

SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY
Minutes of the Board of Directors' Meeting
April 8, 2026

President Moulton called the meeting to order at 9:00 a.m. at the Wells Community Center in Wells, Minnesota.

Mr. Anderson, Wells Public Utilities Manager, welcomed the members and guests to Wells and introduced Ms. Ann Schuster, Wells Public Utilities Commissioner.

Mr. Geschwind provided a medical update on Mr. Warehime. He also introduced Mr. Sam Mack, SMMPA IT. Mr. Hoffman, Mr. Jay Lutz, Austin, and Owatonna Mayor Jessop were meeting with the House Tax Committee today to hear the introductions of the Austin Energy Station and Steele Energy Station Property Tax Exemption Bill.

President Moulton welcomed Mr. Butcher to the SMMPA Board.

Mr. Butcher expressed his appreciation for the opportunity to serve on the SMMPA Board.

Board Members Present:

President Peter T. Moulton, Saint Peter; Secretary James R. Bakken, Preston; Thomas J. Dankert, Austin; Keith R. Butcher, Princeton; and Timothy M. McCollough, Rochester.

Board Members Absent:

Vice President Roger E. Warehime, Owatonna; and Treasurer Bruce A. Reimers, New Prague.

Others Present:

David P. Geschwind, Executive Director & CEO; Alex Bumgardner, Austin; Jerry Mausbach, Blooming Prairie; Christian Fenstermacher, Owatonna; Jason Halvorson, Redwood Falls; Todd Prafke, Saint Peter; Chris Rolli, Spring Valley; Craig Anderson, Ann Schuster, Wells; Dan La Haye, Baker Tilly; Chad Rasmussen, Travis Zipf, DGR Engineering; Beth Fondell, Naomi Goll, Sam Mack, and Jeremy Sutton of the Agency staff.

Others Present Via Conference Call:

Julie Zarling, Fairmont; Shane Steele, Grand Marais; Mike Geers, Litchfield; and Joe Kohlgraf, Mora.

#1 Agenda Approval:

Mr. Bakken moved to approve the agenda, seconded by Mr. McCollough, passed upon a unanimous vote of the board members present.

#2 Consent Agenda:

Mr. Dankert moved to approve the consent agenda, seconded by Mr. Moulton, passed upon a unanimous vote of the board members present.

APPROVED the March 11, 2026 board meeting minutes.

APPROVED the Weighted Votes. (Attachment A.)

#3 Financial Audit-Fondell/Baker Tilly:

The Agency's financial statements along with the Independent Auditors' Report and required communication related to the conduct of the audit were distributed electronically prior to the meeting.

Ms. Fondell introduced Mr. Dan La Haye, Baker Tilly Director, to report on the 2025 audit results.

Baker Tilly met with SMMPA Finance & Audit Committee members, Mr. Butcher (Princeton) and Mr. Rolli (Spring Valley), along with the SMMPA team members on April 8, 2026, prior to the board meeting, to review the audit results.

Mr. La Haye presented an overview of SMMPA's audited financial statements for the year ended December 31, 2025. Baker Tilly stated that the audit went well, and they are providing an unmodified (clean) audit opinion.

Mr. La Haye appreciated the opportunity to work with SMMPA and thanked Ms. Fondell, Ms. Julie Beth and her team for their efforts.

Ms. Fondell thanked Mr. La Haye and Baker Tilly for a very well-run audit and thanked Ms. Julie Beth for coordinating the audit and to her team for helping the audit run smoothly.

Mr. Rolli reported that the SMMPA Finance & Audit Committee met prior to today's board meeting and recommended acceptance to the board of directors.

Mr. McCollough moved to accept the audit as presented by Baker Tilly for the year ended December 31, 2025, seconded by Mr. Bakken, passed upon a unanimous vote of the board members present.

#4 FES & OES Annual Performance Review-Sutton:

Mr. Sutton reported on the 2025 performance review of Fairmont Energy Station (FES) and Owatonna Energy Station (OES).

Information on actual hours of operation, capacity factor, energy production, availability, and forced outage rates were reviewed.

