

Cooperative Light & Power
Two Harbors, Minnesota

Regular Meeting of the Board of Directors

1.

A regular meeting of the Cooperative Light & Power Association of Lake County (CLP) Board of Directors was held at the Office of the Association at Fifteen Fifty-Four Highway Two, on July 24, 2024, with the participation of Directors Scott Veitenheimer, Roger Peterson, Steve Josephson, Kyle Weideman and Jessica Larsen.

All directors were present at the time the meeting was called to order at 9:03 a.m. Also present for the meeting were CEO Joel Janorschke, Member Services/HR Manager Carey Hogenson, Energy Services Manager, Ken Jones, Finance Manager Shannon Haveri, Sherry Fabini to take the minutes, and one member owner. Attending by means of video conference was CLP Attorney Chad Felstul.

Present

2.

A motion was made by Peterson and seconded by Josephson to approve the modified agenda. Motion passed.

Agenda

3.

A motion was made by Weideman and seconded by Larsen to approve the June 26, 2024, Board Minutes. Motion passed.

Minutes

4.

The consent agenda consisting of the following was reviewed. A motion was made by Josephson and seconded by Peterson to accept the Consent Agenda. Motion passed.

Consent
Agenda

- Monthly Payments – Check Register
- Correspondence

5.

Secretary

<p>Member Geoff Tolley addressed the Board with the following topic:</p> <ul style="list-style-type: none"> ○ His experience with a CLP transformer upgrade due to increased energy load at his residence <p style="text-align: center;">6.</p>	<p>Member-Owner request</p>
<p>Alison Deelstra from CFC reviewed the 2023 Key Ratio Trend Analysis (KRTA) with the Board. Her agenda included:</p> <ul style="list-style-type: none"> • What is KRTA • 2023 National KRTA Trends • CLP's KRTA data • Equity management, measurements & drivers <p>All questions were answered. The Board thanked her for the presentation and assured her how beneficial it was.</p> <p style="text-align: center;">7.</p>	<p>Alison Deelstra</p>
<p>The Operating Margin for the month of May was a positive \$137,829 as compared to a budgeted figure of a negative \$58,549 for a positive variance of \$196,378. Non-Operating Margins-Interest for the month of May was positive \$4,666 as compared to a budgeted figure of positive \$5,320 for a negative variance of \$654. Non-Operating Margins-Other for the month of May was a negative \$367 as compared to a budgeted figure of a positive \$2,914 for a negative variance of \$3,281. Other Capital Credits & Patronage Other for the month of May was zero as compared to a budgeted figure of zero, for a neutral variance. This resulted in a total margin for the month of May of a positive \$142,129 as compared to a budgeted figure of a negative \$50,315 for a positive variance of \$192,444.</p> <p style="text-align: center;">8.</p>	<p>May Financials</p>
<p>A motion was made by Larsen and seconded by Weideman to approve the May Financials. Motion passed.</p>	<p>Financial Approval</p>
<p style="text-align: center;">9.</p>	<hr style="width: 100%;"/> <p style="text-align: right;">Secretary</p>

<p>Member Services/HR Manager Hogenson went over her report with the Board and updated events.</p> <ul style="list-style-type: none"> ○ Both parades were a great success ○ Photos are being accepted for the 2025 Calendar contest through the end of September ○ Final preparations are being made for the Energy Fair at the Harvest Festival at Bayfront Park on September 7 ○ Member Appreciation Pancake Breakfast planning is on track for October 5, 2024 <p>Energy Services Manager Jones went over his report with the Board.</p> <ul style="list-style-type: none"> ○ CLP and GRE split the cost of installation for the new charger at Tettegouche State Park ○ Currently there are 12 new solar arrays entered into the NOVA site and in the process of being built ○ Met with Two Harbors High School on a possible grant available for solar installation, Minnesota School for Solar Grant Program <p>Operations Manager Bentler was not in attendance at the meeting. The Board reviewed his written report.</p> <p style="text-align: center;">10.</p>	<p>Managers Reports</p>
<p>CEO Janorschke provided the following reports to the Board: Minnesota Rural Electric Association (MREA) Update:</p> <ul style="list-style-type: none"> ○ Attended the District 2 Meeting covered: <ul style="list-style-type: none"> ● Jenny Glumack, Director of Government Affairs ● PUC Docket for 2040 Carbon Free ● Net Metering ● Nameplate vs. Capacity ● House seats up for elections ● Property Tax Broadband reform ● Darrick Moe, CEO <ul style="list-style-type: none"> ● Board Chair Roundtable ● IIJA Grants ● New facility <p>National Rural Electric Cooperative Association (NRECA) update:</p>	<p>CEO Report</p> <hr/> <p>Secretary</p>

