

Cooperative Light & Power
Two Harbors, Minnesota

Regular Meeting of the Board of Directors

1.

A regular meeting of the Cooperative Light & Power (CLP) Association of Lake County Board of Directors was held at the Office of the Association at Fifteen Fifty-Four, Highway Two, on April 26, 2023, with the participation of Scott Veitenheimer, Roger Peterson, Steve Josephson, Kyle Weideman, and Jessica Larsen.

Five directors were present at the time the meeting was called to order at 9:02 am. Also present for the meeting were CEO Joel Janorschke, Business Manager Kevin Olson, Marketing/HR Manager Carey Hogenson, Finance Manager Shannon Haveri, Operations Manager Brian Bentler, Sherry Fabini to take the minutes and member-owner Geoff Tolley. Attending by means of video conference were CLP Attorney Chad Felstul and member-owner Gregory Lien.

Present

2.

Scott Veitenheimer asked if there were any additions to the agenda. CEO Joel Janorschke stated that he would like to add a CLP director to attend the GRE Board meeting on May 3rd and 4th, discuss Board minutes, response to Lake County Press, and have the directors sign Board policies III-8 Directors Code of Conduct, III-9 CLP Board of Directors Confidentiality Agreement, and III-10 Conflict of Interest.

Additions to the
Agenda

3.

A motion was made by Steve Josephson and seconded by Kyle Weideman to approve the agenda as modified. Motion passed.

Agenda

4.

A clarification was made to separate the Secretary/Treasurer position that was previously approved at the Special Reorganizational meeting. Kyle Weideman was voted as Treasurer and Steve Josephson was voted as Secretary. A motion was made by Roger Peterson and seconded by Steve Josephson to approve

Special Meeting
Minutes

Secretary

<p>the Special Reorganizational Minutes as amended. Motion passed.</p>	
<p style="text-align: center;">5.</p> <p>A motion was made by Roger Peterson and seconded by Steve Josephson to approve the March 22, 2023, minutes as modified. Motion passed.</p>	<p>March Minutes</p>
<p style="text-align: center;">6.</p> <p>The consent agenda consisting of the following was reviewed. A motion was made by Kyle Weideman and seconded by Roger Peterson to accept the Consent Agenda. Motion passed.</p> <ul style="list-style-type: none"> • Applications and Terminations • Monthly Payments • Correspondence <p>Application for Membership and Termination of Electric Service were presented for consideration.</p>	<p>Consent Agenda</p> <p>Applications and Terminations</p>
<p>NEW SERVICE-1</p> <p>TRANSFER OF OWNERSHIP-25</p> <p>TERMINATION OF MEMBERSHIP (Name Change Only)-6</p> <p>TRANSFER OF RENTER-1</p> <p>TERMINATION OF MEMBERSHIP-9</p>	
<p style="text-align: center;">7.</p> <p>Attorney Chad Felstul addressed the Board and went over the Fiduciary Responsibilities and the Fiduciary Duties of a director. Responsibilities are:</p> <ul style="list-style-type: none"> • Be prepared for Board meetings. • Show up to Board meetings. • Discuss and be engaged at Board meetings. • Make informed decisions at Board meetings. <p>Duties are:</p> <ul style="list-style-type: none"> • Loyalty-good faith • Duty of Care • Business Judgement Rule 	<p>Fiduciary Responsibilities and Duties of a director</p> <hr style="width: 100%;"/> <p style="text-align: right;">Secretary</p>

