

SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY
Minutes of the Board of Directors' Meeting
July 9, 2025

President Moulton called the meeting to order at 9:00 a.m. at Christ Lutheran Church in Preston, Minnesota.

Mr. Hoffman, SMMPA Director of Agency and Government Relations & Chief External Affairs Officer, welcomed the members and guests to Preston.

Board Members Present:

President Peter T. Moulton, Saint Peter; Vice President Roger E. Warehime, Owatonna; Treasurer Bruce A. Reimers, New Prague; Mark E. Nibaur, Austin; and Timothy M. McCollough, Rochester.

Board Member Absent:

Secretary James R. Bakken, Preston.

Others Present:

David P. Geschwind, Executive Director & CEO; Damian Baum, Christian Fenstermacher, Owatonna; Keith Butcher, Princeton; Chris Rolli, Spring Valley; Craig Anderson, Wells; Beth A. Fondell, Naomi A. Goll, Joseph A. Hoffman, Rebecca J. Schmitz, and Jeremy B. Sutton of the Agency staff.

Others Present Via Conference Call:

Alex Bumgardner, Austin; Jerry Mausbach, Blooming Prairie; Miles Heide, Julie Zarling, Fairmont; Mike Roth, Shane Steele, Grand Marais; Mike Geers, Litchfield; Joe Kohlgraf, Mora; and Jonathan Nunes, nFront Consulting Services.

#1 Agenda Approval:

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

#2 Consent Agenda:

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

APPROVED the June 12, 2025 board meeting minutes.

APPROVED the North Branch 69 kV Transmission. (Attachment A.)

APPROVED the Saint Peter Circuit Breaker 4S105 Replacement. (Attachment B.)

APPROVED the Circuit Breaker Inventory. (Attachment B.)

APPROVED the Princeton Power Plant Window Replacement. (Attachment C.)

#3 2025 Load Forecast-Schmitz:

Ms. Schmitz reported on the 2025 load forecast.

The load forecast was developed by Mr. Jonathan Nunes of nFront Consulting Services. Mr. Nunes has been working with SMMPA staff to develop the forecast since 2010.

Discussion.

Mr. Nunes highlighted the forecast analysis.

The updated member forecasts will be sent to each member.

#4 Revolving Credit Agreement Renewal-Fondell:

Ms. Fondell reported on the Revolving Credit Agreement (RCA) renewal. The current RCA with U.S. Bank expires on October 31, 2025.

Last month the SMMPA Board approved proceeding with RBC unless RBC was unable to commit to providing financing without limitations from their internal policy goal, then proceed with Bank of America.

The additional time needed by RBC to decide on whether they would issue credit to the Agency did not align with the timeline established for the upcoming bond transaction and rating agency meetings. It is important that the Agency receives credit for the \$68 million liquidity that the RCA provides. Therefore, SMMPA is proceeding to contract with Bank of America, with terms that are still more favorable than U.S. Bank.

Rating agency visits are scheduled for August 7, 2025 in New York City.

SMMPA will proceed without term-out provisions to obtain more favorable pricing from Bank of America, with the understanding that Agency staff will begin working on a renewal upon entering the final year of the agreement.

Discussion.

Next Steps

- Documents will be drafted for review by all parties.
- Board resolution for adoption in August 2025.
- Member Representatives vote in August 2025.

#5 2025 Bond Transaction-Fondell:

Ms. Fondell reported on the bond transaction.

The 2025 bond transaction kick-off conference call was held June 26, 2025. The bond team consists of Bank of America (primary underwriter); Morgan Stanley and RBC (co-managers); Public Financial Management; Nixon Peabody (underwriter's attorney); and Dorsey & Whitney (SMMPA's attorney).

The 2015A bonds are callable on January 1, 2026 at an outstanding principal of \$56,315,000. Refunding can occur up to 90 days prior to the call date. Actual savings will not be known until bonds are priced.

Additional Opportunities

- 2010A Build America Bonds (BABs) Extraordinary Optional Redemption.
 - SMMPA receives semi-annual interest subsidy payments on the taxable BABs, from the federal government.
- Partial refunding of Revolving Credit Agreement borrowed balance.
- New money bonding for upcoming capital spending.

Discussion.

SMMPA 1983 Bond Resolution

In 2026, Agency staff will work with the appropriate attorneys on updating or replacing the SMMPA 1983 Bond Resolution to address obsolete and/or undesirable provisions.

Next Steps

- Continued analysis on transaction components.
- Nixon Peabody is drafting Preliminary Official Statement.
- Weekly meetings with team.
- Rating agency visits August 7, 2025 in New York City. Plan to use two of three rating agencies (Fitch, Moody's).
- Update at the August 13, 2025 board meeting.
- Board and Member Representatives approvals in September 2025.
- Pricing planned for September 23, 2025.
- Closing in early October 2025.

After a short break, the board reconvened at 10:46 a.m.

#6 Austin Energy Station-Sutton:

Mr. Sutton reported on the Austin Energy Station.

