

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 Wednesday, September 28, 2022, with the participation of Scott Veitenheimer, Pat Schmieder, Roger Peterson, Kyle Weideman and Steve Josephson.

Five directors were present at the time the meeting was called to order at 9:01 am. Also present for the meeting were Interim CEO Steve Shurts, Marketing Manager Carey Hogenson, Business Manager Kevin Olson, CLP Attorney Chad Felstul by means of video conference, Sherry Fabini to take the minutes, two member-owners in person and two member-owners by means of video conference. Operations Manager Brian Bentler joined later.

2.

Scott Veitenheimer asked if there were any additions to the agenda. The meeting with Central Applicators, including Cindy Hale's request to speak with the Board, was moved up on the agenda to occur after approval of Financials. Member Geoff Tolley's request to address the Board would follow the discussion with Central Applicators. Discussion on two proposals that need action for Deb Englund and the cost of moving expenses for the new CEO were added to Board Action required. Scott stated that the Board would have an Executive Session to discuss the new CEO and Directors cooperation on the Board. Items will be moved around as they progress.

3.

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

4.

Present

Additions to
the Agenda

Agenda

Secretary

<p>A motion was made by Roger Peterson and seconded by Kyle Weideman to approve the August 24, 2022, minutes as modified. Motion passed.</p> <p style="text-align: center;">5.</p>	<p>Minutes</p>
<p>A motion was made by Kyle Weideman and seconded by Steve Josephson to change the agenda and move up the discussion with CLP Right of Way (ROW) contractor Central Applicators (CA). Motion passed.</p> <p style="text-align: center;">6.</p>	<p>Agenda Change</p>
<p>Interim CEO Steve Shurts received an email from member Cindy Hale asking to speak to the Board with questions on CLP vegetation management. Introducing the subject Steve Shurts stated that 14% of over 1000 members notified of upcoming spray application on their ROW decided to opt out this year from herbicide application. Added to previous year townhall postings of spray notifications, this year members were also notified of upcoming spraying by newsletter, website, and robo-calls. Central Applicators (CA) owners Heath Farmen, Bryan Bruening, and Isaac Winkelman were asked to join the Board at the table to answer questions on how their job is done and what is entailed. Cindy Hale had several questions. Her first question was what spray buffers were left near creeks and waterways? CA replied that it depends on the terrain of the ROW. Applications can go right to the edge. Shallow creeks, shallow water, shallow wetlands, and over water would require an aquatic herbicide mix. It all depends on the vegetation. They have different herbicides that are on the truck that are mixed in 25-gallon tanks that they use on four-wheelers when spraying. Just because they are out driving around does not always mean that they are spraying.</p> <p>The next question Cindy had was what buffer is used around the perennial creek that flows across the Homestead Road? Central Applicators replied that it all depends on what is present. If there is water, they would use an aquatic mix. If there are no hardwoods, they would not spray. If there were hardwoods, they would spot spray with an aquatic spray. If there is no buffer, they would switch to a different product. If it has a steep ditch bank with vegetation, they will follow what they have been told to do or they would suggest to us if they believed anything different would benefit. There are so many different factors that come into play when spraying. If it's too hot, the product could evaporate. If there is too much moisture in the air, it would not apply the way it is</p>	<p>ROW Management, Central Applicators</p> <hr/> <p>Secretary</p>

supposed to. If rain is in the forecast, it is ok to apply one hour prior to the rain. After rain it is ok to apply. Heavy dew in the morning will have no issues. It is better to do later in the year while leaves are changing and dying vegetation is present. Mechanical and herbicide treatments are needed to help control the ROW and the danger it could have to the linemen.

Due to our budget, we cannot keep up with the demands of the ROW. Central Applicators goes to where they are most needed.

Central Applicators follows the Environmental Protection Agency (EPA) guidelines, the Minnesota Department of Agriculture (MDA) guidelines and what is allowed by the law.

If there are any problems concerns or troubles after the spraying occurs, members are to reach out and report their problem within 45 days so CA can come take samples and see what is going on at that place and time.

Cindy expressed to the Board and CA that she had concerns about interactions with CA.

Pat Schmieder made a motion that CLP does not allow anyone involved with the Coop to make threats to any members. Hearing no seconds, motion failed.

7.

At 10:43 am a motion was made by Kyle Weideman and seconded by Steve Josephson to go into executive session for a discussion at CA's request. Motion passed. At the conclusion of the discussion, a motion was made by Roger Peterson and seconded by Kyle Weideman to exit the session at 11:40pm. Motion passed.

Executive
Session

8.

Member Geoff Tolley addressed the Board. He wanted to clarify his thoughts on our attorney Chad Felstul attending Board meetings. The cooperative could reduce costs by not having Chad attend the entire meeting. Chad could start at 12:30pm for maybe an hour or two. The Board could explain any legal issues before hand to Chad so he could address these when he joins the meeting.

Member
Addresses
Board

Geoff next talked about redistricting. He suggested to go to three districts. He believes he could do this with the information he has but will need a membership list. He will send the information and links he put together to the Board members.