<p style="text-align: center;">8.</p> <p>The Board discussed the motion that was made at the Annual Meeting regarding redistricting. The Board discussed what options may be available to poll the membership. District representation will be discussed at the scheduled district meetings.</p>	<p>Redistricting</p>
<p style="text-align: center;">9.</p> <p>The Operating Margin for the month of February was a negative \$72,960 as compared to a budgeted figure of a negative \$92,377 for a positive variance of \$19,417. Non-Operating Margins-Interest for the month of February was positive \$7,676 as compared to a budgeted figure of positive \$1,640 for a positive variance of \$6,036. Non-Operating Margins-Other for the month of February was a negative \$776 as compared to a budgeted figure of a positive \$2,500 for a negative variance of \$3,276. Other Capital Credits & Patronage for the month of February was a zero as compared to a budgeted figure of zero, for a neutral variance. This resulted in a total margin for the month of February of a negative \$66,060 as compared to a budgeted figure of a negative \$88,237 for a positive variance of \$22,177.</p>	<p>Financial Report</p>
<p style="text-align: center;">10.</p> <p>A motion was made by Kyle Weideman and seconded by Steve Josephson to approve the financials. Motion passed.</p>	<p>Financials Approval</p>
<p style="text-align: center;">11.</p> <p>Business Manager Kevin Olson addressed the Board. He is working with Brian and Davey Resource Group on the ROW Management plan. Kevin shared information about the Infrastructure Investment & Job Act (IIJA) grants that he had applied for and informed the Board that Topic 3 was rejected and that Topics 1 and 2 are still pending.</p> <p>Marketing/Communications/HR Manager Carey Hogenson discussed the comments received from the Annual meeting survey results and how to improve some of the areas of concern. 240 registered members attended the Annual meeting with 98 in District #1, 82 in District #2, 43 in District #3, 8 in District #4, and 9 in District 5.</p>	<p>Manager reports</p> <hr style="width: 100%; margin-top: 20px;"/> <p style="text-align: right;">Secretary</p>

<p>Carey discussed the district meetings that are scheduled in May.</p> <p>Operation Manager Brian Bentler informed the Board that interviews started on the open lineman position.</p> <p style="text-align: center;">12.</p> <p>CEO Joel Janorschke provided the following reports to the Board:</p> <ul style="list-style-type: none"> • Attended the Minnesota Rural Electric Association (MREA) CEO Conference. Items discussed included Economic Updates, Rate Design, MN Homeland Security and Emergency Management, MREA update, Cooperative Opportunities in the IRA and IIJA, Muni/Cooperative Panel, MN Department of Commerce Commissioner, Future Load Control, Safety Panel Update and CEO Roundtable. • MN Legislative Updates (MREA) which included Paid Family Leave Bill, Property Tax on Co-op Distribution Infrastructure, Load Control Receivers, Omnibus Cannabis Bill, IIJA State Matching Funds & Technical Assistance to unlock Federal Infrastructure Funding, and other matters of interest. • GRE Member Managers Group (MMG) Report for the Financials, 2022 Transmission System Reliability Report and Member rate design and contract discussion. 	<p>CEO Report</p>
<p style="text-align: center;">13.</p> <p>Scott Veitenheimer reported on the GRE April Board meeting he attended. Several actions including early acquisition of transmission project materials, auditor selection for the 2023 audit, auditor selection for defined contribution retirement plan, as well as the sale of Rosemont 37-acre property. The year-to-date margin in February was \$9.6M compared to a budgeted margin of \$9.0M</p>	<p>GRE Board Meeting</p>
<p style="text-align: center;">14.</p> <p>The Board reviewed options on the Class Cost of Service Study (COSS).</p> <ul style="list-style-type: none"> • Option 1 \$48 facility charge with an energy charge of \$0.1439 • Option 2 \$50 facility charge with an energy charge of \$0.1407 • Option 3 \$52 facility charge with an energy charge of 	<p>Class Cost of Service Study</p> <hr style="width: 100%;"/> <p>Secretary</p>

