off 20 minutes in the Townships of Coon Creek and Marshfield. The cause was Lyon-Lincoln Electric Cooperative, Inc. didn't have East River tie it subs together when switching.
- 8-21 3 consumers were off 6 hours and 30 minutes in the Township of Lynd. The cause was an underground fault.

There was a Safety Meeting held on August 1, 2024 involving the topic of hot line work and working within the minimum approach distance(MAD). The presentation was conducted by MREA's Safety Instructor, Shawn Marthaler. After the presentation, Lyle Lamote and Shawn Marthaler did crew visits where 1 crew was cutting over to a new underground line that was installed NW of Russell and the other crew was repairing an underground fault by Marshall, Minnesota.

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

- They are working on three underground projects that would probably be the last for the season.

- The linemen would be working on replacing five miles of three phase underground line west of Marshall.

Mr. Lamote gave the Board pictures that had been taken by a drone which was operated by Firma Tech. The purpose of the pictures from the drone were to inspect poles. Firma Tech who was in the area wanted to inspect approximately 100 poles taking two pictures on each side and one on top to demonstrate the service available from Firma Tech that could be provided to Lyon-Lincoln Electric Cooperative, Inc. It was Mr. Lamote's recommendation that the pictures did show both sides and the top of the pole but the service was not required by Lyon-Lincoln Electric Cooperative, Inc. because the poles could be inspected from the ground.

The Board was presented with a Contract entitled Underground Facilities Locating and Marketing Agreement to be entered into with Southwood, Inc., a subsidiary business of Redwood Electric Cooperative. After review a motion was made by Mr. Longtin, seconded by Mr. Rokeh, and carried to enter into the Underground Facilities Locating and Marketing Agreement with Southwood, Inc.

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. Lyon-Lincoln Electric Cooperative, Inc. is in the early stages of converting its website to the new SHiNE content management system. The new platform offered through Touchstone Energy will allow Lyon-Lincoln Electric Cooperative, Inc. to access better layout creation tools, templates, better security and improved analytic information. Jessica Gums, Executive Assistant, and Mr. Jeremiason will be meeting with the team at Touchstone to get some training and start the process of building out the new website. Mr. Jeremiason has communicated to Touchstone Energy that he would like to see the website go live at the start of 2025.
2. East River Electric Power Cooperative, Inc. shared a monthly report on the Load Management Program and the savings it provides. Beginning later this month East River is going to start sharing its estimated demand saving by month. East River also created an Excel spreadsheet that will help Lyon-Lincoln Electric Cooperative, Inc. understanding the monthly demand costs saved by the Co-op's existing load control program. This is only an estimate, it is based on assumed values for load reduction based on the type of load and month. Mr. Jeremiason thinks that because of the environment of rising costs and new generation construction, this tool will be helpful
3. Mr. Jeremiason has been working with the Marshall Radio Station to develop some new ads. The Cooperative will continue to run ads about solar, EVs and harvest safety for the next couple of months. In November the Cooperative will replace the harvest safety ads with winter preparedness ads and also start running some winter energy efficiency tips.

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 August Power Bill. Purchases were up for the month versus budgeted amounts, but Lyon-Lincoln Electric Cooperative, Inc. had a higher billing peak (3,948 KW higher) versus budget as well. This led to an average purchase power rate of 77.69 mills/kWh versus a budgeted average

of 69.46 mills/kWh. The Cooperative's coincidental load factor for August was 62.79% versus a budgeted amount of 77.24%. As a reminder, Mr. O'Leary pointed out that a lower load factor increases the average cost of energy for the month. The Cooperative experienced the same issue in 2023 so Mr. O'Leary will be working with the East River Staff to correct the error. It looks as if East River was using five year demand data and East River may want to lower that to two or three years of demand data to better reflect Lyon-Lincoln Electric Cooperative, Inc.'s August outlook.

2. Lyon-Lincoln Electric Cooperative, Inc.'s kWh purchases through the month of August are currently 95.18% of the budget. It's kWh sales to members through August are currently 94.19% of the budget. The line loss through August stands at 5.38%.
3. Mr. O'Leary advised the Board that Cooperative employees have been reviewing some tactics to meet the strategic planning goals set out by the Board. There was a meeting held with Cooperative Building Solutions on September 10th to go over the possibility of making a facility feasibility study with them and determining how much the study would cost. It will be necessary to review this study as to cost and what areas in the building the Cooperative is intending to improve.
4. NRECA will not be raising dues in 2025. However, MREA will be raising dues and is asking for a 4.76% increase from Lyon-Lincoln Electric Cooperative, Inc. or \$1,678.37 more. 2025 MREA dues would be a total of \$36,883.44 with this increase. In addition to the dues increase the Cooperative has an education package cost from MREA. General Manager, Timothy O'Leary, pointed out that the MREA's budget proposal can be found under the Board Information Tab in the Call to Order App.
5. There was no meeting held in September for the East River Electric Power Cooperative, Inc. MAC meeting.
6. East River Electric Power Cooperative, Inc. will be holding their Budget Meeting on Wednesday, October 2, 2024, but they did hold a Teams Call to discuss 2025 draft rates and plans for its margin stabilization plan. East River Electric Power Cooperative, Inc. is expecting higher sales, higher SPP revenue and interest rates in their draft budget numbers, which will lead East River to raise rates in the 8% range before margin stabilization bill credits. East River has a little over \$4.3M in the margin stabilization plan and are expecting higher than budgeted margins for 2024 (another \$4M). The Board will need to decide how much they want to use to lower the rate increase for 2025. General Manager, Timothy O'Leary, indicated that he will learn more the week of September 30th concerning the proposed rate increase by East River Electric Power Cooperative, Inc.
7. Mr. O'Leary reviewed a few topics that were discussed at the MREA Fall CEO Meeting which were as follows:
 - There was discussion concerning a cooperative which experienced energy theft involving a Bitcoin operation.
 - There was discussion concerning nuclear power.
 - There was discussion on environment review by RUS.
 - There was discussion concerning the ERA Program which is funding more renewable projects.
 - Net metering reform was reviewed.
 - There was discussion concerning transformers.
 - There was discussion involving resource planning.
 - There was a discussion concerning the risk of fire from the perspective of Federated Insurance.