The FES and OES MISO market financial performance will be presented quarterly in the future.

Discussion.

Summary

- Both plants had operational impacts due to leaking cylinder heads.
- Staff did their best to limit the MISO capacity credit impacts from forced outages.
- Both plants ran for energy, reliability, and ancillary services.
- Combined positive operating margins of over \$.5 million.
- Continue to refine strategy to ensure units are available for reliability and adequately compensated to cover O&M.

#5 RES Compliance Outlook-Sutton:

Mr. Sutton reported on the Renewable Energy Standard (RES) Compliance.

Each year the Agency is required to retire Renewable Energy Certificates (RECs) to meet the requirements of Minnesota's RES as outlined in Minn. Stat. §216B.1691. The types of resources that meet the renewable requirements were described. A history of how the Agency has met the RES requirements was provided.

Mr. Sutton reviewed the process by which RECs can be banked for future use and outlined how the Agency plans to meet the renewable and carbon-free requirements, assuming new wind and solar resources are added.

Discussion.

Summary

- Current renewable resource portfolio would meet 25% RES requirement through life of Stoneray agreement.
- With addition of new wind and solar in the Integrated Resource Plan, portfolio would meet new RES and carbon-free requirements through 2038.
- SMMPA will continue to evaluate the number of excess RECs available for sale to member customers.
- Continue to work with utilities and policymakers on carbon-free standards implementation.
- Assess timing of new renewable additions.
- Assess mix of solar, wind, and REC purchases.

#6 Steele Energy Station Project Authorization-Sutton/DGR Engineering:

Mr. Geschwind reported that the board will be asked to authorize the Steele Energy Station (SES) project and financing up to \$84 million, and if approved, the member representatives will be asked to approve the resolution authorizing the SES project financing.

Mr. Sutton reported on the Steele Energy Station project and introduced Mr. Chad Rasmussen and Mr. Travis Zipf, DGR Engineering.

Mr. Rasmussen, DGR Engineering, provided an overview of the SES project. The project will include three 15 MW turbines (45 MW nominal) with dual-fuel capacity (natural gas or diesel).

Construction is anticipated to begin in spring 2027. The turbine delivery is planned for later in 2027, and the transformer is scheduled for delivery in July 2028. The air permit process has taken longer than anticipated and must be completed prior to breaking ground. The current project estimate is \$73 million.

Mr. Zipf, DGR Engineering, reported on the permitting strategy. The MPCA permitting process began approximately 16 months ago. The modeling protocol triggered the need for an applicability determination regarding the Owatonna Public Utilities Turbine #7. The outcome was successful, with the results noting that it should be permitted separately from OES and SES. Another MPCA-related delay occurred during the environmental assessment with successful results noting that SES is not considered a large energy or electric power generating plant. The MPCA permit application will be submitted May 2026 and anticipate the permit issuance in January 2027.

Mr. Sutton reported that the Solar Turbines Procurement Contract has a Notice to Proceed (NTP) provision. The NTP is due 12 months from execution of the procurement contract (mid-April). Upon providing NTP, the initial payment is \$3,768,575 and 90 days later an additional \$11,305,725 is due. If the NTP deadline is extended by three months, the cost would be an additional \$508,000.

Discussion.

Action Item

Seeking board and member representatives approval of the resolutions provided in the meeting materials authorizing the SES project and financing.

Resolutions Authorizing the Project

The proposed resolution would authorize the construction of the SES project.

Resolutions Authorizing Financing

The proposed financing resolution would authorize the issuance of debt for the SES project in an amount not to exceed \$84 million.

Mr. Bakken moved to approve the resolutions authorizing the Steele Energy Station project and financing up to \$84 million, seconded by Mr. McCollough, passed upon a unanimous vote of the board members present. (Attachment B.)

Temporary Recess to Member Representatives Meeting:

At 10:36 a.m., the board meeting recessed to the member representatives meeting, and following establishment of a quorum by the member representatives and completion of that agenda, the board meeting reconvened.

Board of Directors:

After a short break, the board reconvened at 10:56 a.m.

#7 Economic Development Credit Program Cap-Geschwind:

Mr. Geschwind reported on the continued discussion on the Economic Development Credit Program Cap.

