

SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY
Minutes of the Board of Directors' Meeting
August 13, 2025

Vice President Warehime called the meeting to order at 9:00 a.m. at the Mille Lacs County Historical Society in Princeton, Minnesota.

Mr. Butcher, Princeton Public Utilities Commission General Manager, welcomed the members to Princeton and introduced Princeton Public Utilities Commission Water/Power Plant Superintendent Scott Schmit; Princeton Public Utilities Commission Electric Superintendent Jeremy Linden; and Mayor/Princeton Public Utilities Commission Chair Jack Edmonds.

Mayor Edmonds welcomed the members to Princeton.

Board Members Present:

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

Board Members Absent:

President Peter T. Moulton, Saint Peter; and Secretary James R. Bakken, Preston.

Others Present:

David P. Geschwind, Executive Director & CEO; Keith Butcher, Jack Edmonds, Jeremy Linden, Scott Schmit, Princeton; Jason Halvorson, Redwood Falls; Craig Anderson, Wells; Beth A. Fondell, Naomi A. Goll, Joseph A. Hoffman, and Jeremy B. Sutton of the Agency staff.

Others Present Via Conference Call:

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

#1 Agenda Approval:

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

#2 Consent Agenda:

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

APPROVED the July 9, 2025 board meeting minutes.

#3 2025 Bond Transaction and Revolving Credit Agreement-Fondell:

Ms. Fondell gave an update on the 2025 Bond Transaction and the Revolving Credit Agreement (RCA).

2025 Bond Transaction

The 2015A bonds are callable on January 1, 2026. The 2010A Build America Bonds (BABs) are callable via Extraordinary Optional Redemption due to the 5.7% sequestration of the interest subsidy payments. Not all series of the BABs provide savings to the Agency, so only certain series will be refunded.

Rating Agency Meetings

SMMPA met with Moody's Ratings and Fitch Ratings on August 7, 2025 in New York.

Discussion.

Bond Refunding Next Steps

- Continue to monitor interest rates to determine refunding amounts. The bond team has discussed the possibility of delaying the transaction if the interest rate environment deteriorates between now and the September pricing.
- Ratings are anticipated on or around September 8, 2025.
- Board approval and Member Representative vote on September 10, 2025.
- Preliminary Official Statement released on September 12, 2025.
- Pricing on September 23, 2025.
- Closing on October 7, 2025.

Revolving Credit Agreement

The Agency plans to enter into a Revolving Credit Agreement with Bank of America, replacing the current agreement with U.S. Bank that expires the end of October 2025. Bank of America has completed the credit work and their attorneys have routed the draft agreement for comments. Dorsey & Whitney are handling tax work and developing board and member resolutions. The status of the RCA was discussed during the rating agency meetings and final documents will be forwarded to Moody's and Fitch when available.

RCA Next Steps

- Documents will be routed prior to the September board meeting.
- Board Resolution for adoption on September 10, 2025.
- Member Representative vote on September 10, 2025.
- Effective date of new RCA to be determined; existing agreement with U.S. Bank can be terminated early without penalty.

#4 Capital Financing Policy-Fondell:

Ms. Fondell reported on the Capital Financing Policy, which is reviewed every three years by the board.

The policy was last reviewed in December 2022. Suggested modifications and updates to the policy were discussed. Chris Lover and the PFM Financial Advisors LLC team provided

significant input on policy revisions and led the discussion with the SMMPA Finance & Audit Committee.

Discussion.

Recommendation

Approval of the updated Capital Financing Policy as presented in the board book.

Mr. McCollough moved to table the Capital Financing Policy to discuss suggestions to the policy, seconded by Mr. Nibaur.

Ms. Fondell recommended that the SMMPA Finance & Audit Committee should review any additional suggested changes prior to SMMPA Board approval.

Mr. McCollough moved to withdraw the motion and discuss Capital Financing Policy changes at a future time, seconded by Mr. Nibaur, passed upon a unanimous vote of the board members present.

Mr. Nibaur moved to approve the Capital Financing Policy with the proposed revisions as presented, seconded by Mr. Reimers, passed upon a unanimous vote of the board members present. (Attachment A.)