- There was also a review of putting cameras on poles when asked by law enforcement.
8. The NRECA CEO Conference will not be held until January, 2025, but General Manager, Timothy O’Leary, asked the Board to approve his attendance at said conference in order to secure the best travel and hotel rates for the conference. A motion was made by Ms. Gunnink, seconded by Mr. Longtin, and carried to authorize the attendance by General Manager, Timothy O’Leary, at the NRECA CEO Conference to held in January of 2025.
 9. The Board was advised of the following scheduled meetings:
 - October 2, 2024 the MAC and East River Budget Presentation will be made.
 - October 7, 2024 the winter hours for Lyon-Lincoln Electric Cooperative, Inc. will commence.
 - October 28, 2024 the Lyon-Lincoln Electric Cooperative, Inc. Board Meeting will be held.

The Board reviewed the General Manager’s Expense Report and a motion was made by Mr. Grant, seconded by Ms. Schreurs, and carried to approve said Expense Report.

The Board was advised of the calendar that was placed on the Call to Order App showing Lyon-Lincoln Electric Cooperative, Inc.’s calendar on Board events and trainings. The calendar commenced September, 2024 and went through August, 2025.

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

General Manager, Timothy O’Leary, and the Board reviewed the Phishing Report provided by East River Electric Power Cooperative, Inc.

The Board recessed for lunch at 12:06 o’clock P.M. and reconvened at 12:40 o’clock P.M.

Vice-President, Mike Longtin, gave a report concerning the East River Electric Power Cooperative, Inc. August Board Meeting he had attended and indicated some of the following topics discussed and acted upon:

- Election of officers.
- There was a Director at Large elected.
- The Basin CO² Recapture Project is paying better than was expected.
- A report was made on the Basin/McKenzie Electric Lawsuit.
- There was no progress in the easement issues involving the Crow Creek Tribe.
- There was discussion concerning the Revenue Deferral Fund.
- A dairy named Redstone had signed up and will be a large load in the East River System.
- Vice-President, Mike Longtin, also discussed the ERA Program.

The Board was reminded that the East River Board Meeting draft minutes could be reviewed for August, 2024 in the Call to Order App.

Because of the East River Annual Meeting there was no video report from East River and Basin. There was discussion held with the Board concerning the Region 5/6 Meeting – NRECA, CFC, and RESCO and it was indicated that NRECA was going to be there to help cooperatives in dealing with the various programs from the Federal Government. The Resolutions presented at the 5/6 Meeting went through

as presented there was a report provided by Federated. There was also a report concerning cyber security programs.

General Manager, Timothy O’Leary, reviewed with the Board the negotiation meetings that he had attended concerning the Outside Union and Inside Union. He reviewed the various points requested by employees concerning the length of the contract, percentage wage increases, hours of work in the summer, when overtime would be applicable, mutual aid payments, vacation and sick leave, standby pay, cell phone language, health savings account, and other items. Mr. O’Leary will report back to the Board concerning the negotiations.

General Manager, Timothy O’Leary, asked if the Board wanted any changes to the General Manager/CEO Performance Appraisal and there were no changes requested by the Board for the Appraisal Form.

The Board was presented with a letter received by General Manager, Timothy O’Leary, concerning the remodeling of the headquarters building in Tyler, Minnesota from Cooperative Building Solutions. The letter outlined Facility Planning Study and how much the work outlined would cost the Cooperative. Mr. O’Leary will be discussing this item with Cooperative Building Solutions and report back to the Board.

The Board reviewed the following policies of the Cooperative:

- 301 – Functions.
- 302 – Policy Formulation and Approval.
- 303 – Fiduciary Duties.
- 304 – Ethical Conduct.
- 305 – Indemnification.
- 306 – Compensation and Reimbursement.

After review, there were no changes recommended by the Board.

President, Dale Fier, indicated that he had received a request for a donation from Lyon-Lincoln Electric Cooperative, Inc. involving Prairie Home Hospice located in Marshall, Minnesota. After discussion and review of Unclaimed Capital Credits it was decided that a letter would be sent to Prairie Home Hospice to better understand what their request was for.

It was indicated that there was an upcoming meeting for the Mid-West Electric 67th Annual Meeting to be held on December 10th through December 12th, 2024 in Denver, Colorado. There was discussion concerning Directors that were eligible for attendance at said meeting.

There being no further business to come before the Board, President, Dale Fier, adjourned the meeting at 2:05 o’clock P.M.

Secretary

ATTEST:

President