<p>Grant Updates</p> <ul style="list-style-type: none"> ○ Department of Energy has completed new energy efficiency standards for distribution transformers ○ Provided GRIP update ○ NRECA <ul style="list-style-type: none"> ● NRECA Research announce a potential opportunity for co-ops to enhance their cybersecurity posture through the RMUC (Rural and Municipal Utility Advanced Cybersecurity Grant and Technical Assistance) Program within the Department of Energy (DOE) <p>Other Matters of Interest</p> <ul style="list-style-type: none"> ○ Met with Darrick Moe, MREA CEO ○ Met with Pulsar Helium ○ Met with Business Manager for Lake Superior School District #381 regarding the Minnesota Solar for School Grant ○ Responded to several members regarding a variety of matters ○ Participated in the Heritage Days Parade ○ Met with a Regional Business Developer from PCS ○ Attended Eaton AMI & DSM user group meeting ○ Continued updating policies with Staff ○ Several meetings regarding the Davis Bacon Act <p style="text-align: center;">11.</p> <p>President Veitenheimer reported on the GRE Strategic Planning Meeting and GRE Board Meeting he attended on July 9 thru July 11 at Thumper Pond Ottertail County.</p> <ul style="list-style-type: none"> ○ Compensation Committee meeting on Tuesday morning reviewed the mid-year CEO report ○ Strategic Planning took place on Wednesday and Thursday morning and divided into four topics <ol style="list-style-type: none"> 1. Transmission Outlook 2. Rate Design 	<p>GRE Strategic Planning and Board Meeting</p> <hr/> <p>Secretary</p>
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3. Power Supply Adequacy
4. Growth Philosophy and Pricing

This information is confidential and will need to go into a closed session for further discussion.

At the conclusion of the Strategic Planning, the July Board meeting commenced.

It was a relatively short meeting. There were no Committee reports. Reports were presented from the Board Chair, CEO, Legal and MMG. We also heard a CFC Forum report and financial update from Michelle Strobel. Some items to note:

- Discussion of Year-to-date margin through May
- PCA for May
- Both energy sales and demand sales are about 5% lower than budget-some of the lowest in GRE history but the portfolio is performing well resulting in modest PCA
- June is a peak demand month, but this past June was cool- forecasts still predict a warmer than normal summer
- Recent private placement priced at a favorable rate-rating agencies view GRE favorably
- Signs of constrained capital for investment- GRE has financing for Tranche I but financing for Tranche II will be more challenging
- Final application for the NEW ERA funding was submitted on July 3-expect to hear results in 60-90 days

The only Board action was to approve Resolution GRE R24-7-1, Amendment to secured term loan agreement with CoBank.

July meeting adjourned and the Board went into Executive Session to hear about three Resolutions to take action on in September.

<p>CEO Janorschke reported that there was no GRE MMG meeting in July, but the following information was provided:</p> <ul style="list-style-type: none"> ○ Financials for June ○ Strategic Planning ○ June PCA details <p style="text-align: center;">13.</p>	<p>GRE MMG Meeting</p>
<p>Attorney Chad Felstul read the Crow Wing Withdrawal Resolution to the Board. A motion was made by Weideman and seconded by Larsen to vote In Favor of the Crow Wing Membership Termination. Roll call vote. Larsen, in favor of. Weideman, in favor of. Josephson, in favor of. Peterson, in favor of. Veitenheimer, in favor of. Motion passed.</p> <p style="text-align: center;">14.</p>	<p>Crow Wing Resolution</p>
<p>CEO Janorschke went over the CLP's Strategic Planning with the Board. A motion was made by Peterson and seconded by Weideman to approve the CLP's Strategic Plan. Motion Passed.</p> <p style="text-align: center;">15.</p>	<p>CLP's Strategic Planning</p>
<p>A motion was made by Larson and seconded by Josephson to approve, with changes, Board Policy I-6 Employee Travel Expenses. Motion passed.</p> <p style="text-align: center;">16.</p>	<p>Board Policy I-6</p>
<p>A motion was made by Weideman and seconded by Peterson to approve, with changes, Board Policy II-7 Relocation of Lines-Consumer Premises. Motion passed.</p> <p style="text-align: center;">17.</p>	<p>Board Policy II-7</p>
<p>A motion was made by Josephson and seconded by Weideman to approve, with changes, Board Policy II-19 New Members. Motion passed.</p> <p style="text-align: center;">18.</p>	<p>Board Policy II-19</p>
<p style="text-align: center;">18.</p>	<hr style="width: 100%;"/> <p style="text-align: right;">Secretary</p>

<p>A motion was made by Peterson and seconded by Larsen to approve, with changes, Board Policy II-22 Commercial and Industrial Business Deposits. Motion passed.</p>	<p>Board Policy II-22</p>
<p>19.</p>	
<p>A motion was made by Weideman and seconded by Josephson to approve, with changes, Board Policy IV-11 Equipment on the Cooperative's Poles. Motion passed.</p>	<p>Board Policy IV-11</p>
<p>20.</p>	
<p>A motion was made by Weideman and seconded by Larsen to approve, with changes, Board Policy IV-13 Contract, Consumer Large Power. Motion passed.</p>	<p>Board Policy IV-13</p>
<p>21.</p>	
<p>At 12:39 p.m. a motion was made by Josephson and seconded by Larsen to enter into a Closed Meeting to discuss confidential GRE information. At the conclusion of the discussion, a motion was made by Josephson and seconded by Weideman to exit the session at 1:30 p.m. Motion passed.</p>	<p>Closed Meeting</p>
<p>22.</p>	
<p>The Board discussed the date for the next Board meeting. The next board meeting date is set for August 28, 2024, at 9:00 a.m.</p>	<p>Next Meeting</p>
<p>23.</p>	
<p>There being no further business to come before said meeting, adjournment was called for at 1:35 p.m. with a motion from Josephson and a second by Weideman. Motion carried.</p>	<p>Adjournment</p>
<p></p>	
<p>CORPORATE SEAL</p>	
<p style="text-align: center;">_____ Jessica Larsen, Secretary</p>	<p style="text-align: center;">_____ Secretary</p>