#5 Paid Family and Medical Leave-Fondell:

Ms. Fondell reported on Minnesota's Paid Family and Medical Leave Program that will start on January 1, 2026.

The Paid Family & Medical Leave was created in 2023 as a state-mandated program for employees who need leave during certain life events. While employee benefits begin on January 1, 2026, employer obligations begin later in 2025.

Discussion.

Timeline

- December 1, 2025 - Post the official DEED notice in the same place as other required postings.
- December 1, 2025 - Individual notices to employees (and within 30 days of hire for new employees).
- January 1, 2026 - Employee benefits available.
- January 1, 2026 - Employers begin collecting premiums through payroll deductions (unless employer chooses to cover full cost).
- April 30, 2026 – Wage reporting and first premium payment is due to DEED (based on 1st quarter 2026 wages).

After a short break, the board reconvened at 10:45 a.m.

#6 SMMPA Messaging Outreach Program-Hoffman:

Mr. Hoffman reported on the SMMPA Messaging Outreach Program.

The program educates the public on the issues that are important to all SMMPA members. Messaging also plays a vital role in keeping SMMPA visible to legislators and regulators. Online methods are ways to distribute the messaging plan.

The messaging 2026 budget is \$165,000 and has not changed since 2019.

Discussion.

The messaging outreach plan for 2026 and 2027 will include the development and implementation of a new messaging campaign.

#7 Quick Start Contract-Sutton:

Mr. Sutton reported on the final version of the Quick Start Agreement. He reported that the Agency has received no additional suggested contract language changes from interested members over the past several months.

Discussion.

Recommendation

Authorize the Agency to offer the new Quick Start Agreement substantially in the form presented to interested member participants.

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

#8 Confidential Board Report Summary-Sutton:

Mr. Sutton summarized the confidential board report.

Government Affairs/Member Services Report-Hoffman:

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

ZEF Upgrade Opportunity

In June 2025, ZEF Energy provided a proposal utilizing MPCA grant funds to replace one DCFC with a new 50 kW Kempower unit at no cost in the six member communities (Fairmont Grand Marais, Lake City, Mora, Princeton, and Redwood Falls). Those members interested should contact ZEF.

DCFC Preventative Maintenance

SMMPA requested ZEF Energy prepare a proposal to conduct preventative maintenance

on DCFs not being upgraded in Blooming Prairie, Litchfield, New Prague, Preston, Princeton, Saint Peter, Spring Valley, and Waseca. Members not interested in having this work done should contact SMMPA.

SMMPA Member Services Polling Email

SMMPA posted results of the first member poll (electric and water base rates) in the shared OneDrive folder on the SMMPA website. Members were asked to contact SMMPA if they desire SMMPA to initiate another member poll.

Public Power Week

Public Power Week will be held October 5-11, 2025.

SMMPA Annual Meeting

The SMMPA Annual Meeting will be held October 16-17, 2025 at the Sheraton Hotel, Bloomington, Minnesota.

Cybersecurity Board Security Brief

SMMPA recently received the results from our annual cybersecurity penetration test. The Agency contracts with FRSecure to perform the test. The Agency did not have any critical or high vulnerabilities identified.

Operations Report-Sutton:

Mr. Sutton reported:

Mora Landfill Gas

The Mora Landfill Gas Unit has not been operating properly. The Environmental Protection Agency issued SMMPA a Notice of Violation plus a fine of approximately \$1,700, which has been paid. The unit has been overhauled and repaired.

Litchfield Voltage Conversion

Meeting today with DGR Engineering to kick-off the voltage conversion project. The 69 kV transmission will convert to 115 kV transmission for the Glencoe, Hutchinson, and Litchfield area. Participants (SMMPA, Great River Energy, Hutchinson, and Litchfield) are signing the Multi-Party Joint Coordination Agreement.

Redwood Falls Transmission Line Damage

SMMPA recently discovered more firearm damage to the 115 kV transmission line located directly north of the Redwood Falls Sportsmen's Club. SMMPA had previously sent a letter to the Redwood Falls Sportsmen's Club requesting immediate action to this issue and to develop a plan to eliminate any further damage to the transmission line. Installation of safety baffles at the firing line could block shooting angles outside the club.