Austin has been identified as a prime location for natural gas generation at the site of the former Austin Northeast Power Plant. SMMPA will proceed with the air permit filing process prior to committing to substantial funds for equipment procurement. The generator step-up transformer is a three-year lead time and the breakers are a two-year lead time prompting SMMPA to secure a place in the turbine manufacturing queue.

Discussion.

Board Action

Approve the engineering services agreement with DGR Engineering for the preliminary engineering activities for the Austin Energy Station not to exceed \$165,000 (\$150,000 estimate plus 10% contingency).

Mr. Reimers moved to approve the engineering services agreement with DGR Engineering for the preliminary engineering activities not to exceed \$165,000, seconded by Mr. Warehime, passed upon a unanimous vote of the board members present.

#7 Potential New Member Follow-up-Geschwind:

Mr. Geschwind reported that two entities are interested in SMMPA membership.

The Lower Sioux Indian Community (LSIC) is determining whether they are interested in joining the Agency under a traditional membership arrangement or if their first priority is to install local solar generation to serve their tribal loads with an arrangement for backup service with a power supplier. SMMPA will obtain additional load data from the LSIC to model the loads to determine the financial impacts.

The City of Slayton (Minnesota) is in the process of creating a municipal electric utility. SMMPA will model the City of Slayton as a member to determine the financial impacts. The City of Slayton is attempting to purchase the electric distribution system from Xcel Energy. Due to a standstill, this matter is in a contested case hearing and the Minnesota Public Utilities Commission anticipates a decision in mid-2026.

Should SMMPA's load acquisition credit be available to the City of Slayton?

Mr. Nibaur departed the meeting at 11:32 a.m.

After discussion, there was board consensus to offer rates but not offer Slayton the load acquisition credit.

Government Affairs/Member Services Report-Hoffman:

Mr. Hoffman summarized the government affairs/member services report detailed in the board book.

ZEF Energy Upgrade Opportunity

In June 2025, ZEF Energy provided another proposal that would utilize MPCA grant funds to replace the DCFCs in the six member communities (Fairmont, Grand Marais, Lake City, Mora, Princeton, and Redwood Falls) at no cost to SMMPA or the member communities. The new DCFCs would be 50 kW Tritium units with 5-year warranties. The six members may decide if they want to consider this proposal and would work directly with ZEF Energy.

SMMPA Member Services Polling Email

SMMPA occasionally receives requests from members to poll the membership on a topic. SMMPA set up an email address (memberinfo@smmpa.org) and the results would be posted in a shared OneDrive folder. SMMPA will send emails to the member representatives, and members may choose to participate.

APPA RP3 Program Application

Members interested in applying for the APPA Reliable Public Power Provider (RP3) Program designation may submit applications by September 30, 2025. The RP3 program recognizes utilities that demonstrate high proficiency in four areas: reliability, safety, workforce development, and system improvement. The RP3 designations last for three years and utilities must re-apply for the designation.

SMMPA Manager of Energy Efficiency Programs

Ben Ipsen was hired for the SMMPA Manager of Energy Efficiency Programs position and started on July 2, 2025.

Operations Report-Sutton:

Mr. Sutton reported:

SES Update

The Minnesota Pollution Control Agency suggested that the Owatonna Public Utilities Unit 7 be pulled into the Steele Energy Station air permit model as a SMMPA resource; however, the unit is owned by Owatonna and SMMPA only operates the unit. SMMPA will request an applicability determination from MPCA to move forward with the permit process. Working with Solar Turbines on the engineering drawings for the three units.

Diamond Leaf Energy

Todd Hegwer, Diamond Leaf Energy, contacted SMMPA and the members offering to install used generators in member communities at a set power purchase agreement price for a 20-year contract.

Quick Start Contract Update

The Quick Start Contract will be brought back next month to seek board approval.

Market Price Update

A graph of recent natural gas and on-peak electricity prices was discussed.

Financial Report May 2025-Fondell:

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

Prepayment Program Working Session

The Prepayment Program Working Session was held on June 30, 2025. Agency staff is working on the program updates as discussed during the working session.

Coincident Peak

Members were reminded that monthly coincident peaks can occur anytime and not just within on-peak hours.

SMMPA Human Resources & Insurance Administrator

Debra Donahue was hired for the SMMPA Human Resources & Insurance Administrator position, replacing Kevin Hafner who retired July 3, 2025. Ms. Donahue will start July 21, 2025.

Paid Family and Medical Leave Act

The Paid Family and Medical Leave Act will become effective January 1, 2026. This topic will be presented at next month's board meeting.

President's Report:

Mr. Moulton reported:

- SMMPA Staff Recognition: SMMPA staff members recognized for their efforts were Seth Koneczny for his involvement with the Saint Peter circuit breaker replacement and Becca Schmitz for the load forecast presentation today.

Executive Director & CEO's Report:

Mr. Geschwind reported:

- Mr. Nibaur Retirement: Mr. Geschwind acknowledged that Mr. Nibaur's last SMMPA Board meeting will be next month as he will be retiring.

Member Forum:

Mr. McCollough reported that on June 1, 2025 a fire caused extensive damage to the 1970 gas turbine and Rochester is working on capacity replacement.

Other Business:

There was no other business.

Adjourn:

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

The meeting was adjourned at 12:26 p.m.

Secretary