The Agency has been evaluating the potential advantages of expanding its membership by adding new members. Capacity markets have undergone significant changes accompanied by increases in the cost of new generation. The economics of serving new electric loads that require additional Agency resources are not as favorable as they were when the Economic Development Credit program was created.

Due to the potential for very large load additions, from data center or cryptocurrency miners, the board discussed at the November SMMPA Board Retreat setting a maximum load size that would be eligible for economic development credits.

Discussion.

Mr. Dankert moved to approve a 2 MW cap effective today or as soon as possible on a qualifying retail customer's load eligible for economic development credits, seconded by Mr. Butcher, passed upon a unanimous vote of the board members present.

#8 Large Customer Market Rate-Geschwind:

Mr. Geschwind reported on the large customer market rate.

Potential high-density electric loads such as data centers impact load growth and capacity needs. Occasionally, these loads inquire about being served by SMMPA members, and it would be helpful to have an applicable wholesale rate developed that could apply to this type of load.

Discussion.

SMMPA will develop a large customer market rate for future board review and consideration.

Government Affairs/Member Services Report:

Members were directed to the board book for the government affairs/member services report.

Financial Report February 2026-Fondell:

Ms. Fondell summarized Agency financial results through February as provided in the board book materials.

Financial Reserves Policy Update

Chris Lover with PFM will share results of the financial reserves study at the June 2026 board meeting with board action to approve the revised Financial Reserves Policy at the July 2026 board meeting.

Cost of Service Study

In May 2026, SMMPA staff will meet with Dave Berg Consulting to launch the Cost of Service Study, which will include evaluating rate projections for 2030.

SMMPA Finance & Audit Committee

The SMMPA Finance & Audit Committee is comprised of the Board Vice-President, Board Treasurer, and up to two member representatives. Since Mr. Butcher was elected to the SMMPA Board of Directors last month, he will be stepping down from the committee. Mr. Butcher was thanked for serving on the SMMPA Finance & Audit Committee. Ms. Fondell will email member representatives to invite volunteers to fill the vacancy.

Operations Report-Sutton:

Mr. Sutton reported:

Winter Storm Fern Update

The January 2026 Winter Storm Fern prompted review of the Agency's emergency operating plan. A meeting was held at Sherco on April 2, 2026 with plant operators and SMMPA staff to debrief on lessons learned from the event.

Sherco 3 Tour

Sherco 3 tours were offered April 6-17, 2026 for members including commissioners and council members during the Sherco 3 planned outage.

Sherco 3 Planned Outage

The Sherco 3 planned outage is currently underway and hedge purchases have been made based on recommendations from The Energy Authority (TEA). The Agency and TEA will continue to evaluate the market for additional hedge purchase opportunities throughout the outage.

President's Report:

Mr. Moulton reported:

- SMMPA Staff Recognition: SMMPA staff members recognized were Jeremy Sutton and DGR Engineering for their work on the Steele Energy Station Project, and Beth Fondell and staff for the audit process.

Executive Director & CEO's Report:

Mr. Geschwind reported:

- TAPS Spring Conference: The Transmission Access Policy Study Group (TAPS) meets twice a year. TAPS engages in federal legislation and policy proceedings related to wholesale transmission access issues and the North American Electric Reliability Corporation (NERC) issues.
- New Ulm Public Utilities: New Ulm is interested in possible Agency membership and has issued an RFP. Proposals are due June 5, 2026. New Ulm anticipates wholesale

electric power supply beginning on January 1, 2030. SMMPA would need to model the addition of New Ulm to the Agency to determine anticipated financial impacts. This topic will be brought back next month for additional discussion.

- SMMPA Member Orientation: SMMPA Member Orientation will be held April 22, 2026. Those interested from the member communities should contact SMMPA.

Member Forum:

None.

Other Business:

There was no other business.

Adjourn:

A motion to adjourn the meeting was made by Mr. Dankert, seconded by Mr. Butcher, passed upon a unanimous vote of the board members present.

The meeting was adjourned at 11:56 a.m.

Secretary