Scott Veitenheimer thanked Geoff for his thoughts and suggestions. The Board will add the redistricting issue to the agenda for next month and look at his information and decide

Secretary

<p>which route to go.</p> <p style="text-align: center;">9.</p> <p>A motion was made by Kyle Weideman and seconded by Roger Peterson to have an attorney present at all Board meetings virtually or in person for the entire meeting. Scott Veitenheimer asked if there is any discussion. Pat Schmieder believes that this is not a good decision financially. Roger Peterson is more comfortable having an attorney present with all the changes that are going on. Scott also believes that it is in the best interest of the coop to have our attorney present and utilize his services and avoid making any mistakes. Steve Josephson also believes that we should have our attorney present for all Board meetings. Pat Schmieder requests a roll call. Pat, no. Kyle, yes. Roger, yes. Steve, yes. Scott, yes. Motion passed.</p>	<p>Attorney Present at Board Meetings</p>
<p style="text-align: center;">10.</p> <p>The consent agenda consisting of the following was reviewed. A motion was made by Roger Peterson and seconded by Pat Schmieder 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>NEW SERVICE-11</p> <p>TRANSFER OF OWNERSHIP-44</p> <p>TRANSFER OF RENTER-4</p> <p>TERMINATION OF MEMBERSHIP -42</p>	<p>Consent Agenda</p> <p>Applications and Terminations</p>
<p style="text-align: center;">11.</p> <p>A motion was made by Pat Schmieder and seconded by Steve Josephson to accept the financials. Scott Veitenheimer asked if there is any discussion. Steve Shurts explained that the one cent increase to the PCA and deferral of certain expenses have improved</p>	<p>Financials</p> <hr/> <p>Secretary</p>

the margin and financial ratios. Steve will send information on the August financials before the October meeting with a breakdown of what turned us around financially. The PCA was raised due to inflation, closing out past work orders that were required to be expensed, and higher power costs from GRE. Pat asked that a note be added to the website to increase transparency to members on what drove the PCA increase. Steve agreed to look into putting something about it on the website. Financial Report was accepted. Motion passed.

12.

Steve Shurts reported that GRE is working on the 2023 budget. The Power Cost Adjustment (PCA) charge is high. Margins are high, sales are good, and so is the demand.

GRE has two options with the margins. The first one is giving back to us and the second is to defer in returning to us and help soften the increase in future years.

The primary reason MISO prices are high is because natural gas is expensive. GRE anticipates increasing rates in 2023, but the hope is for a smooth transition to any rate change.

Scott Veitenheimer reported that GRE is working on their Strategic planning Session Educational Process. A summary should be available in November for the Board's approval.

July margins were good, and revenue was better than budgeted, however the year-to-date PCA is still a large charge to the cooperatives. GRE is predicting another peak with gas in January and February and after that a downward trend.

Two resolutions discussed at GRE meetings were described. The first one being authorization of modifications to the EV fast charger pilot customer specific rate. This includes modifications to increase the total maximum demand to one MW, to remove two pilot participants per member, and to extend the pilot term through December 31, 2029. The second one discussed is the Approval of Prairie Island Energy power purchase agreement as a renewable member source for Dakota Electric Association.

13.

A motion was made by Kyle Weideman and seconded by Steve Josephson to approve the grants for Operation Round UP. Pat Schmieder recused herself from the action since her husband is a board member of one of the organizations receiving a grant. Motion passed by vote of four remaining Directors.

GRE Board
and MMG
Meeting

Operation
Round Up

Secretary

<p style="text-align: center;">14.</p> <p>A motion was made by Kyle Weideman and seconded by Steve Josephson to approve the Resolution of the Board of Directors authorizing the Amendment & Restatement of the Retirement Security and/or 401 (K) Pension Plan. Roll call. Pat, yes. Kyle, yes. Steve, yes. Roger, yes. Scott, yes. Motion passed.</p>	<p>Resolution</p>
<p style="text-align: center;">15.</p> <p>A motion was made by Kyle Weideman and seconded by Roger Peterson to approve an organizational effectiveness survey to be done before the new CEO starts and 1 yr later as done by HRExpertise. A Board evaluation survey was also discussed but may be delayed until 2023 due to budgetary considerations. Motion passed.</p>	<p>Surveys</p>
<p style="text-align: center;">16.</p> <p>A motion was made by Kyle Weideman and seconded by Roger Peterson to approve the moving expense offer letter to the new CEO. Motion passed.</p>	<p>Moving Expense</p>
<p style="text-align: center;">17.</p> <p>At 1:26 pm a motion was made by Kyle Weideman and seconded by Roger Peterson to go into Executive Session to discuss new CEO and director conduct. Motion passed. At the conclusion of the discussion, a motion was made by Steve Josephson and seconded by Kyle Weideman to exit the session at 2:20pm. Motion passed.</p>	<p>Executive Session</p>
<p style="text-align: center;">18.</p> <p>The Board discussed the date for the next Board meeting. The date is set for Wednesday, October 26, 2022, at 9:00 a.m.</p>	<p>Upcoming Meeting</p>
<p style="text-align: center;">19.</p> <p>There being no further business to come before said meeting, adjournment was called for at 2:20 p.m. with a motion from Kyle Weideman and a second by Steve Josephson. Motion carried.</p>	<p>Adjournment</p> <hr/> <p>Secretary</p>

Roger Peterson, Secretary

CORPORATE SEAL

Secretary