Tranche 1 LRTP-6 Update

SMMPA is working with Xcel Energy and WPPI on finalizing the Term Sheet for LRTP-6 Tranche 1 Project (western segment in Wisconsin). SMMPA has investment rights in LRTP-6 and anticipates investment of \$28 million.

Sherco 3

Sherco 3 had a small fire in the dust collection system in the coal dumper area and there were no injuries. Installing carbon monoxide detectors inside the dust collector hopper to provide early warning detection was recommended during the internal investigation. Anticipate the coal unloading system will be back online August 14, 2025.

Meter Project

Completed replacing and upgrading meters in the power plants and substations of North Branch, Grand Marais, Lake City, Waseca, and Spring Valley. One meter failed in Waseca, which has been replaced and was under warranty.

Quarterly Wind and Solar Update

Information on the performance of the Agency's wind and solar resources, including capacity factor and costs relative to market energy prices and net margins, was reviewed.

Financial Report June 2025-Fondell:

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

ECA Charge to Members

The Energy Cost Adjustment (ECA) charge was larger this month, partially due to the \$1,167,600 hedge costs bought through The Energy Authority for the Sherco 3 outage at the end of May and beginning of June. With support from the board president in a discussion held prior to the August board meeting, a decision was made to use \$1,167,600 of the purchased power accrual balance to offset the cost of the hedge. Each month \$139,000 is added to the purchased power accrual to accumulate funds for the 2026 Sherco 3 planned spring maintenance outage, with a goal of having \$5 million available by the end of the 2026 outage. As of June 2025, \$3,475,000 has been accrued, of which \$1,167,600 was used to offset the hedge in June.

Ms. Fondell reviewed options to replenish the purchased power accrual balance to ensure \$5 million is available for the spring 2026 planned maintenance outage. The board supported budgeting an additional \$1,167,600 in January 2026 for this purpose.

President's Report:

Mr. Warehime reported:

- SMMPA Staff Recognition: SMMPA staff members recognized were Mr. Geschwind, Mr. Sutton, Mr. Hoffman, and Ms. Fondell for presenting during the rating agency meetings in New York on August 7, 2025.
- SMMPA Board of Directors Recognition: Appreciation was expressed toward Mr. Nibaur for his involvement and support of SMMPA throughout the years and for serving on the SMMPA Board of Directors.

Executive Director & CEO's Report:

Mr. Geschwind reported:

- **Lower Sioux Indian Community:** The Lower Sioux Indian Community (LSIC) is determining the direction they are going to take. The LSIC created their utility, but haven't acquired the service territory from Xcel Energy. LSIC was encouraged to talk to Consultant Mark Fritsch for support during the process.
- **City of Slayton, Minnesota:** SMMPA is interested in considering Slayton as a member. Slayton still needs to go through the MPUC process to acquire the service territory from Xcel Energy. The matter is currently before the Minnesota PUC and an administrative law judge.
- **MMUA Summer Conference:** The MMUA Summer Conference will be held August 18-20, 2025 in Rochester, Minnesota. SMMPA will host a dinner August 19, 2025 and members interested in dinner should reply to the email that will be sent.
- **Retirement Recognition:** Mr. Geschwind recognized Mr. Nibaur, Austin Utilities General Manager, who will retire the end of this month. Mr. Nibaur was thanked for his active involvement in Agency matters over the years.

Mr. Nibaur indicated he was grateful to be on the SMMPA Board and to be associated with the members and enjoyed working with the SMMPA Team.

Member Forum:

Mr. McCollough reported that Rochester Public Utilities is re-assessing its energy strategy in light of projected cost increases and recent changes to federal renewable energy subsidies. Rochester launched a customer survey on August 11, 2025 aimed at guiding future key decisions on rates, programs, and renewable energy initiatives.

Other Business:

There was no other business.

Adjourn:

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

The meeting was adjourned at 12:20 p.m.

Secretary