<p>\$0.1374</p> <ul style="list-style-type: none"> Option 4 \$69 facility charge with an energy charge of \$0.1085 <p>All options are a 10% increase and will bring \$771,000 in additional revenue. The PCA will go to zero with any option and in 2 years CLP will look at base rates again. After the new rate adjustment is implemented effective July 2023, CLP will offer another option, Time of Use (TOU), to our members. TOU is estimated to be implemented in the fall. The TOU facility charge will be \$69, and the energy charge changes according to peak, off peak, and nighttime hours.</p> <p style="text-align: center;">15.</p>	
<p>A motion was made by Roger Peterson and seconded by Jessica Larsen to adopt option #3. Motion passed.</p>	Option #3
<p style="text-align: center;">16.</p> <p>Westholm Scholarship Candidates were voted on. Total applicants that applied were 17. Eight students from Two Harbors High School, three students from William Kelly High School, and six students from Out of the Area. Two students from the Two Harbors High School with an alternate, two students from William Kelly High School with an alternate, and two students from Out of the Area with an alternate were chosen.</p>	Westholm Scholarship
<p style="text-align: center;">17.</p> <p>A motion was made by Kyle Weideman and seconded by Steve Josephson to approve the 990 Form with the correction. Motion passed.</p>	990 Form
<p style="text-align: center;">18.</p> <p>A motion was made by Roger Peterson and seconded by Kyle Weideman to approve Deb Englund's proposal, which will take place in June, on the Boards evaluation. Motion passed.</p>	Deb Englund's Proposal
<p style="text-align: center;">19.</p> <p>CLP Directors individually signed the required annual compliance policies:</p> <ul style="list-style-type: none"> Board Policy III-8 Director Code of Conduct Board Policy III-9 CLP Board of Directors Confidentiality 	<p>Board Policies</p> <hr/> <p>Secretary</p>

<p>Agreement</p> <ul style="list-style-type: none"> Board Policy III-10 Conflict of Interest 	
<p style="text-align: center;">20.</p> <p>Roger Peterson will be the additional director from CLP to attend the GRE meeting scheduled for May 3 and 4, 2023. Much discussion among the Board regarding a response to the Lake County Press. CEO Joel Janorschke and Scott Veitenheimer will put something together for the paper. The Board minutes were discussed. Minutes should be a summary of the meeting with more details when members speak.</p>	<p>New Business</p>
<p style="text-align: center;">21.</p> <p>A motion was made by Roger Peterson and seconded by Kyle Weideman to approve the changes to Board Policy III-1 Potential Sale of the Cooperative’s Properties to an Investor-Owned Utility (IOU). Motion passed.</p>	<p>Policy III-1</p>
<p style="text-align: center;">22.</p> <p>A motion was made by Jessica Larsen and seconded by Steve Josephson to approve the changes to Board Policy III-2 Board of Directors Meeting Attendance. Motion passed.</p>	<p>Policy III-2</p>
<p style="text-align: center;">23.</p> <p>A motion was made by Roger Peterson and seconded by Kyle Weideman to approve the changes to Board Policy III-3 Board of Directors Per Diem and Mileage. Motion passed.</p>	<p>Policy III-3</p>
<p style="text-align: center;">24.</p> <p>A motion was made by Kyle Weideman and seconded by Jessica Larsen to approve the changes to Board Policy III-4 Order of Business. Motion passed.</p>	<p>Policy III-4</p> <hr/> <p>Secretary</p>

<p style="text-align: center;">25.</p> <p>A motion was made by Roger Peterson and seconded by Steve Josephson to approve the changes to Board Policy III-5 Objectives and General Procedures for Committees of the Board. After much discussion, Roger Peterson rescinded his motion, and this policy was tabled.</p>	<p>Policy III-5</p>
<p style="text-align: center;">26.</p> <p>Board Policy III-6 Qualifications for Directorship had no changes. It was reviewed by all Board members.</p>	<p>Policy III-6</p>
<p style="text-align: center;">27.</p> <p>A motion was made by Steve Josephson and seconded by Kyle Weideman to approve the changes to Board Policy III-7 Term of Office of Board President. Motion passed.</p>	<p>Policy III-7</p>
<p style="text-align: center;">28.</p> <p>The Board discussed the date for the next Board meeting. The date is set for May 24, 2023, at 9:00 a.m.</p>	<p>Upcoming Meeting</p>
<p style="text-align: center;">29.</p> <p>There being no further business to come before said meeting, adjournment was called for at 3:40 p.m. with a motion from Roger Peterson and a second by Kyle Weideman. Motion carried.</p>	<p>Adjournment</p>
<p style="text-align: center;">_____ Steve Josephson, Secretary</p> <p>CORPORATE SEAL</p>	<p style="text-align: center;">_____ Secretary</p>